

# Hong Kong SAR 2020/21 Government Budget Highlights

*The Financial Secretary proposed the following concessionary measures in Hong Kong Special Administrative Region Government Budget 2020/21 on 26 February 2020, all of which is subject to the scrutiny by Legislative council.*

Profit tax	
<b>One-off tax concession</b>	Tax reduction of 100% in profits tax payable for 2019/20, subject to a ceiling of HK\$20,000.
<b>Concession to private equity funds</b>	Establish a limited partnership regime and provide tax concession for carried interest issued by private equity funds to attract them to domicile and operate in Hong Kong.

Property tax	
<b>One-off tax concession</b>	One-off tax concession 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.

Salaries tax	
<b>One-off tax concession</b>	<p>Tax reduction of 100% in salaries tax payable for 2019/20, subject to a ceiling of HK\$20,000.</p> <p>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\$20,000 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\$20,000 for the married couple.</p> <p>Please refer to the following IRD links for the FAQ and illustrative examples of one-off concession:</p> <p><a href="https://www.ird.gov.hk/eng/faq/budget2020_21.htm">https://www.ird.gov.hk/eng/faq/budget2020_21.htm</a></p> <p><a href="https://www.ird.gov.hk/eng/pdf/example2021.pdf">https://www.ird.gov.hk/eng/pdf/example2021.pdf</a></p>



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<b>Stamp duty</b>	
<b>Exchange trade fund</b>	Waiver of stamp duty on stock transfers paid by the Exchange Traded Fund (“ETF”) market makers when creating and redeeming ETF units in Hong Kong.

<b>Other tax and levies</b>		
<b>Government Rate</b>	<b>Residential properties</b>	Waiver of the Rates for 2020/21, subject to a ceiling of HK\$1,500 per quarter.
	<b>Non-domestic properties</b>	Waiver of the Rates for 2020/21, subject to a ceiling of HK\$5,000 per quarter in the first two quarters, and HK\$1,500 per quarter in the remaining two quarters.
<b>Business Registration Fees</b>	Waiver of Business Registration Fees for one year (2020/21). Please refer to Business Registration Fee and Levy Table for details: <a href="https://www.ird.gov.hk/eng/pdf/brfee_table.pdf">https://www.ird.gov.hk/eng/pdf/brfee_table.pdf</a>	
<b>Annual return registration fee</b>	Waiver of registration fees for company annual returns for 2 years (2020/21 & 2021/22). Please refer to Major Fees under Company Ordinances for details: <a href="https://www.cr.gov.hk/en/services/fees.htm">https://www.cr.gov.hk/en/services/fees.htm</a>	
<b>Electricity charges</b>	Electricity charges for non-residential account: subsidy 75% of charges for four extra months, subject to a monthly ceiling of HK\$5,000.	
<b>Water and sewage</b>	Water and sewage charges of non-domestic households: waive 75% of charges for four extra months, subject to a monthly ceiling of HK\$20,000 and HK\$12,500, respectively.	

<b>Cash payout</b>	
<b>Cash allowance</b>	10,000 cash payout to Hong Kong permanent residents aged 18 or above.

<b>Low-interest loan</b>	
<b>concessionary low-interest loan</b>	<p>A concessionary low-interest loan under the SME Financing Guarantee Scheme, which 100% guarantee will be provided by the Government. It will be open for application for 6 months. Maximum loan of HK\$2 million with repayment period up to 36 months. Moratorium on principal repayment for first 6 months.</p> <p>The eligible enterprises should have been operating for at least three months as at end-December 2019, and have suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019. An interest rate of the Prime Rate -2.5% per annum. All guarantee fee will be waived.</p>

**Reference:**

The 2020-21 budget: <https://www.budget.gov.hk/2020/eng/index.html>

The HK Gov. budget highlights leaflet: [https://www.budget.gov.hk/2020/eng/pdf/Budget2020\\_eng.pdf](https://www.budget.gov.hk/2020/eng/pdf/Budget2020_eng.pdf)

Loan Guarantee under SME Financing Guarantee Scheme: <https://www.info.gov.hk/gia/general/202002/26/P2020022600506.htm>

# Hong Kong Tax Rates 2019/20 and 2020/21

Profit tax		
	Unincorporated business	Corporation
<b>Standard tax rate</b>	15%	16.5%
<b>Two-tier profits tax regime *</b>		
- First HK\$2,000,000 of assessable profits	7.5%	8.25%
- Remining assessable profits	15.0%	16.5%

\* At the end of the basis period of the entity for the relevant year of assessment, the entity has one or more connected entities, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates.  
Please refer to Two-tier profits tax regime FAQ for details: <https://www.ird.gov.hk/eng/faq/2tr.htm>

Property tax	
<b>Property tax – standard tax rate</b>	15%

Salaries tax	
<b>Standard tax rate</b>	15%
<b>Progress tax rates</b>	
- First HK\$50,000	2%
- Next HK\$50,000	6%
- Next HK\$50,000	10%
- Next HK\$50,000	14%
- Reminding	17%

<b>One-off tax concession</b>			
<b>Year of Assessment</b>	<b>% of Tax Reduction</b>	<b>Maximum Per Case (HK\$)</b>	<b>Applicable Tax Types</b>
2018/19	100%	20,000	Profits tax, Salaries tax and Tax under personal assessment
2019/20*	100%	20,000	Profits tax, Salaries tax and Tax under personal assessment

\* Legislative amendments are required for implementing the tax measures as proposed by the Financial Secretary in the 2020-21 Budget.

**Reference:**

IRD Tax Information - Individuals/Businesses -Tax Rates: [https://www.ird.gov.hk/eng/tax/ind\\_tra.htm](https://www.ird.gov.hk/eng/tax/ind_tra.htm)

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