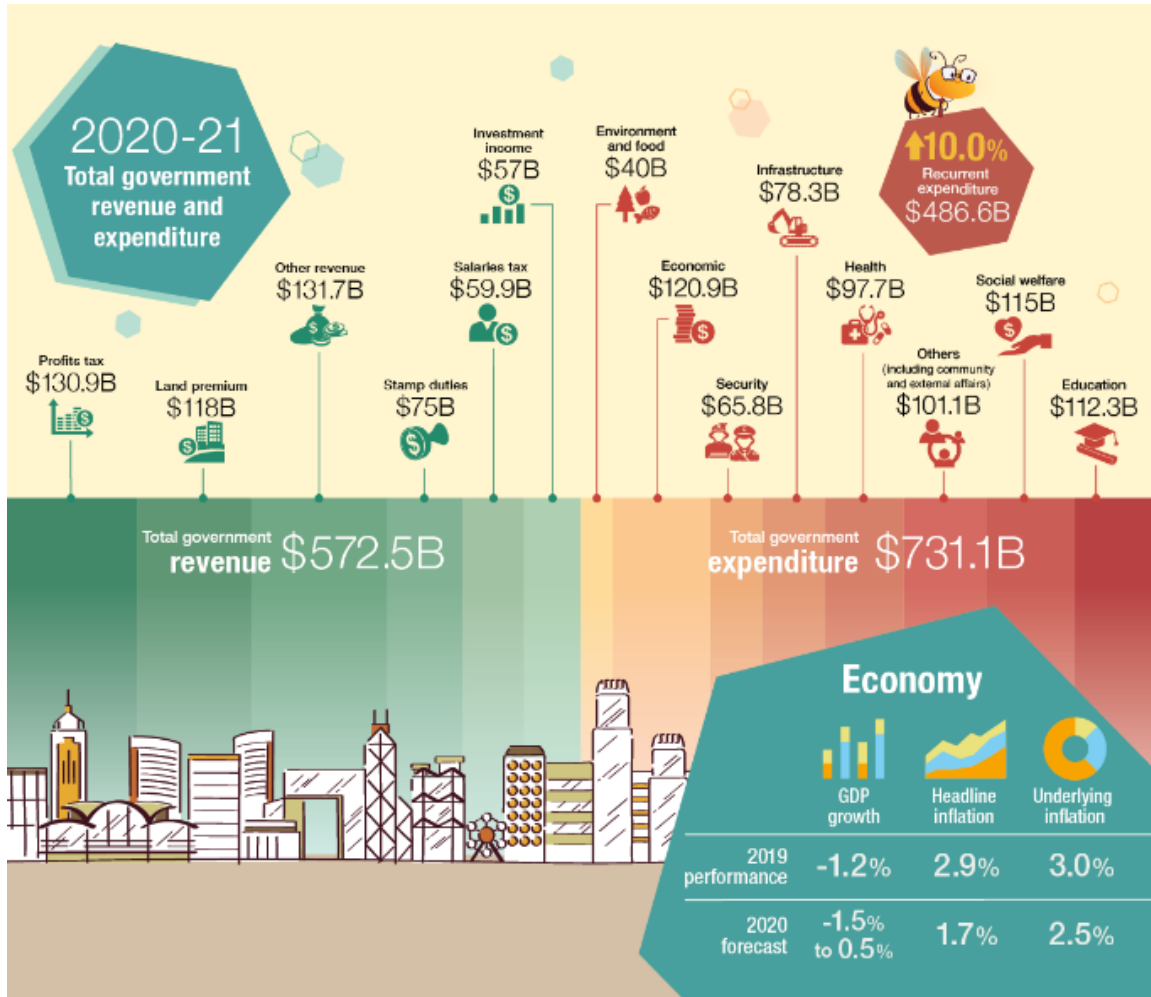


SUMMARY OF HONG KONG 2020-21 BUDGET 26 February 2020

A. ECONOMIC OUTLOOKS FOR 2020



- Forecast GDP growth in real terms at -1.5% to 0.5%
- Forecast headline inflation is 1.7% and underlying inflation is 2.5%.

Source: The 2020-21 Budget (<https://www.budget.gov.hk/2020/eng/io.html>)



B. MAJOR PROPOSED MEASURES

Tax Concessions

Support Enterprise and Safeguard Jobs

Profits Tax

- Reduce profits tax for the Year of Assessment (“YOA”) 2019/20 by 100%, subject to a ceiling of HK\$20,000;

Rates

- Waive rates for non-domestic properties for FOUR quarters of the YOA 2020/21, subject to a ceiling of HK\$5,000 per quarter in the first two quarters and a ceiling of HK\$1,500 per quarter in the remaining two quarters for each rateable non-domestic property.

Business Registration Fees

- Waive the business registration fees for the YOA 2020/21.

Annual Return

- Waive the registration fees for all annual returns (except for late delivery) charged by the Companies Registry for TWO years.

