



MOORE STEPHENS

# 2019/20 Hong Kong Budget Summary

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## 2019/20 Hong Kong Budget Summary

### Highlights

#### Profits Tax

- Provide a one-off reduction of 75% of profits tax for 2018/19, subject to a ceiling of HK\$20,000

#### Salaries Tax

- Provide a one-off reduction of 75% of salaries tax and tax under personal assessment for 2018/19, subject to a ceiling of HK\$20,000

#### Other Levies

- Waive rates for all four quarters of 2019/20, subject to a ceiling of **HK\$1,500 per quarter** for each rateable property
- Waive the business registration fees for 2019/20
- Provide an extra 1-month allowance to recipients of Comprehensive Social Security Assistance Payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance; similar arrangements will apply to Working Family Allowance and Work Incentive Transport Subsidy
- Provide a one-off additional HK\$1,000 worth of Elderly Health Care Vouchers and increase the accumulation limit of vouchers to HK\$8,000
- Provide a one-off grant of HK\$2,500 to each student in need

The Financial Secretary, the Honourable Paul M. P. Chan, delivered the 2019/20 budget speech of the Government in the Legislative Council on 27 February 2019.

#### Estimates for 2019/20

The Financial Secretary estimates that the total Government revenue to be HK\$626.1 billion and the overall expenditure to be HK\$607.8 billion including recurrent expenditure of HK\$441 billion for 2019/20. The Financial Secretary forecasts a surplus of HK\$16.8 billion in the Consolidated Account in the coming year. The fiscal reserves are estimated to be HK\$1,178.4 billion by the end of March 2020.

#### 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 potential tax-related developments

The Government is seeking to:

- continue expanding the network of Comprehensive Avoidance of Double Taxation Agreements with other jurisdictions
- consider establishing a limited partnership regime and introducing tax arrangement to attract private equity funds to set up and operate in Hong Kong
- promote mutual recognition of funds with other jurisdictions to broaden the distribution network of local fund products
- provide tax concessions for marine insurance and underwriting of specialty risks

- continue enhancing the tax measures to qualifying corporate treasury centres
- consider introducing tax and related measures to attract ship finance companies to develop ship leasing businesses in Hong Kong
- promote the development of marine insurance by offering a 50% profits tax concession to eligible insurance businesses including the marine insurance industry

Profits Tax		Proposed 2019/20	2018/19
<b>Standard Rate (Note)</b>	For corporations		
	<ul style="list-style-type: none"> <li>• HK\$0 - HK\$2 million of profits</li> <li>• &gt; HK\$2 million of profits</li> </ul>	8.25% 16.5%	8.25% 16.5%
	For persons other than corporations (Unincorporated business)		
	<ul style="list-style-type: none"> <li>• HK\$0 - HK\$2 million of profits</li> <li>• &gt; HK\$2 million of profits</li> </ul>	7.5% 15.0%	7.5% 15.0%

Note: For two or more connected entities, only one of them may elect the two-tiered profits tax rates.

Property Tax		Proposed 2019/20	2018/19
<b>Standard Rate</b>		15%	15%

Salaries Tax		Proposed 2019/20	2018/19		
<b>Standard Rate</b>	On income after deduction of allowable outgoings and charitable donations but before personal allowances	15%	15%		
<b>Progressive Rates</b>	On net chargeable income (i.e. net income after deduction of allowable outgoings, charitable donations and personal allowances)				
		2019/20	2018/19		
		HK\$	HK\$		
	First	50,000	50,000	2.0%	2.0%
	Next	50,000	50,000	6.0%	6.0%
	Next	50,000	50,000	10.0%	10.0%
	Next	50,000	50,000	14.0%	14.0%
	Remainder			17.0%	17.0%

Salaries Tax – continued		Proposed 2019/20 HK\$	2018/19 HK\$
<b>Allowances</b>			
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)	120,000	120,000
	Additional allowance (for each child in the year of birth)	120,000	120,000
Dependent Parent and Dependent Grandparent Allowance  - The parent must be an ordinarily resident in Hong Kong  - Dependent Parent Allowance and Dependent Grandparent Allowance cannot be granted in the same tax year in respect of the same individual	≥ 60 years old (or eligible to claim an allowance under the Government's Disability Allowance Scheme)		
	Basic allowance	50,000	50,000
	Additional allowance (residing with taxpayer continuously throughout the year)	50,000	50,000
	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	Each dependent	37,500	37,500
Disabled Dependant Allowance	Each dependent	75,000	75,000
<b>Deductions</b>			
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 (Note 1)	Each insured person	<b>8,000</b>	-

Annuity Premiums and Mandatory Provident Fund Voluntary Contributions (Note 2)	Maximum deduction	<b>60,000</b>	-
<p>Notes:</p> <p>1) Effective from 2019/20</p> <p>2) The deduction is proposed to be effective from 2019/20. The relevant bill is being considered by the Legislative Council.</p>			

The information in this leaflet is based on the 2019/20 Budget Speech delivered by the Financial Secretary on 27 February 2019. 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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