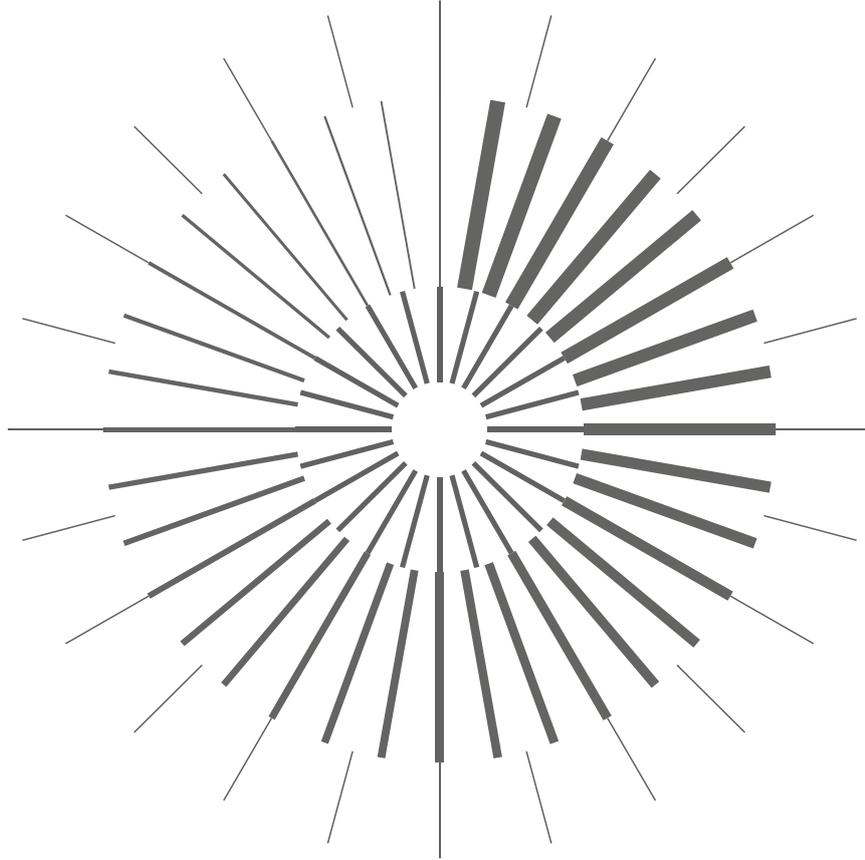


Guide to becoming a self-employed lawyer in Hong Kong



Peerpoint.

by ALLEN & OVERY

Legal consulting – a flexible way of working

The majority of lawyers are most familiar with being employed in either the law firm private practice model, or as part of an in-house legal team. As the legal profession continues to undergo change, more flexible options have emerged.



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Working as a consultant – also variously known as being self-employed, freelance or a contractor – is very common and a popular way to work for professionals in other sectors, including accountancy, engineering and IT.

Consulting offers individuals a great deal of control and flexibility compared to a traditional employment relationship.

There are a variety of reasons you might wish to become self-employed and the Peerpoint structure is designed to help you achieve those goals whilst still giving you access to high-quality work.

As a Peerpoint consultant, you will be part of a growing segment of lawyers. So what does it mean in reality, and how do you go about becoming a self-employed legal consultant? It really is easier than you might expect!

This guide is intended to give some insight into self-employment in Hong Kong, and an indication of what is involved and how to go about it. It is not an exhaustive guide and does not constitute formal advice from Allen & Overy or Peerpoint. There are numerous sources of information available online and you should consider seeking independent advice.

Finally, many of our consultants are happy to share their experiences both of setting up their Personal Services Company and working as Peerpoint consultants.

People successfully consult for a variety of reasons, and may work in different ways according to their unique preferences and circumstances.

You can read some of their stories on our website. If you would like to arrange a confidential chat with one of them, please speak to a member of the Peerpoint team.

Peerpoint – the right choice for you?

Peerpoint offers consultants an opportunity to be part of a panel of experienced, high-calibre lawyers who work on top-quality legal placements within Allen & Overy and with our clients.

Peerpoint offers:



Lawyers the opportunity to take greater control of their careers

Clients high quality lawyers to meet resourcing needs

The firm the ability to augment the permanent workforce at times of high demand

Peerpoint is an inspired way of working for those lawyers who want challenging and varied work at the pinnacle of our profession but with more control over the type of work they do, and when and where they do it.

As a Peerpoint consultant, you will join a community of elite lawyers and be backed by one of the world's foremost international legal practices, with access to all the relevant training and market leading know-how.

