

The 2024-25 Hong Kong Financial Budget

Announced on 28 February 2024

Economic prospects

- ✧ **Consolidated budget deficit in 2024-25: -\$48.1B (2023-24: deficit -\$101.6B).**
- ✧ GDP growth in 2024-25: 2.5 ~3.5% (2023-24: 3.2%).
- ✧ Underlying inflation in 2024-25: 1.7% (2023-24: 1.7%).

Tax relief and support

- Reduce profits tax for 2023-24 by 100%, subject to a \$3,000 ceiling.
- Reduce salaries tax for 2023-24 by 100%, subject to a \$3,000 ceiling.
- Rates concession for properties for the first quarter of 2024-25, subject to a \$1,000 ceiling.
- Business registration fees increase by \$200 to \$2,200 per annum. Business registration levy of \$150 will be waived for 2 years.
- Provide an extra half-month allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to the Working Family Allowance.

Tax Revenue

1. Profits tax (no changes)

		Corporate	Unincorporate
Assessable profits	First \$2M	*8.25%	*7.5%
	Remainder	16.5%	15%

* For those that enjoys two-tiered rates only.

2. Salaries tax (proposed changes)

		Proposed	Present
Salary	First \$5M	15%	15%
	Remainder	16%	15%

Progressive rates

First \$50,000	2%
Next \$50,000	6%
Next \$50,000	10%
Next \$50,000	14%
Remainder	17%

Allowances

	\$	\$
Basic		132,000
Married		264,000
1-9 child		130,000
Child year of birth additional		120,000
Dependent brother or sister		37,500
Dependent parent and grandparent aged > 60 or disabled		50,000
Dependent parent and grandparent >55 aged <60		25,000
Additional dependent parent and grandparent aged > 60 or disabled and residing with taxpayer		50,000
Additional dependent parent and grand parent >55 aged <60 and residing with taxpayer		25,000
Single parent		132,000
Personal disability		75,000
Dependent disability		75,000

Deduction ceiling

Self-education	100,000
Elderly residential care	100,000
Home loan interest (20 years)	100,000
Contributions to recognized retirement schemes	18,000
Voluntary health insurance scheme	8,000
Annuity premiums and MPF voluntary contribution	60,000
Domestic rental expenses	100,000
Charitable donations (income - expenses - allowances)	35%

3. Property tax (no changes)

Property tax	15%
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4. Rates for domestic tenements (proposed changes)

	Proposed	Present
Annual rateable value \$		
First 550,000	5%	5%
Next 250,000	8%	5%
Remainder	12%	5%

Government rent (if applicable)	3%
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5. Stamp duty (proposed changes)

Removing all restrictions on property transactions duty.

Consideration \$	subject to marginal relief
3M <	\$100
3 to 4.5M	1.50%
4.5 to 6M	2.25%
6 to 9M	3.00%
9 to 20M	3.75%
> 20M	4.25%

For residential properties, the maximum loan-to-value ratio for homes valued at:

\$30M or below will be raised to 70%; and

\$35M or above or non-self-use properties will be raised to 60%, subject to marginal relief.

On lease of immovable property in HK (no changes)

Term	Yearly average rent
Not defined or < 1 year	0.25%
1-3 years	0.5%
> 3years	1%
Key money, construction fee etc. mentioned in the lease (if rent is payable)	4.25%

On transfer of stock (no changes)

Value on every sold and bought note (0.2% combined)	0.1%
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6. First registration tax (FRT) on private cars (PCs) (proposed changes)

Value \$	
First 150,000	46%
Next 150,000	86%
Next 200,000	115%
Remainder	132%

The maximum FRT concession for electric PCs, granted under the “One-for-One Replacement” Scheme, will be adjusted to **\$172,000**, whereas the concession ceiling for e-PCs will be lowered to **\$58,500**. For electric commercial vehicles, electric motorcycles and electric motor tricycles the FRT will continue to be waived in full.

