



MOORE

TAX SERVICES

2023/24 HONG KONG BUDGET SUMMARY

HIGHLIGHTS

Electronic Consumption Vouchers

- Issue electronic consumption vouchers with a total value of HK\$5,000 to each eligible Hong Kong permanent resident and new arrival aged 18 or above in 2 instalments

Profits Tax

- Provide a one-off reduction of 100% of profits tax for 2022/23, subject to a ceiling of HK\$6,000

Salaries Tax

- Provide a one-off reduction of 100% of salaries tax and tax under personal assessment for 2022/23, subject to a ceiling of HK\$6,000
- Increase the basic child allowance and additional child allowance for each child born during the year of assessment from HK\$120,000 to HK\$130,000 from the 2023/24 assessment year

Other Levies

- Provide rates concession for first two quarters of 2023/24, subject to a ceiling of HK\$1,000 per quarter 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 payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance
- Grant each eligible residential electricity account a subsidy of HK\$1,000
- Provide 50% rental or fee concession to eligible tenants of government premises and eligible short-term tenancies and waivers under Lands Department for 6 months until end-2023

The Financial Secretary, the Honourable Paul M. P. Chan, delivered the 2023/24 budget speech of the Government at the Legislative Council on 22 February 2023 with focus on "Leaping Forward Steadily, Together We Bolster Prosperity under Our New Vision".

Estimates for 2023/24

The Financial Secretary estimates that the total Government revenue to be HK\$642.4 billion and the overall expenditure to be HK\$761.0 billion including recurrent expenditure of HK\$560.2 billion for 2023/24. The Financial Secretary forecasts a deficit of HK\$54.4 billion in the Consolidated Account in the coming year. The fiscal reserves are estimated to be HK\$762.9 billion by the end of 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.

The Financial Secretary considers profits tax and salaries tax rates should remain unchanged this year.

Other potential tax-related developments

The Government is seeking to:

- provide tax deduction for the spectrum utilisation fees to be paid by the future successful bidders of radio spectrum
- review the existing tax concession measures applicable to funds and carried interest
- introduce a bill to enhance the aircraft leasing preferential tax regime in the 4th quarter of 2023/24
- introduce a "patent box" tax incentive to provide tax concessions for profits sourced in Hong Kong from qualifying patents generated through R&D activities

- provide profits tax exemption for qualifying transactions of family-owned investment holding vehicles managed by single family offices in Hong Kong with effect from 1 April 2022
- increase the duty on cigarettes by 60% per stick, and duty on other tobacco products by the same proportion, with immediate effect
- adjust the value bands of the ad valorem stamp duty payable for the sale and purchase or transfer of residential and non-residential properties (Rates at Scale 2) with a view to easing the burden on ordinary families of purchasing their first residential properties
- increase the tax deduction for the Mandatory Provident Fund voluntary contributions made by employers for their employees aged 65 or above, from current 100% to 200% in respect of such expenditure
- implement the global minimum effective tax rate of 15% on large multinational enterprise groups with global turnover of at least 750 million euros and the domestic minimum top-up tax starting from 2025 onwards
- put forward an enhancement proposal in mid-March to provide clearer guidelines on whether onshore gains on disposal of equity interests are subject to tax

Profits Tax (No change)		Proposed 2023/24	2022/23
Standard Rate (Note)	For corporations		
	<ul style="list-style-type: none"> • HK\$0 - HK\$2 million of profits • > HK\$2 million of profits 	8.25%	8.25%
	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 	7.5%	7.5%
		15%	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 2023/24	2022/23
Standard Rate	15%	15%

Salaries Tax (No change)		Proposed 2023/24	2022/23	
Standard Rate	On income after deduction of allowable outgoings and charitable donations but before personal allowances	15%	15%	
Progressive Rates	On net chargeable income (i.e. net income after deduction of allowable outgoings, charitable donations and personal allowances)			
		2023/24	2022/23	
		HK\$	HK\$	
	First	50,000	50,000	
	Next	50,000	50,000	
	Next	50,000	50,000	
	50,000	50,000	14%	14%
	Remainder		17%	17%

Salaries Tax – continued		Proposed 2023/24 HK\$	2022/23 HK\$
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	120,000
	Additional allowance (for each child in the year of birth)	130,000	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
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%

Salaries Tax – continued		Proposed 2023/24 HK\$	2022/23 HK\$
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	Tax rate	Proposed (to be effective as of 22 February 2023)	Up to 21 February 2023
Ad valorem stamp duty under Scale 2 (marginal relief not yet included)	HK\$100	Up to HK\$3,000,000	Up to HK\$2,000,000
	1.50%	HK\$3,000,001 to 4,500,000	HK\$2,000,001 to 3,000,000
	2.25%	HK\$4,500,001 to 6,000,000	HK\$3,000,001 to 4,000,000
	3.00%	HK\$6,000,001 to 9,000,000	HK\$4,000,001 to 6,000,000
	3.75%	HK\$9,000,001 to 20,000,000	HK\$6,000,001 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 2023/24 Budget Speech delivered by the Financial Secretary on 22 February 2023. 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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