We know that while your career is important, so too is the time and space for other things in your life. Peerpoint gives you the opportunity to achieve that balance, with a diverse range of part-time and full-time assignment options available.

You will have the opportunity to work in an innovative way, integrating into new teams to advise on high-quality projects.

73%

Peerpoint consultants with in-house experience

29%

Junior-mid level lawyers

57%

consultants work on full-time assignments

56%

of assignments consultants work on are with clients, the remainder are within A&O

With Peerpoint, our lawyers have the chance to be placed with both Allen & Overy and with some of the world's leading companies in Hong Kong, Singapore, the United Kingdom, Australia and the United Arab Emirates. Not only do our consultants have the opportunity to take on career defining roles, but they are the ones controlling their career.

So why wouldn't you join?

For more details about Peerpoint and how talented lawyers are working differently, go to peerpoint.com.

The basics of self-employment

Peerpoint legal consultants are self-employed. Rather than being employed by Allen & Overy or Peerpoint you will set up and work for your own Personal Services Company (PSC). Your PSC will invoice for services and be responsible for your remuneration and benefits.

In Hong Kong, this is a simple limited company which you own and run. It is your company which will enter into contracts on your behalf, issue invoices to clients, including Peerpoint, and be responsible for your remuneration.

Of course, there is more to it than simply setting up a PSC. It is important that you understand and are comfortable with self-employment. For example:

- Your PSC will be responsible for all your employment rights, including paid leave, Mandatory Provident Fund contribution and other benefits.
- You, through your PSC, will normally be paid an hourly, daily or monthly rate by your clients, including Peerpoint, which will appear to be higher than an equivalent employed lawyer's rate. This reflects the cost of your PSC doing business. It will need to provide relevant benefits in addition to covering the costs of running the PSC itself. Your PSC will be paid gross of any tax and it will be entirely your decision how to structure your payments and to ensure that all taxes are paid correctly.
- As a self-employed consultant, you are not obliged to work exclusively for one client. You will also have no guarantee of work from your clients and conversely, you have no obligation to take on work that is offered – this is part of the benefit of being a consultant. At Peerpoint will have an honest discussion with you about likely volumes of work so that you can be clear where you stand.
- In Hong Kong, the Law Society requires solicitors to be exclusive to one law firm. We will therefore pay for, and assist you in obtaining your Practising Certificate. You cannot, therefore, take on any work for other law firms. However, subject to conflicts requirements, you will be able to work directly for other clients or for other entities, such as a family business or a non-legal enterprise.

There are many sources of information online for those considering becoming a consultant. Please read on for more details about the practicalities of setting up and running your own PSC.

Setting up and running a PSC

When to set up your PSC

You must have your PSC in place before entering into your first contract, but it can be quick (two to three days) to arrange so you can avoid incurring ongoing costs before earning an income as a consultant. The sections below outline the key steps to setting up a PSC. Most steps are surprisingly simple and fast.

Help with your PSC

It is possible to set up and manage your own PSC, however, most consultants prefer to appoint someone to assist them. There are many companies who can assist in the establishment of your company and the ongoing requirements, such as business registration. It is our recommendation that you consider appointing a company to help you. We can put you in touch with the companies used by other consultants.

Setting up the company

This is the incorporation of your own limited company, of which you will appoint yourself as director and shareholder. The most straightforward and cheapest option is to buy an existing company. You can choose the company with the most appealing name. It is possible to change the name, although this involves a charge. As a lawyer, you will be aware that, in the eyes of the law, the company has a life of its own. For example, it will actually be the company that enters into contracts and not you. In most cases, it will also be the company that is responsible for its debts, should there be any. You will have 'limited liability', which means, in practice, that your personal assets are protected.

Your accountant or tax adviser will advise you on running your company in the most tax-efficient manner for your circumstances.

Company Secretary and Registered offices

It is a legal requirement to have both a registered office (which cannot be a PO box) and a Company Secretary. Whilst it is possible to fulfill the Company Secretary role yourself, the companies who can assist in the setting up of PSCs also offer company secretarial services and the provision of a registered address.

Profits tax and accounts

Your PSC will be required to produce audited accounts. If it makes a profit, it will be liable for profits tax. The companies which assist in the creation of the PSC will be able to recommend Certified Public Accountants to help you with this. They can also help you set up a business bank account, which you will need.

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You will need to make sure that you and your PSC discharge your obligations in relation to the Mandatory Provident Fund contributions. We recommend that you seek specialist advice in this regard.

