

HIGHLIGHTS**Electronic Consumption Vouchers**

- No electronic consumption vouchers will be issued in 2024/25

Profits Tax

- Provide a one-off reduction of 100% of profits tax for 2023/24, subject to a ceiling of HK\$3,000

Salaries Tax

- Provide a one-off reduction of 100% of salaries tax and tax under personal assessment for 2023/24, subject to a ceiling of HK\$3,000
- Implement a two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the year of assessment 2024/25

Stamp Duty

- Cancel Special Stamp Duty, Buyer's Stamp Duty or New Residential Stamp Duty for residential properties with immediate effect
- Waive stamp duties payable on the transfer of real estate investment trust (REIT) units and the jobbing business of option market-makers

Other Levies

- Provide rates concession for the first quarter of 2024/25, subject to a ceiling of HK\$1,000 for each rateable domestic and non-domestic property
- Provide an allowance to eligible social security recipients, equal to one-half of a month of the standard rate Comprehensive Social Security Assistance ("CSSA") payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance

The Financial Secretary, the Honourable Paul M. P. Chan, delivered the 2024/25 budget speech of the Government at the Legislative Council on 28 February 2024 with focus on "Advance with Confidence. Seize Opportunities. Strive for High-quality Development".

Estimates for 2024/25

The Financial Secretary estimates that the total Government revenue to be HK\$633 billion and the total government expenditure to be HK\$776.9 billion including recurrent expenditure of HK\$580.2 billion for 2024/25. The Financial Secretary forecasts a deficit of HK\$48.1 billion for 2024/25. The fiscal reserves are estimated to be HK\$733.2 billion by 31 March 2024.

Taxes**Local tax reliefs**

A summary of the major tax relief measures proposed by the Financial Secretary after taking into account the financial position and economic performance of Hong Kong is set out in the highlights table on the left.

Other tax relief and tax-related developments

The Government is seeking to:

- grant tax deduction to profits-tax payers for expenses incurred in reinstating the condition of the leased premises to their original condition with effect from the year of assessment 2024/25
- remove time limit for claiming the allowances for industrial buildings and structures as well as commercial buildings and structures with effect from the year of assessment 2024/25
- increase the business registration fees by HK\$200 to HK\$2,200 per annum with effect from 1 April 2024 and waive business registration levy of HK\$150 payable to the Protection of Wages on Insolvency Fund for two years

- implement the progressive rating system for domestic properties with rateable value over HK\$550,000 with effect from the fourth quarter of 2024/25
- implement the "patent box" tax incentive to reduce the tax rate for profits derived from qualifying intellectual property to 5%
- extend the first registration tax ("FRT") concessions for electric vehicles to March 2026 with concession reduced by 40%. Maximum concession for electric private cars ("e-PCs") granted under the "One-for-One Replacement" Scheme and for general e-PCs will be adjusted to HK\$172,500 and HK\$58,500 respectively. e-PCs valued at over HK\$500,000 before tax will not be entitled to concessions
- increase the duty on cigarettes by HK\$0.8 per stick, and duty on other tobacco products by the same proportion with immediate effect
- resume the collection of the Hotel Accommodation Tax at a rate of 3%
- commence studies on further enhancements to the tax concession measures for the maritime industry within this year
- submit legislative proposal to enable companies domiciled overseas, especially enterprises with a business focus in the Asia-Pacific region, to re-domicile in Hong Kong in first half of 2024
- further enhance the preferential tax regimes for related funds, single family offices and carried interest, including reviewing the scope of the tax concession regimes, increasing the types of qualifying transactions and enhancing flexibility in handling incidental transactions
- apply the global minimum tax rate of 15% on large multinational enterprise groups with an annual consolidated group revenue of at least EUR 750 million and impose the Hong Kong minimum top-up tax starting from 2025

Others

- introduce the new Capital Investment Entrant Scheme ("new CIES") whereby eligible investors who invest HK\$27 million or more in qualifying assets and place HK\$3 million into a new CIES Investment Portfolio may apply to reside in Hong Kong
- further review the arrangement of Top Talent Pass Scheme in mid-2024

Profits Tax (No change)		Proposed 2024/25	2023/24
Standard Rate (Note)	For corporations		
	<ul style="list-style-type: none"> • HK\$0 - HK\$2 million of profits • > HK\$2 million of profits 	<ul style="list-style-type: none"> 8.25% 16.5% 	<ul style="list-style-type: none"> 8.25% 16.5%
	For persons other than corporations (Unincorporated business)		
	<ul style="list-style-type: none"> • HK\$0 - HK\$2 million of profits • > HK\$2 million of profits 	<ul style="list-style-type: none"> 7.5% 15% 	<ul style="list-style-type: none"> 7.5% 15%
Note: For two or more connected entities, only one of them may elect the two-tiered profits tax rates.			

