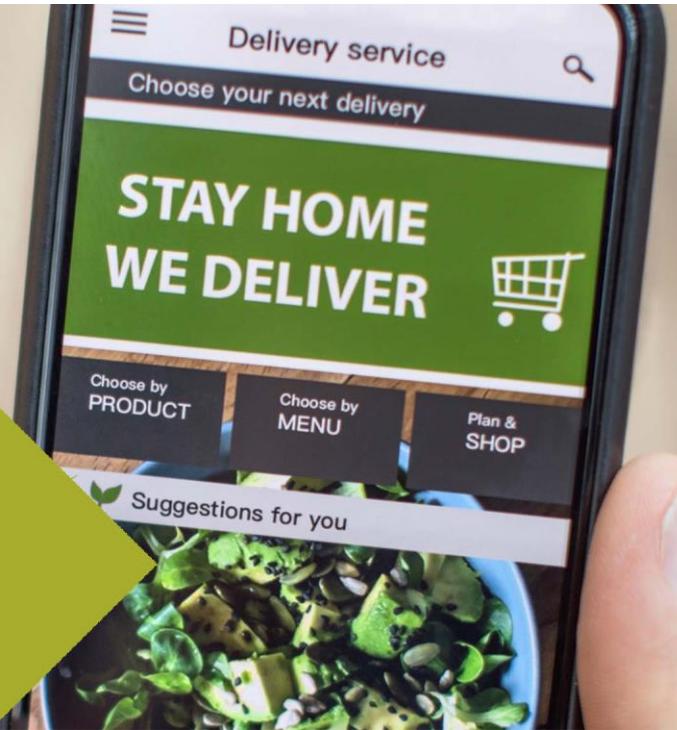




MOORE



TAX SERVICES

2022/23 HONG KONG BUDGET SUMMARY

HIGHLIGHTS

Electronic Consumption Vouchers

- Disburse electronic consumption vouchers in instalments with a total value of HK\$10,000 to each eligible Hong Kong permanent resident and new arrival aged 18 or above

Profits Tax

- Provide a one-off reduction of 100% of profits tax for 2021/22, subject to a ceiling of HK\$10,000

Salaries Tax

- Provide a one-off reduction of 100% of salaries tax and tax under personal assessment for 2021/22, subject to a ceiling of HK\$10,000
- Provide a tax deduction for domestic rental expenses for taxpayers liable to salaries tax and tax under personal assessment who are not owners of domestic properties starting from 2022/23, subject to a ceiling of \$100,000

Other Levies

- Provide rates concession for all four quarters of 2022/23, subject to a ceiling of HK\$1,500 per quarter in the first two quarters and a ceiling of HK\$1,000 per quarter in the remaining two quarters for each rateable domestic property
- Provide rates concession for non-domestic properties for four quarters of 2022/23, subject to a ceiling of HK\$5,000 per quarter in the first two quarters and a ceiling of HK\$2,000 per quarter in the remaining two quarters for each rateable non-domestic property
- Waive the business registration fees for 2022/23
- Provide an extra 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

The Financial Secretary, the Honourable Paul M. P. Chan, delivered the 2022/23 budget speech of the Government on 23 February 2022 with focus on four areas:

- supporting an all-out effort to win the fight against the epidemic;
- relieving the hardship of Hong Kong people and SMEs;
- rendering support to the struggling economy and fostering post-epidemic economic revival; and
- investing for the future by planning ahead for the medium- and long-term development of Hong Kong economy.

Estimates for 2022/23

The Financial Secretary estimates that the total Government revenue to be HK\$715.9 billion and the overall expenditure to be HK\$807.3 billion including recurrent expenditure of HK\$563.5 billion for 2022/23. The Financial Secretary forecasts a deficit of HK\$56.3 billion in the Consolidated Account in the coming year. The fiscal reserves are estimated to be HK\$890.3 billion by the end of March 2023.

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:

- roll out supporting measures such as waiving the stamp duty on stock transfers paid by market makers in their transactions, so as to increase the liquidity of RMB denominated stocks.
- provide tax concessions for the eligible family investment management entities managed by single-family offices. It is expected that the relevant tax concessions will come into effect in the year of assessment 2022/23.
- provide half-tax concession to attract more maritime enterprises to establish a presence in Hong Kong and introduce the proposed legislative amendments to the Legislative Council in the first half of this year.

- revise the rating system as follows:
 - (a) propose that for future rates concession for domestic properties, only those eligible owners who are natural persons can apply for rates concession for one domestic property under their name, rolling out in 2023/24;
 - (b) introduce a progressive rating system for domestic properties in 2024/25 – (i) with rateable value of HK\$550,000 or below, rates to be charged at 5% of the rateable value; (ii) with rateable value over HK\$550,000, rates to be charged at 5% of the rateable value on the first HK\$550,000 and at 8% of the rateable value on the next HK\$250,000, and then at 12% on rateable value exceeding HK\$800,000.
- continue to proactively expand our Comprehensive Avoidance of Double Taxation Agreements network with a view to minimise the risk of double taxation borne by foreign enterprises doing business in Hong Kong.
- preserve the advantages of Hong Kong's tax regime in terms of its simplicity, certainty and transparency, maintain the territorial source principle of taxation as well as minimise the compliance burden on large multinational enterprises (MNEs) when implementing base erosion and profit shifting (BEPS 2.0).
- submit a legislative proposal to the Legislative Council in the second half of this year to implement the global minimum tax rate and other relevant requirements in accordance with the international consensus.
- introduce a domestic minimum top-up tax with regard to MNE groups with global turnover of at least 750 million euros starting from the year of assessment 2024/25 to ensure that their effective tax rates reach the global minimum effective tax rate of 15% so as to safeguard Hong Kong's taxing rights.

Profits Tax (No change)		Proposed 2022/23	2021/22
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% 16.5%	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 	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 2022/23	2021/22
Standard Rate	15%	15%

Salaries Tax (No change)		Proposed 2022/23	2021/22		
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)				
		2022/23	2021/22		
		HK\$	HK\$		
	First	50,000	50,000	2%	2%
	Next	50,000	50,000	6%	6%
	Next	50,000	50,000	10%	10%
	Next	50,000	50,000	14%	14%
	Remainder			17%	17%

Salaries Tax – continued		Proposed 2022/23 HK\$	2021/22 HK\$
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)	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
Deductions			
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 2022/23 HK\$	2021/22 HK\$
Qualifying Premiums Paid under Voluntary Health Insurance Scheme Policy	Maximum deduction (each insured person)	8,000	8,000
Qualifying Annuity Premiums and Tax Deductible Mandatory Provident Fund Voluntary Contributions	Maximum deduction	60,000	60,000
Domestic rental expenses	Maximum deduction	100,000	-

The information in this leaflet is based on the 2022/23 Budget Speech delivered by the Financial Secretary on 23 February 2022. 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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