



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited

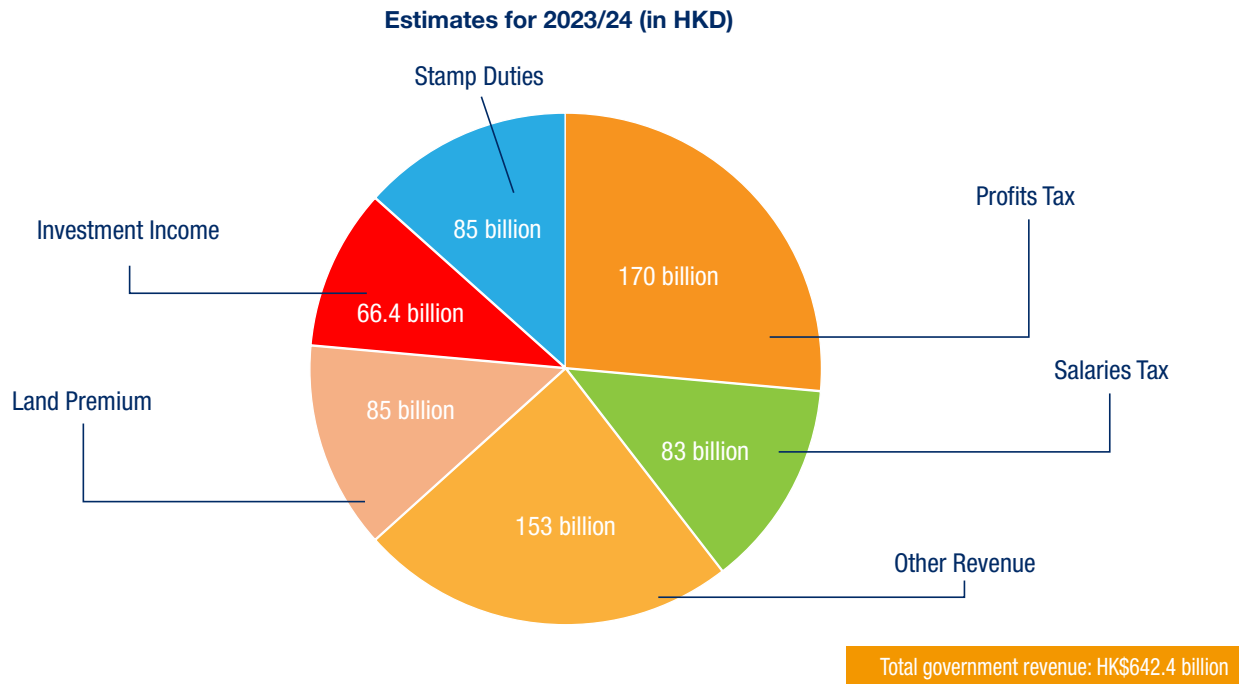
Hong Kong 2023/24 Budget

Key Measures



Audit / Tax / Advisory

A. Government Revenue Budget



Source: 2023/24 Budget Highlights, HKSAR Government



B. Key Relief Measures Proposed

B1. Measures for Enterprises

- Reduce profits tax for 2022/23 by 100%, subject to a HK\$6,000 ceiling for each business.
- Provide rates concession for non-domestic properties for the first two quarters of 2023, subject to a ceiling of HK\$1,000 per quarter for each rateable property.
- Grant 50% rental or fee concession to eligible tenants of government premises and eligible short-term tenancies and waivers under the Lands Department for six months from July 2023.
- Extend the application period of all guarantee products under the SME Financing Guarantee Scheme (SFGS) from end-June 2023 to end-March 2024.
- Launch new schemes to offer fully guaranteed loans for eligible passenger transport operators and licensed travel agents; extend the Travel Agents Incentive Scheme, which is due to expire by end-March 2023, for three months; inject HK\$30 million into the Information Technology Development Matching Fund Scheme for Travel Agents.

B2. Measures for Individuals

- 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 two instalments.

The first HK\$3,000 will be distributed in April 2023 using the registration data of last year's scheme. The remaining voucher will be disbursed together with the vouchers for the new eligible individuals in the middle of the year.

Eligible individuals coming to Hong Kong on different admission schemes and overseas students studying in Hong Kong will also receive the voucher in half value at HK\$2,500.

- Reduce salaries tax and tax under personal assessment for 2022/23 by 100%, subject to a ceiling of HK\$6,000 per case.

For salaries tax, the ceiling is applied to each individual taxpayer; but for married couples jointly assessed, the ceiling is applied to each married couple (i.e. capped at HK\$6,000 in total).

For personal assessment, the ceiling is applied to each single taxpayer or married person who elects for personal assessment separately from his/her spouse. If a taxpayer elects for personal assessment jointly with his/ her spouse, the tax reduction is capped at HK\$6,000 for the married couple.

The proposed tax reduction is not applicable to property tax. Individuals with rental income, if eligible for personal assessment, may be able to enjoy such reduction under personal assessment.

- Increase the basic child allowance and the additional child allowance for each child born during the year of assessment from the current HK\$120,000 to HK\$130,000 starting from the year of assessment 2023/24.
- Offer rates concession for domestic properties for the first two quarters of 2023/24, subject to a ceiling of HK\$1,000 per quarter for each rateable property.
- Provide extra one half of a month allowance of standard 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.
- Provide commuters with a subsidy amounting to one-third of their actual monthly public transport expenses in excess of HK\$200, subject to a maximum of \$500 per month until October 2023.
- Provide a subsidy of HK\$1,000 to each eligible residential electricity account. Extend the current arrangement of distributing electricity charges relief of HK\$50 a month to each eligible residential electricity account to the end of 2025.
- Pay examination fees for candidates sitting for the 2024 HKDSE Examination.



