



2026/2027

# BUDGET SUMMARY



## HIGHLIGHTS

### Profits Tax

- provide a one-off reduction of 100% of profits tax for 2025/26, 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 2025/26, subject to a ceiling of HK\$3,000

### Stamp Duty

- adjust stamp duty on residential properties valued over HK\$100 million from 4.5% to 6.5%, with retrospective effect from 26 February 2026

### Other Support Measures

- provide rates concession for domestic and non-domestic properties for the first two quarters of 2026/27, subject to a ceiling of HK\$500 per quarter for each rateable property
- provide an allowance to eligible social security recipients, equal to one 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 2026/27 Budget Speech of the Government at the Legislative Council on 25 February 2026 with focus on "Driving High-quality, Inclusive Growth with Innovation and Finance".

### Estimates for 2026/27

The Financial Secretary estimates that the total Government revenue to be HK\$765.2 billion and the overall expenditure to be HK\$843.4 billion including recurrent expenditure of HK\$599.7 billion for 2026/27. The Financial Secretary forecasts a surplus of HK\$22.1 billion in the Consolidated Account in the coming year. The fiscal reserves are estimated to be HK\$657.2 billion by 31 March 2026.

### 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 maintaining the competitiveness of Hong Kong's simple and low tax regime, and avoiding raising tax rates substantially or introducing new taxes.

#### Other potential tax-related developments

The Government is seeking to:

- review and enhance tax arrangements for research and development expenditures

- enhance tax regime, including expanding the scope of “fund” to cover specific funds-of-one, as well as classifying digital assets, precious metals, specified commodities, etc. as qualifying investments eligible for tax concessions
- provide a stamp duty waiver for the transfer of non-residential properties into REITs seeking to list
- provide additional tax incentives and flexibility to Corporate Treasury Centres and their associated companies, and introduce a pre-approval mechanism
- relax the criteria for stamp duty relief in relation to the intra-group transfer of assets. This would expand the scope of eligible associated body corporates. The new arrangement will apply retrospectively to instruments signed from 25 February 2026
- implement the Crypto-Asset Reporting Framework as well as the amended Common Reporting Standard by the Organisation for Economic Co-operation and Development (OECD) in the coming two years.
- explore tax incentives for eligible institutions conducting gold trading and settlement in Hong Kong
- expand our Comprehensive Avoidance of Double Taxation Agreements (CDTA) network
- set policy tools to attract enterprises to set up in Hong Kong. Policy tools include land grant arrangements, financial subsidies and tax incentives. The preferential tax rates will be half-rate or five per cent, to be introduced in an amendment bill this year
- establish an Advisory Committee on Tax Policy to gather views widely from commercial, industrial and professional sectors
- enhance tax concession measures for the maritime service industry and provide a half-rate tax concession to eligible commodities traders
- fulfil Hong Kong’s role as a regional intellectual property (IP) trading centre by refining the tax regime and institutional framework, nurturing talents and leveraging our strengths in professional services
- explore tax deduction arrangements for capital expenditure incurred for purchasing IP or the rights to use IP
- waive the first registration tax (FRT) for electric commercial vehicles, electric motorcycles and electric motor tricycles in full until end-March 2028. The current FRT concession arrangement for electric private cars will not be extended beyond its expiry at the end of March 2026

Profits Tax (No change)		Proposed 2026/27	2025/26
<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%	8.25%
		16.5%	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%	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 2026/27	2025/26
<b>Standard Rate</b>		15%	15%

Salaries Tax (No change)		Proposed 2026/27	2025/26
<b>Standard Rate</b>	On income after deduction of allowable outgoings and charitable donations but before personal allowances		
	• first HK\$5 million of net income	15%	15%
	• > HK\$5 million of net income	16%	16%
<b>Progressive Rates</b>	On net chargeable income (i.e. net income after deduction of allowable outgoings, charitable donations and personal allowances)		
		2026/27	2025/26
		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		<b>145,000</b>	132,000
Married Person's Allowance		<b>290,000</b>	264,000
Single Parent Allowance	For divorced/ separated parent responsible for the sole or predominant care of his/her child(ren)	<b>145,000</b>	132,000
Personal Disability Allowance		75,000	75,000
Child Allowance	First to ninth child (each)	<b>140,000</b>	130,000
	Additional allowance (for the first two years after childbirth)	<b>140,000</b>	130,000

Salaries Tax - continued		Proposed 2026/27 HK\$	2025/26 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	<b>55,000</b>	50,000
	Additional allowance (residing with taxpayer continuously throughout the year)	<b>55,000</b>	50,000
	55 – 59 years old		
	Basic allowance	<b>27,500</b>	25,000
	Additional allowance (residing with taxpayer continuously throughout the year)	<b>27,500</b>	25,000
Dependent Brother or Sister Allowance	Each dependant	37,500	37,500
Disabled Dependant Allowance	Each dependant	75,000	75,000
<b>Deductions</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	<b>110,000</b>	100,000
Approved Charitable Donations	Maximum deduction (% of assessable income net of allowable expenses and depreciation allowances)	35%	35%

Salaries Tax – continued		Proposed 2026/27 HK\$	2025/26 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	100,000	100,000

Stamp duty	Tax rate	Proposed (to be effective as of 26 February 2026)	Present
Ad valorem stamp duty for residential properties (marginal relief not yet included)	HK\$100	Up to HK\$4,000,000	Up to HK\$4,000,000
	1.50%	HK\$4,000,001 to 4,500,000	HK\$4,000,001 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 to <b>100,000,000</b>	HK\$20,000,001 or above
	<b>6.50%</b>	<b>HK\$100,000,001 or above</b>	

The information in this leaflet is based on the 2026/27 Budget Speech delivered by the Financial Secretary on 25 February 2026. 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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