Relieve People's Burden

Salaries Tax

- Reduce salaries tax and tax under personal assessment for the YOA 2019/20 by 100%, subject to a ceiling of HK\$20,000;

Rates

- Waive rates for residential properties for FOUR quarters of the YOA 2020/21, subject to a ceiling of HK\$1,500 per quarter for each rateable property.

One-off Cash Payout

- Disburse HK\$10,000 to Hong Kong permanent residents aged 18 or above.



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Others

For Enterprise

- Introduce a concessionary low-interest loan under the SME Financing Guarantee Scheme, under which 100% guarantee will be provided by the Government. The application period will last for six months. The maximum amount of loan for eligible enterprises is based on the applicant's salary and rental expenditures for six months, subject to a ceiling of HK\$2 million. The repayment period is up to three years and, on an opt-in basis, a principal moratorium is available for the first six months during which only interest payments have to be made.
- Provide a subsidy to each eligible non-domestic household accounts for four extra months to cover 75% of their monthly billed electricity charges, subject to a monthly cap of \$5,000 per account.
- Waive 75% of water and sewage charges payable by non-domestic households for four extra months, subject to a monthly cap of HK\$20,000 and HK\$12,500 respectively per household.
- Provide a new round of rental subsidy for six months to local recycling enterprises.
- Reduce rental by 50% for another six months for eligible tenants of government properties, government land and EcoPark.
- Reduce rental and fees by 50% for another six months for eligible operators of properties covered by short-term waivers.
- Provide hirers of civic centres under the Leisure and Cultural Services Department (LCSD) with a 50% reduction of hire charges for another six months.
- Offer another six months of fees and rent reduction for cruise lines and existing tenants of the Cruise Terminal.

For People

- Provide an extra 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. Similar arrangements will apply to recipients of the Work Incentive Transport Subsidy.
- Pay one month's rent for lower income tenants living in public rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society.
- Pay the examination fees for school candidates sitting for the 2021 Hong Kong Diploma of Secondary Education Examination



Strengthening the Healthcare System

Development of Healthcare Facilities

- The HKSAR proposed the first 10-year Hospital Development Project (“HDP”) and earmarked HK\$200 billion for its implementation. The whole project is in progress and is expected to provide a total of over 6,000 additional beds and more than 90 operating theatres.
- A forward planning of the second 10-year HDP, it is expected that the provision of over 9,000 additional beds and other new hospital facilities can meet the projected service demand up to 2036.

Healthcare Manpower

- The Hospital Authority (“HA”) established a task group to focus on reviewing, among other things, strategies for retaining staff. Three major proposals have been put forward as below:-
 - a. the HA will enhance the Special Retired and Rehire Scheme to encourage experienced doctors to continue their service on contract terms in the HA after retirement until 65;
 - b. the HA will consider creating opportunities for around 200 Associate Consultants to be promoted to Consultants within the next five years so as to retain experienced medical personnel; and
 - c. the HA will provide registered nurses who have attained specialty qualifications with additional allowance so as to retain manpower and encourage their continuing professional development in nursing.

Primary Healthcare

- The HKSAR plans to set up District Health Centres (“DHCs”) in six other districts in the coming two years and have earmarked HK\$650 million for meeting the recurrent expenditures of these DHCs. For the remaining 11 districts in which DHCs have yet to be set up, the HKSAR will allocate about HK\$600 million to subsidize the setting up of a smaller interim DHC Express by non-governmental organizations (“NGOs”).

Financial Services

Securities Market

- Proposed to waive the stamp duty on stock transfers paid by Exchange Traded Fund (“ETF”) market makers in the course of creating and redeeming ETF units listed in Hong Kong.

Green Finance

- In view of the market situation, the HKSAR plans to issue green bonds totaling HK\$66 billion within the next 5 years so as to further consolidate and develop Hong Kong’s positions as a premier green hub in the region.

Retail Bond Market

- The HKSAR plans to launch a further issuance of iBond this year to promote the further development of the retail bond market.
- Continue to issue Sliver Bonds to provide Hong Kong residents aged 65 or above with more appropriate investment products



Public Annuities

- Hong Kong Mortgage Corporation Limited (HKMC) Annuity Plan in 2018 to assist the elderly in turning their assets into a lifelong stable cashflow. The HKSAR will lower the minimum entry age of the HKMC Annuity Plan from 65 to 60 in order to facilitate early participation by those in need.

Fixed-rate Mortgage Loans

- HKMC will launch a pilot scheme to offer through banks fixed-rate mortgage loans, with interest rates of 2.75, 2.85 and 2.95% per annum for periods of 10, 15 and 20 years respectively, capped at a ceiling of HK\$10 million per loan transaction so as to provide potential homebuyers with more loan option and reduce the risk of interest rate volatility.