7. Duty on tobacco and alcoholic beverages (proposed changes)

	Proposed	Present
For each 1,000 cigarettes	\$3,306	\$2,506
Cigars	\$4,258/kg	\$3,228/kg
Liquor with an alcoholic strength of more than 30% by volume		100%

8. Hotel accommodation tax (proposed changes)

	Proposed	Present
Hotel room rate	3%	0%

1. Bolstering confidence

➤ **Stock market**

- Waive stamp duties payable on transfer of Real Estate Investment Trust (REIT) units and jobbing business of option market-makers..

➤ **Assisting small and medium enterprises**

- Extend application period for 80% and 90% Guarantee Products till end of March 2026.
- Inject \$500M with launch of “E-commerce Easy”. Provide up to \$1M per enterprise for implementing e-commerce projects in the Mainland.

➤ **Building the HK brand**

- Allocate over \$1.09B to strengthen tourism development and organize events.
- Earmark \$100M to boost mega-event promotions over next 3 years.

2. Accelerating high-quality development

➤ **Green shipping**

- Allocate \$65M to concessionary measures for HK-registered ships that have attained a high rating under international standards of decarbonization.

➤ **Digital economy**

- Allocate \$300M to launch business version of “iAM Smart”.
- Set aside \$100M to provide digital training courses and technical support to the elderly.

➤ **Innovation and technology**

- Allocate \$3B to support local universities, R&D institutes and enterprises to leverage its computing power.
- \$6B for universities to set up life and health technology research institutes.
- Launch the New Industrialisation Acceleration Scheme this year and provide enterprises with up to \$200M on a marching basis.
- \$2B to support the presence of InnoHK research clusters in Hetao.
- \$200M to support incubation and acceleration programmes to Hetao start-ups engaging in life and health technology.
- \$3B earmarked to launch a Frontier Technology Research Infrastructure Support Scheme.
- Provide up to \$16M to each Technology Transfer Office of 8 UGC-funded universities.

➤ **Finance**

- Issue \$70B worth of retail bonds.
- \$100M to promote sustainable development of financial services.

➤ **Intellectual property trading**

- Introduce legislative proposal to implement “patent box” tax incentive. Profit tax rate to be reduced to 5%.
- \$45M to support HK Productivity Council in establishing and operating WIPO Technology and Innovation Support Centre.

➤ **International cultural exchange**

- Inject \$1.4B into Firm Development Fund.
- Inject \$2.9B into CreateSmart Initiative.

➤ **Nurturing local talent**

- Additional funding of \$12M to prepare for regulatory arrangements for local patent agent services.
- Additional funding of \$130M to support “Knowing More About IT” programme. Providing subsidies of up to \$300,000 for each publicly funded primary school in the next 2 academic years.

➤ **Land**

- 15,000 units from 8 residential sites under the 2024/25 Land Sale Programme, railway property developments, private development, and redevelopment projects and URA’s projects.
- 2 commercial sites to provide about 120,000 square metres of commercial floor area, and 1 industrial site to provide 540,000 square metres of industrial floor area.
- Make available land for no less than 80,000 private housing units in the coming 5 years.

➤ **Housing**

- Sufficient land for 308,000 public housing units identified.
- Cash Allowance Trial Scheme to be extended for 1 year till June 2025.

- Completion of 19,000 private residential units annually on average in 5 years from 2024. Expected first-hand private residential unit supply for the next 3 to 4 years will be around 109,000 units.
- **Caring and inclusive community**
- \$680M to support vocational and professional education, extending the Pilot Incentive Scheme to Employers and the Pilot Subsidy Scheme for Students of Professional Part-time Programmes for 5 years.
- \$100M reserved to support self-financing post-secondary institutions to form Alliance of Universities in Applied Sciences.
- No. of Community Care Service Vouchers to increase to 11,000 in the year.
- No. of Residential Care Service Vouchers for the elderly to increase to 5,000 from second quarter this year.
- Implement a 3-year pilot scheme in 2024 to provide additional subsidy of \$500 per month for employed disabled recipients of CSSA.