

Tax Briefing: Hong Kong Budget 2024/25

On 28 February 2024, Mr. Paul Chan, Financial Secretary, delivered his eighth budget speech. He forecasts a 2.5% to 3.5% GDP growth in 2024. The theme of this year's budget is "Advance with Confidence, Seize Opportunities and Strive for High-quality Development". A fiscal consolidation strategy will be adopted to narrow down Hong Kong's fiscal deficit progressively.

Profits Tax

- Reducing Profits Tax by 100% for 2023/24, subject to a ceiling of HKD3,000.
- Allowing tax deduction for expenses incurred in reinstating the condition of the leased premises to their original condition starting from the year of assessment 2024/25.
- Removing the time limit for claiming allowance for industrial buildings and structures and commercial building and structures starting from the year of assessment 2024/25. This will allow the new owner to claim allowances for the property after a change of ownership, subject to the factors such as the construction cost of the property and the balancing charge claimed by its previous owner.

Salaries Tax

- Reducing Salaries Tax and tax under personal assessment by 100% for 2023/24, subject to a ceiling of HKD3,000.

New International Tax Standard – Base Erosion and Profit Shifting (BEPS2.0)

- Aiming to apply the global minimum tax rate of 15% on large multinational enterprise groups with an annual consolidated group revenue of at least EUR750 million and impose the Hong Kong minimum top-up tax starting from 2025.

Rates

- Waiving rates for non-domestic and domestic properties for first quarter of 2024/25, subject to a ceiling of HKD1,000.

Stamp Duty

- Cancelling Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty for residential properties with immediate effect.

Financial Services

- Issuing HKD20 billion of retail green bonds and infrastructure bonds; and HKD50 billion of Silver Bond in 2024/25.
- Enhancing preferential regimes for family office funds.
- Extending the Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts for 3 years.

Now, for tomorrow

Other Relief Measures

- Waiving stamp duties payable on the transfer of real estate investment trust (REIT) units and the jobbing business of option market-makers.
- Extending the first registration tax (FRT) concessions for electric vehicles to March 2026 with FRT reduced by 40%.
 - Maximum FRT concession under the “One for One Replacement” Scheme: HKD172,500
 - Concession ceiling for general electric private cars: HKD58,500
 - Not applicable to electric private cars valued at over HKD500,000 before tax
- Introducing legislative proposal to implement “patent box” tax incentive. Profit Tax rate to be reduced to 5%.
- Studying enhancements to tax concession measures for maritime industry.
- Extending the application period for the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme for two years to the end of March 2026.

Measures to increase revenue

- Increasing business registration fees by HKD200 to HKD2,200 per annum from 1 April 2024. Business registration levy of HKD150 will be waived for 2 years.
- Implementing a two-tier standard rate regime for salaries tax and tax under personal assessment starting from 2024/25:-

Proposed two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the 2024/25 assessment year	
Net income (Note)	Tax rates
\$5 million or below	15% (remains unchanged)
Above \$5 million	First \$5 million: 15% Portion exceeding \$5 million: 16%

Note: Net Income = Total Income - Deductions

- Implementing the progressive rating system for domestic properties (effective from the quarter of January to March 2025 onwards):-

Proposed Progressive Rating System for Domestic Tenements effective from the quarter of January to March 2025 onwards		
Annual rateable value (“RV”) of domestic tenements (Monthly RV)	Rates percentage charges	Percentage of private residential flats
\$550,000 or below (Monthly RV at \$45,833 or below)	5% (Remains unchanged)	About 98% (Around 2.16million properties)
\$550,001-\$800,000 (Monthly RV at around \$45,833 to \$66,667)	First \$550,000: 5% Next \$250,000: 8%	About 1.1% (Around 24 000 properties)
Above \$800,000 (Monthly RV at above \$66,667)	First \$550,000: 5% Next \$250,000: 8% Portion above \$800,000: 12%	About 0.8% (Around 18 000 properties)

- Resuming the collection of the Hotel Accommodation Tax at 1 rate of 3% starting from 1 January 2025.

Contact us



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