



2025/2026

# BUDGET SUMMARY



## HIGHLIGHTS

### Profits Tax

- provide a one-off reduction of 100% of profits tax for 2024/25, subject to a ceiling of HK\$1,500

### Salaries Tax

- provide a one-off reduction of 100% of salaries tax and tax under personal assessment for 2024/25, subject to a ceiling of HK\$1,500

### Stamp Duty

- raise the maximum value of residential and non-residential properties chargeable to a stamp duty of HK\$100 from HK\$3 million to HK\$4 million with immediate effect

### Other Support Measures

- provide rates concession for domestic and non-domestic properties for the first quarter of 2025/26, subject to a ceiling of HK\$500 for each rateable property
- provide an allowance to eligible social security recipients, equal to one half of a month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, while similar arrangements will also apply to recipients of the Working Family Allowance

The Financial Secretary, the Honourable Paul M. P. Chan, delivered the 2025/26 Budget Speech of the Government at the Legislative Council on 26 February 2025 with focus on "Accelerating Development through Reform and Innovation".

### Estimates for 2025/26

The Financial Secretary estimates that the total Government revenue to be HK\$659.4 billion and the overall expenditure to be HK\$822.3 billion including recurrent expenditure of HK\$588.1 billion for 2025/26. The Financial Secretary forecasts a deficit of HK\$67 billion in the Consolidated Account in the coming year. The fiscal reserves are estimated to be HK\$647.3 billion by 31 March 2025.

### 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.

The Financial Secretary recommends to uphold the simple and low tax regime of Hong Kong, and to avoid considerable increase in tax rates or introducing new taxes to maintain our competitiveness.

#### Other potential tax-related developments

The Government is seeking to:

- review the relevant tax deduction arrangements for various expenditures, including the lump sum licensing fees for acquiring the rights to use intellectual property ("IP"), and related expenses incurred on purchase of IP or the rights to use IP from associates.

- formulate proposals on the preferential tax regimes for funds, single family offices and carried interest this year, including expanding the scope of "fund" under the tax exemption regime, increasing the types of qualifying transactions eligible for tax concessions for funds and single family offices, enhancing the tax concession arrangement on the distribution of carried interest by private equity funds, etc.
- introduce tax deduction on ship acquisition cost for ship lessors under an operating lease and propose to provide half-rate tax concession to eligible commodity traders.
- provide tax exemption for green methanol used for bunkering.
- increase the rate of air passenger departure tax from HK\$120 to HK\$200 per passenger starting from the third quarter of 2025-26.
- explore the signing of investment agreements with Saudi Arabia, Bangladesh, Egypt and Peru, and conduct negotiations with 17 countries on Comprehensive Avoidance of Double Taxation Agreements.
- implement 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.
- introduce a company re-domiciliation mechanism to provide facilitation for companies domiciled overseas to re-domicile in Hong Kong.

## Others

- put forward a legislative proposal next year to allow the stamp duty payable on the transfer of stocks at RMB counters to be paid in RMB.
- propose to consult the public on specific proposals of MPF "Full Portability" this year.
- enhance the Admission Scheme for Mainland Talents and Professionals and the General Employment Policy by allowing young non-degree talents with professional and technical qualifications and experience to come to Hong Kong to join skilled trades facing manpower shortage.
- launch a series of enhancement measures to provide greater flexibility under the New Capital Investment Entrant Scheme.
- introduce an application fee of HK\$600 on "specified schemes" prescribed by the Immigration Department and increase visa fees to HK\$600 or HK\$1,300 based on the duration of limit of stay with immediate effect.
- review the tolls of relevant government tunnels and trunk roads.
- review the annual licence fee for electric private cars, parking meter charges, as well as the fixed penalties for traffic offences.
- explore the introduction of a boundary facilities fee on private cars departing via land boundary control points.

Profits Tax (No change)		Proposed 2025/26	2024/25
<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%	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 2025/26	2024/25
<b>Standard Rate</b>		15%	15%

Salaries Tax (No change)		Proposed 2025/26	2024/25
<b>Standard Rate</b>	On income after deduction of allowable outgoings and charitable donations but before personal allowances		
	<ul style="list-style-type: none"> <li>• first HK\$5 million of net income</li> <li>• &gt; HK\$5 million of net income</li> </ul>	15% 16%	15% 16%
<b>Progressive Rates</b>	On net chargeable income (i.e. net income after deduction of allowable outgoings, charitable donations and personal allowances)		
		2025/26	2024/25
		HK\$	HK\$
	First	50,000	50,000
	Next	50,000	50,000
	Next	50,000	50,000
	Next	50,000	50,000
	Remainder	17%	17%

Allowances			
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

Salaries Tax - continued		Proposed 2025/26 HK\$	2024/25 HK\$
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	$\geq 60$ 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 dependant	37,500	37,500
Disabled Dependant Allowance	each dependant	75,000	75,000
<b>Deductions (No change)</b>			
Expenses of Self-Education	Maximum deduction	100,000	100,000
Home Loan Interest	Property in Hong Kong and used as principal place of residence, can be claimed for 20 years (19 years for additional allowance), whether continuous or not		
	Basic allowance	100,000	100,000
	Additional allowance (for eligible taxpayers)	20,000	20,000
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%

Salaries Tax – continued		Proposed 2025/26 HK\$	2024/25 HK\$
Qualifying Voluntary Health Insurance Scheme Policy Premiums	Maximum deduction (each insured person)	8,000	8,000
Qualifying Annuity Premiums and Mandatory Provident Fund Voluntary Contributions	Maximum deduction	60,000	60,000
Domestic Rents Deduction	Basic allowance	100,000	100,000
	Additional allowance (for eligible taxpayers)	20,000	20,000
Expenses on Assisted Reproductive Services	Maximum deduction (Subject to the enactment of the relevant legislation)	100,000	100,000

Stamp duty	Tax rate	Proposed (to be effective as of 26 February 2025)	Present
Ad valorem stamp duty under Scale 2 (marginal relief not yet included)	HK\$100	<b>Up to HK\$4,000,000</b>	Up to HK\$3,000,000
	1.50%	<b>HK\$4,000,001 to 4,500,000</b>	HK\$3,000,001 to 4,500,000
	2.25%	HK\$4,500,001 to 6,000,000	HK\$4,500,001 to 6,000,000
	3.00%	HK\$6,000,001 to 9,000,000	HK\$6,000,001 to 9,000,000
	3.75%	HK\$9,000,001 to 20,000,000	HK\$9,000,001 to 20,000,000
	4.25%	HK\$20,000,001 and above	HK\$20,000,001 and above

The information in this leaflet is based on the 2025/26 Budget Speech delivered by the Financial Secretary on 26 February 2025. Amendments after publication of this leaflet may lead to further changes.

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



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