Property Tax (No change)	Proposed 2024/25	2023/24
Standard Rate	15%	15%

Salaries Tax		Proposed 2024/25	2023/24
Standard Rate	On income after deduction of allowable outgoings and charitable donations but before personal allowances <ul style="list-style-type: none"> first \$5 million of net income > HK\$5 million of net income 	15% 16%	15% 15%
Progressive Rates (No change)	On net chargeable income (i.e. net income after deduction of allowable outgoings, charitable donations and personal allowances)		
		2024/25 HK\$	2023/24 HK\$
	First	50,000	50,000
	Next	50,000	50,000
	Next	50,000	50,000
	Next	50,000	50,000
	Remainder		
		2%	2%
		6%	6%
		10%	10%
		14%	14%
		17%	17%
Allowances (No change)			
Basic Allowance		132,000	132,000
Married Person's Allowance		264,000	264,000
Single Parent Allowance	For divorced/ separated parent responsible for the sole or predominant care of his/her child(ren)	132,000	132,000
Personal Disability Allowance		75,000	75,000
Child Allowance	First to ninth child (each)	130,000	130,000
	Additional allowance (for each child in the year of birth)	130,000	130,000
Dependent Parent and Dependent Grandparent Allowance	≥ 60 years old (or eligible to claim an allowance under the Government's Disability Allowance Scheme)		
	- The parent must be an ordinarily resident in Hong Kong		
	Basic allowance	50,000	50,000
	Additional allowance (residing with taxpayer continuously throughout the year)	50,000	50,000

- Dependent Parent Allowance and Dependent Grandparent Allowance cannot be granted in the same tax year in respect of the same individual	55 – 59 years old		
	Basic allowance	25,000	25,000
	Additional allowance (residing with taxpayer continuously throughout the year)	25,000	25,000
Dependent Brother or Sister Allowance	Additional allowance (residing with taxpayer continuously throughout the year)	37,500	37,500
Disabled Dependant Allowance	Additional allowance (residing with taxpayer continuously throughout the year)	75,000	75,000
Deductions (No change)			
Expenses of Self-Education	Maximum deduction	100,000	100,000
Home Loan Interest	Maximum deduction (Property in Hong Kong and used as principal place of residence, can be claimed for 20 years, whether continuous or not)	100,000	100,000
Mandatory Contributions to Recognised Retirement Schemes	Maximum deduction	18,000	18,000
Elderly Residential Care Expenses	Maximum deduction	100,000	100,000
Approved Charitable Donations	Maximum deduction (% of assessable income net of allowable expenses and depreciation allowances)	35%	35%
Qualifying Voluntary Health Insurance Scheme Policy Premiums	Maximum deduction (each insured person)	8,000	8,000
Annuity Premiums and Mandatory Provident Fund Voluntary Contributions	Maximum deduction	60,000	60,000
Domestic rental expenses	Maximum deduction	100,000	100,000

Stamp duty

- Cancel Special Stamp Duty, Buyer's Stamp Duty or New Residential Stamp Duty for residential properties with immediate effect

Ad Valorem Stamp Duty for purchase of Hong Kong properties	Tax rate	Effective as of 22 February 2023
(marginal relief not included)	HK\$100	Up to HK\$3,000,000
	1.50%	HK\$3,000,001 to 4,500,000
	2.25%	HK\$4,500,001 to 6,000,000
	3.00%	HK\$6,000,001 to 9,000,000
	3.75%	HK\$9,000,001 to 20,000,000
	4.25%	HK\$20,000,001 and above

The information in this leaflet is based on the 2024/25 Budget Speech delivered by the Financial Secretary on 28 February 2024. Amendments after publication of this leaflet may lead to further changes.

Should you wish to discuss any Budget related matters, please contact us.

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