Hong Kong Travel Suspension

People Services
Tax | Immigration | Recruitment | Reward

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Hong Kong's suspension of flights and tightened quarantine requirements mean that employers need to be vigilant about their employees' location(s).

Current Suspension

Some foreign nationals ventured home for the Christmas and New Year holiday period, for many the first trip back in two years. In the meantime, Hong Kong borders were again tightened and inbound flights suspended from specific locations[1]. For employees, the extended stay may be an unwelcome disruption to their travel and quarantine plans. For employers, it could be a tax and compliance headache.

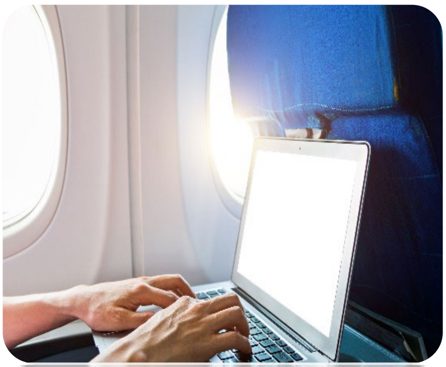
On 5 January 2022, the HKSAR government announced a suspension of inbound passengers for a period from 8 to 21 January 2022. Employers should consider the potential tax and related implications if the employees remain overseas for an extended period due to the continuation of these travel disruptions or employees choose to remain working overseas.

Employer's Considerations

Employers need to be aware of the location of their employees and consider whether any tax or other regulatory obligations might be triggered. Considerations include personal tax, employer reporting or withholding, social security or similar employment taxes and levies, and the possible corporate tax exposure, particularly for front office, or revenue generating roles – if employees work from overseas.

Locations that share a double tax treaty are more likely (but not guaranteed) to have some protection. Other jurisdictions may have domestic law exemptions or concessionary treatment for people "stuck" because of COVID restrictions. These issues need to considered case-by-case or at least by group of similar cases.

Other Issues



Additional immigration issues may arise if the employees travel was not back to their country of origin, but to a third location, such as a spouse's home country, where they might not hold the necessary visa or status to work legally.

As of today, flights to Hong Kong from Australia, Canada, France, India, Pakistan, the Philippines, the United Kingdom, the United States of America are suspended. Of these locations, employers' priority focus should be on Australia, the Philippines and USA – being locations that do not share a double tax treaty with Hong Kong.

[1] *Flights from 8 places to be banned, 5 January 2022, news.gov.hk*

Should you have any questions, please reach out your usual KPMG contacts / any of the below.

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