Disguised employment

Peerpoint does not engage consultants to disguise employment at Allen & Overy. The nature of any engagement, your working practices, and the level of choice and control that you have around whether to take on assignments for Allen & Overy are different from those of employees. The rate of pay you are offered reflect the costs of you doing business on your own account. The daily rate is higher than that of an Allen & Overy employee precisely because you will have to provide your own benefits and there are costs in setting up and running your own company. If you wish to be an employee of Allen & Overy you should apply through the usual recruitment channels.

Insurances

While working with Peerpoint (whether working directly with Allen & Overy or on its behalf, with a client), you will be covered by the Allen & Overy professional indemnity insurance scheme, subject to the terms and conditions of the scheme. Note that you will only be covered for work that you undertake on behalf of Peerpoint or Allen & Overy. You will not be covered for work undertaken for other clients on your own account and you should consider whether you need to take out a separate policy for that work.

What next?

The Peerpoint team can provide general guidance on setting up and running your PSC. Additionally, many of our consultants are happy to share their experiences. If you have further questions, do not hesitate to contact one of our team members:



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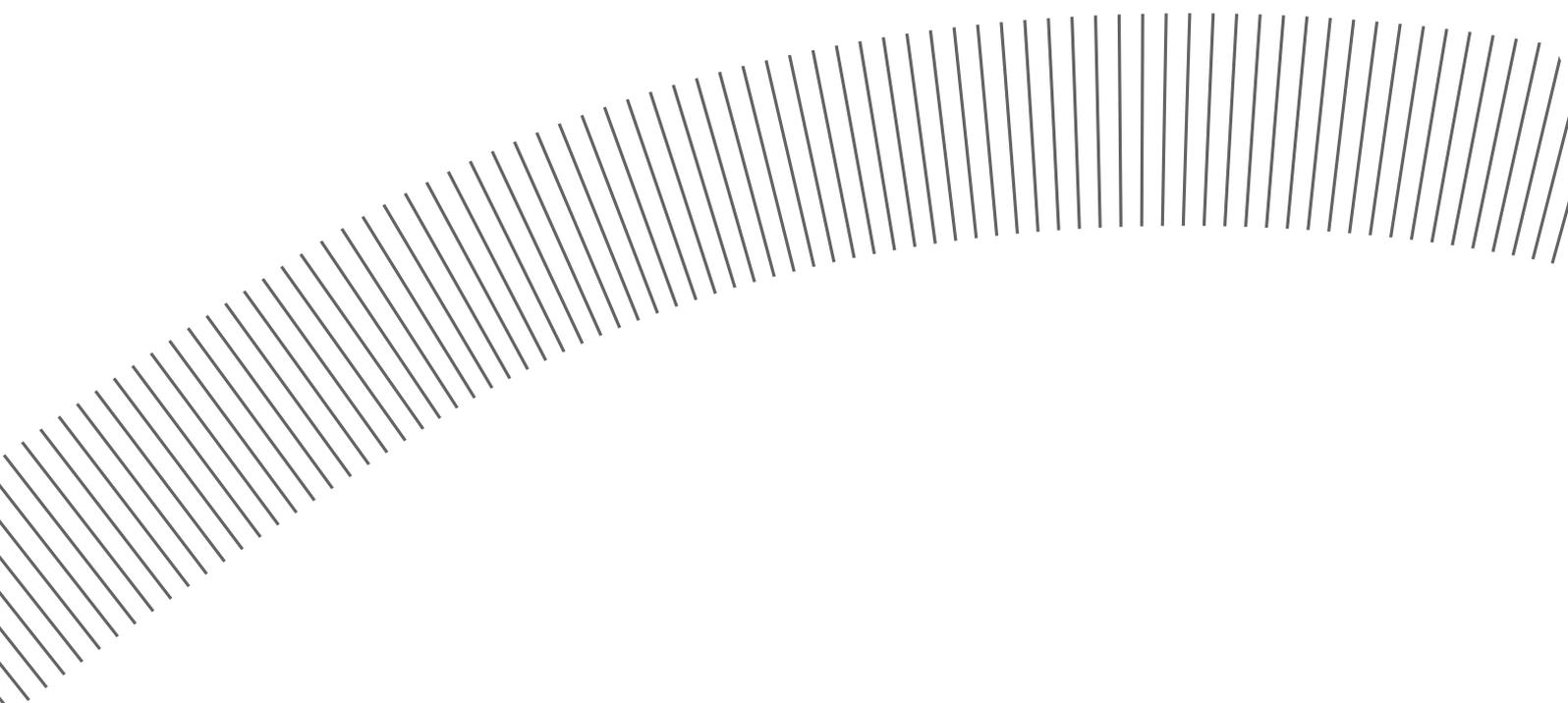
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