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Brief Guide to Recruitment in Hong Kong

1. Recruiting Customs and Practices

(1) Recruiting

The Labour Department offers a range of free recruitment and employment services. Employers who wish to recruit staff should complete and return a vacancy order form by fax or mail. When job seekers are interested in your job, the Job Centre will call you to introduce the job seekers and arrange for interviews. After concluding each interview, you must indicate the result on the introduction letter and return it to the Job Centre. The Job Centre will continue to refer interested job seekers to you until your vacancy has been filled.

(2) Working hours

Employees employed under a continuous contract are entitled to not less than one rest day in each period of seven days.

(3) Wage

Hong Kong's minimum wage ordinance came into effect on 1 May 2011. According to the ordinance, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked during that time, should be no less than the statutory minimum wage rate of HKD37.5 (USD4.81).

Employees are covered by the statutory minimum wage, regardless of whether they are monthly-rated, daily-rated, casual or part-time, and whether or not they are employed under a continuous contract as defined in the Employment Ordinance.

The minimum wage applies to the disabled, but is not applicable to live-in domestic workers, student interns and work-experience students.

(4) Employment Age

The legal age to work in Hong Kong is 18 years and above. However, you are permitted to employ children and young persons aged 13 years to 17 years. Please

note that there are restrictions on the type of work that children and young persons can perform. There is currently no mandatory retirement age in Hong Kong. However, in practice the retirement age is usually 60-65 years.

[More information regarding minimum wage in Hong Kong.](#)

2. Legal Responsibilities

(1) Employees' compensation

An employer is legally liable to pay compensation in respect of injuries sustained by his employees as a result of an accident arising out of and in the course of employment; or in respect of occupational diseases suffered by the employees.

Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by local employers.

(2) Mandatory Provident Fund (MPF)

As an employer, you are required to arrange for all employees aged between 18 and 65, who have been employed for 60 days or more, to join a registered Mandatory Provident Fund (MPF) scheme. You must calculate each individual employee's income and amount of contribution for each contribution period, deduct the relevant mandatory contribution from the employee's income, and pay the employer's contribution from your own funds. The scheme also covers self-employed persons.

Your MPF contributions are profits tax deductible, provided that the deduction does not exceed 15% of an employee's total emolument.

You must provide each employee with a monthly pay-record showing the employee's relevant income and the amount of contribution. However, if you are the employer of a casual employee participating in an industry scheme, you do not need to comply with this requirement.

Industry schemes are established for industries with high labour mobility, including the catering and construction industries. Employers in these industries are required to arrange for such employees to participate in MPF schemes regardless of the duration of employment.

(3) Fringe benefits

The Employment Ordinance governs all conditions of employment in Hong Kong.

(4) Labour dispute settlements

In the event of labour disputes, the Labour Department offers a conciliation service for the parties concerned to reach an amicable settlement.

(5) Employment Contract

The employment contract specifies the agreed upon terms and conditions of employment between the employer and employee. The contract includes both explicit and implied terms. Please note that if your employee is covered under the Employment Ordinance, the contract terms should abide by the minimum requirements under the Ordinance. Employment contracts can be oral or written. If contracts are in the written form, it is mandatory for all employers to provide employees with a copy of the written employment contract. In addition, employers must obtain their employee's consent before making any subsequent changes to the terms of the employment contract.

(6) Reporting Employee Remuneration in Tax Returns

As an employer, you are required to prepare tax forms for all your employees to report their remuneration every year under the Inland Revenue Ordinance. You are also required to keep payroll records for at least seven years.

(7) Tax Formalities for Employees Leaving Hong Kong

Tax clearance is required for employees leaving Hong Kong for good or for a substantially long period exceeding one month. Tax clearance ensures that the departing employees have paid all taxes. Note that this does not apply to employees who travel frequently in the course of their employment. As an employer, you must notify the tax authority (Inland Revenue Department of Hong Kong) of the employee's expected date of departure, at least one month prior to the departure date. You must also withhold all payment due to your employee from the date on which the notification was given, for a period of one month or until the IRD does an assessment and confirms that all taxes have been paid by issuing a letter of release, whichever is earlier.

3. Hiring Foreign Employees

The Hong Kong government strongly advocates that employers must give first preference to the local workforce for filling job vacancies. Foreigners who possess special skills, knowledge or experience of value to and not readily available in Hong Kong are allowed to enter and stay in Hong Kong for employment as professionals.

A foreigner must have a valid work visa to be able to work in Hong Kong. If you wish to hire a foreigner, you will have to apply for a valid work visa on your employee's behalf before he can commence employment with you.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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