B. Key Relief Measures Proposed (Continued)

B3. Stamp Duty Rates

Starting from February 22, 2023, the residential stamp duty that has not been adjusted since 2010 will be adjusted, and the tax band will be expanded. Among them, the threshold for the symbolic stamp duty of HK\$100 will be relaxed from HK\$2 million to HK\$3 million.

Two major new arrangements:

- The fixed ad valorem stamp duty of HK\$100 is expanded from no more than HK\$2 million to no more than HK\$3 million;
- The ad valorem stamp duty of 3% of the property price is adjusted from the original property price of HK\$4,428,570 to HK\$6,000,000 to HK\$6,642,861 to HK\$9,000,000 under the new regulation.

Adjusted value bands of ad valorem stamp duty payable for the sale and purchase or transfer of residential and non-residential properties (Rates at Scale 2) (including marginal relief):

Amount for value of the consideration (whichever is the higher)	Rate
Up to \$3,000,000	\$100
\$3,000,001 to \$3,528,240	\$100 + 10% of the excess over \$3,000,000
\$3,528,241 to \$4,500,000	1.5%
\$4,500,001 to \$4,935,480	\$67,500 + 10% of the excess over \$4,500,000
\$4,935,481 to \$6,000,000	2.25%
\$6,000,001 to \$6,642,860	\$135,000 + 10% of the excess over \$6,000,000
\$6,642,861 to \$9,000,000	3.00%
\$9,000,001 to \$10,080,000	\$270,000 + 10% of the excess over \$9,000,000
\$10,080,001 to \$20,000,000	3.75%
\$20,000,001 to \$21,739,120	\$750,000 + 10% of the excess over \$20,000,000
\$21,739,121 and above	4.25%

Current demand-side management measures for residential properties (commonly known as "harsh measures") remain unchanged.

B4. Tax Concessions

In the 2018/19 budget, the Government increased various allowances and raised deduction ceilings; widened and increased the number of the tax bands; and adjusted marginal tax rate for salaries tax. The 2023/24 budget has proposed upward adjustments of child allowance and additional child allowance for each child born.

C. Salaries Tax Marginal Bands for the Year 2023/24 (No Adjustment)

2022/23 and 2023/24	
Tax Band Net chargeable income (HK\$)	Marginal Tax Rate (%)
First \$50,000	2
Next \$50,000	6
Next \$50,000	10
Next \$50,000	14
Remainder	17
	Standard Rate (%)
	15

Note: Salaries Tax payable is calculated at progressive rates on a taxpayer's net chargeable income or at standard rate on his/her net income (before deduction of the allowances), whichever is lower.

D. Personal Allowances and Deductions for the Year 2023/24

2021/22 and 2022/23		
	After adjustment (HK\$)	Before adjustment (HK\$)
Personal allowances:		
Single	132,000	132,000
Married	264,000	264,000
Other allowances:		
Child (1 st to 9 th child):		
Year of birth	260,000	240,000
Other years	130,000	120,000
Dependent parent/grandparent:		
a. Aged 55 to 59		
Basic	25,000	25,000
Additional	25,000	25,000
b. Aged 60 or above		
Basic	50,000	50,000
Additional	50,000	50,000
Single parent	132,000	132,000
Disabled (new allowance)	75,000	75,000
Disabled dependent	75,000	75,000
Dependent brother/sister	37,500	37,500
Additional deductions:		
Self-education expenses	100,000	100,000
Home loan interest (Number of years of deduction)	100,000 (20 years of assessment)	100,000 (20 years of assessment)
Elderly residential care expenses	100,000	100,000
Contributions to recognised retirement schemes	18,000	18,000
Approved charitable donations	35% of income after allowable expenses and depreciation allowances	35% of income after allowable expenses and depreciation allowances
Voluntary health insurance	8,000	8,000
Annuity premiums and MPF voluntary contributions	60,000	60,000

E. Other Key Measures

- Increase the duty on cigarettes by 60 cents per stick with immediate effect from 22 February 2023; duties on other tobacco products will also be increased by the same proportion.
- Tax the Hong Kong Jockey Club an annual special football betting duty of HK\$2.4 billion for five years starting from 2023/24; the current betting duty rates remain unchanged.
- Increase the tax deduction for the Mandatory Provident Fund (MPF) voluntary contributions made by employers for their employees aged 65 or above, from the current 100% to 200% in respect of such expenditure.
- Enhance the aircraft leasing preferential tax regime to attract aircraft leasing companies to establish presence in Hong Kong.
- Introduce a “patent box” tax incentive to encourage the I&T sector to create more patented inventions.
- Propose to provide tax deduction for the spectrum utilisation fees paid by telecommunications network operators which successfully bid for radio spectrum.

F. International Tax Standards

In October 2021, the Organisation for Economic Co-operation and Development announced the international tax reform proposals to address base erosion and profit shifting (abbreviated as BEPS 2.0). A global minimum effective tax rate of 15% will be introduced on large multinational enterprise (MNE) groups with global turnover of at least 750 million euros.

Hong Kong will implement the global minimum effective tax rate in accordance with international consensus so as to safeguard its taxing rights and maintain the competitiveness of its tax regime.

The Government has been closely liaising with the trade in this regard while closely monitoring the implementation plan of other jurisdictions. Hong Kong plans to apply the global minimum effective tax rate on these large MNE groups and implement the domestic minimum top-up tax starting from 2025 onwards. It is estimated that this will bring in tax revenue of about HK\$15 billion per year for the Government. The Government will launch a consultation exercise to allow MNE groups to make early preparation.





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