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# Guide to Starting a Travel Agency in Hong Kong

#### Overview 1.

In Hong Kong, the term "travel agency" refers to a company that arranges and organizes services related to travel and tours. In order to set up and operate a travel agency and offer travel or tour packages (including transportation services) in Hong Kong, you will need to apply for a "Travel Agent's License".

#### Travel Agent's License

The travel agent's license is required by any person or company that wishes to operate a travel agency. According to the Travel Agents Ordinance (TAO) (Cap. 218), a travel agent can be categorized as an outbound travel agent or an inbound travel agent:

# **Outbound Travel Agent:**

A person is an outbound travel agent if he carries on the business in Hong Kong of obtaining for another person:

- (1) carriage, by any means of conveyance, on a journey which is to commence in Hong Kong and which thereafter is to take place mainly outside Hong Kong; or
- (2) accommodation at a place outside Hong Kong for which payment is, or is to be, made to that person by or on behalf of that other person of an amount on account of the cost of that accommodation.

#### **Inbound Travel Agent:**

A person is an inbound travel agent if he carries on the business in Hong Kong of obtaining for a visitor:

- (1) carriage, by any means of conveyance, on a journey which is to commence outside Hong Kong and which either:
  - terminates in Hong Kong; or (a)
  - (b) involves the visitor passing through immigration controls before departing from Hong Kong; or

- (2) accommodation in Hong Kong for which payment is, or is to be, made to that person by or on behalf of the visitor of an amount on account of the cost of that accommodation; or
- (3) one or more of the following prescribed services:
  - (a) sightseeing or visits to local places of interest;
  - (b) restaurant meals or other catered meals;
  - (c) shopping trips;
  - (d) local transport in connection with an activity referred to in item (3)(a), (3)(b) or (3)(c) above.

# 3. License Pre-Requisites

Prior to applying for a travel agent's license, the following legal requirements must be met:

### (1) Company registration

You must first setup a Hong Kong company and obtain a Certificate of Incorporation and a Business Registration Certificate from the Hong Kong Companies Registry. For details on how to setup a Hong Kong company, please refer to <u>Hong Kong Company Incorporation Guide</u>.

### (2) Suitable office premises

The office premises you will operate from must be suitable for a travel agency business. Additionally, according to the Travel Agent's Registry, the office premises must be dedicated solely for the travel agency business operations. The space cannot be shared with any other businesses.

# (3) Key executive & other staff

The company must appoint a nature person for the position of key executive who is in control of the company and also responsible for its management. The key executive could either be a partner, a director, a secretary or an officer of the company. The person must be deemed to be "fit and proper" by the Registrar of Travel Agents. In other words, he/she should neither have been convicted of an offence nor be an un-discharged bankrupt person. The key executive must either be a Hong Kong citizen, Hong Kong Permanent Resident, or an Employment Visa holder. In addition, he/she must have a minimum of two consecutive years of relevant practical experience in the travel industry. Apart from appointing the key executive, the company must also appoint a full time staff member.

# (4) Paid-up Capital

The company must have a minimum paid-up capital of HK\$500,000.

## (5) Travel Industry Council membership

The applicant must be a member of the Travel Industry Council of Hong Kong (TIC). The TIC is a self-regulating organization of the travel industry and is responsible for improving trade practices, formulating and enforcing codes of conduct and directives for the industry, collecting statutory levies, handling public complaints and enquiries, etc.

#### (6) Travel Association membership

A travel agent or agency must be a member of any of the eight travel associations in Hong Kong. Each travel association has its unique characteristics and caters to the specific needs of different markets. The eight travel associations are:

- (a) Hong Kong Association of Travel Agents;
- (b) The Federation of Hong Kong Chinese Travel Agents;
- (c) International Chinese Tourist Association;
- (d) Society of IATA Passenger Agents;
- (e) Hong Kong Taiwan Tourist Operators Association;
- (f) Hong Kong Association of China Travel Organizers;
- (g) Hong Kong Outbound Tour Operators Association;
- (h) Hong Kong Japanese Tour Operators Association.

# 4. License Application Procedure

The travel agent's license application procedure involves submitting the following documents and information to the Hong Kong Travel Agent's Registry along with a non-refundable application fee of HK\$630:

- (1) A Travel Agent's License Application Form;
- (2) A Statement of Particulars Form;
- (3) A copy of the Board Resolution confirming the appointment of an authorized person to represent your company in applying for the travel agent's license;
- (4) A certified true copy of Hong Kong ID cards or travel documents of all the key executives of the company. The travel documents must indicate that the persons concerned are allowed to take up any employment or start a business in Hong Kong without any restrictions;
- (5) Each of the key executive's resumes with emphasis on their work experience in the travel industry;

- (6) The proposed travel agency's scope of business;
- (7) A set of certified true copies of corporate documents, including Business Registration Certificate, Certificate of Incorporation, Articles of Association of the company, document confirming the appointment of directors and secretaries and document confirming the allotment of shares;
- (8) Certified true copies of TIC Membership Certificate and Travel Association Membership Certificate;
- (9) A certified true copy of the stamped tenancy agreement or record of ownership of the office premises;
- (10) An estimated business budget for a given period (six months or a year) setting out the estimated income and estimated expenditure.

A successful application is usually processed within 3-4 few weeks after which the Travel Agents Registry will issue a Travel Agent's License that must be collected in person by the applicant. A license fee, based on the validity period of the license must be paid to the Travel Agent's Registry. The license fee is HK\$485 per month. Note that the license is considered valid only on payment of the prescribed fee. Most travel agents licenses are issued for a period of 12 months.

The license must be conspicuously displayed on the office premises at all times. In addition, the license number must be clearly indicated on all company documents, brochures, pamphlets and advertisements.

#### 5. License Renewal

Application for renewal of travel agent's license must be submitted at least one month (but not more than two months) before the license expiry date. Renewal applications that are submitted after the license expiry date will not be processed and a new license will have to be obtained instead. Continuing business operations after license expiration is an offence. The applicant must submit the following documents to the Travel Agent's Registry along with the license fee:

- (1) A "Renewal of License" application form;
- (2) A Statement of Particulars form;
- (3) Audited financial statements and/or management accounts (as specified by the Registry);
- (4) A certified true copy of a valid membership certificate of the Travel Industry Council of Hong Kong;
- (5) A certified true copy of a valid Business Registration Certificate;
- (6) Any other document as required by the Registry.

A successful application is usually processed within 3-4 few weeks. The Travel Agent's Registry will examine the travel agency's track record, check if it is a member of the TIC and also verify if it has satisfied the conditions which may have been specified in the license, while assessing the renewal application.

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

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	SERVICES SCOPE	
Company Registration	Merger & Acquisition	Tax Planning
Bank Account Opening	Payroll & Human Resources	Book-keeping & Accounting
Audit & Assurance	Tax Filing	Trademark Registration
Intellectual Property	Immigrant visa	Leasing Services