Asset and Wealth Management

- To attract more private equity funds to domicile and operate in Hong Kong, the HKSAR plans to provide tax concession for carried interest issued by private equity funds operating in Hong Kong subject to the fulfilment of certain conditions. It will consult the industry on the proposal, and the relevant arrangement will be applicable starting from YOA 2020/21 upon completion of the legislative exercise.

Comprehensive Regulation

- The Financial Action Task Force (FATF), an international regulatory body, completed a comprehensive evaluation of Hong Kong's anti-money laundering and counter-terrorist financing (AML/CTF) regime in mid-2019. Hong Kong is the first jurisdiction in the Asia-Pacific region having successfully passed the FATF assessment. The HKSAR will further enhance Hong Kong's AML/CTF regime having regard to the recommendations of the evaluation report, and consider incorporating virtual asset service providers and dealers in precious metals, stones and jewellery into the AML/CTF regulatory framework. It plans to consult the public on detailed proposals in the year of 2020.
- The HKSAR will continue to implement the latest international standards on banking regulation as promulgated by the Basel Committee on Banking Supervision, with a view to safeguarding the financial stability of Hong Kong.

Innovation and Technology

Promoting Research and Development

- The HKSAR will continue to provide enhanced tax deduction for qualifying research and development ("R&D") expenditure incurred by enterprises and subsidise local R&D work through the Innovation and Technology Fund (ITF), with a view to fostering technology transfer as well as application and commercialisation of R&D results
- The Nano and Advanced Materials Institute has also authorised a mask manufacturer to use its patented nanofibre technology to produce a highly breathable mask that is capable of killing bacteria. The HKSAR is also exploring the technology solutions related to reusable masks.

Re-industrialisation and Industry Development

- The HKSAR will inject HK\$2 billion into the ITF for launching the Re-industrialisation Funding Scheme to provide financial support for manufacturers on a matching basis for setting up new smart production lines in Hong Kong.
- It will also provide the Hong Kong Science and Technology Parks Corporation (HKSTPC) with an additional funding of HK\$2 billion for converting an old factory in the Yuen Long Industrial Estate into a Microelectronics Centre to provide modern manufacturing facilities.



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- The HKSAR's funding ration regarding to the Technology Voucher Programme will increase from 2/3 to 3/4 and also increase the funding ceiling from HK\$400,000 to HK\$600,000. The ceiling on the number of approved projects will also increase from 4 to 6.

Developing I&T Infrastructure

- The HKSAR will earmark HK\$3 million to for the feasibility of Phase 2 of the Science Park Expansion Programme.
- The Data Technology Hub and the Advanced Manufacturing Centre being developed by the HKSTPC in the Tseung Kwan O Industrial Estate will be completed as scheduled in the first half of this year and in 2022 respectively.
- The HKSAR is now going through the statutory town planning procedures for the Cyberport 5 development site and plan to submit a funding proposal to LegCo in the first half of 2021. Construction is expected to complete in 2024 at the earliest.

Supporting Start-ups

- The HKSAR is strengthening the support of the HKSTPC and Cyberport for their tenants and incubatees, backing university start-ups through the Technology Start-up Support Scheme for Universities, making use of the Innovation and Technology Venture Fund for co-investing with venture capital funds in local technology start-ups.

Transport and Logistics

Air Cargo Sector

- The Airport Authority Hong Kong (AA) estimates that upon the full commissioning of the Three-Runway System in end-2024, the Hong Kong International Airport (HKIA) will boost its annual passenger and cargo handling capacities to around 100 million and about nine million tonnes respectively, thus meeting the air traffic demand at least up to 2030.

Maritime Sector

- The HKSAR will amend the relevant legislation to provide tax concessions for the ship leasing business, including offering a profits tax exemption to qualifying ship lessors and a half-rate profits tax concession to qualifying ship leasing managers. Besides, profits tax will be halved for eligible insurance businesses including marine insurance. The HKSAR will also explore other tax measures to attract more global shipping business operators and commercial principals to set up business in Hong Kong.

Enhancing Operational Efficiency of the Logistics Sector

- The HKSAR will introduce a pilot subsidy scheme this year with an injection of HK\$345 million. Each eligible third party logistics service provider will receive subsidies to implement up to four projects, subject to a cumulative subsidy ceiling of HK\$1 million.

Tourism

- The HKSAR will allocate an additional amount of over HK\$700 million for the Hong Kong Tourism Board to step up promotion and revive the tourism industry when the epidemic is over.



Trade

- The HKSAR will allocate an additional funding of HK\$150 million to the Trade Development Council (TDC) for organising various initiatives to promote Hong Kong; setting up Hong Kong Pavilion, Hong Kong Design Gallery and pop-up shops in major overseas cities; and organising trade delegations. In addition, the Anti-epidemic Fund has also set aside resources to provide subsidies to enterprises for attending conferences and exhibitions organised by the TDC, and subsidise the conferences and exhibitions to be held at the Hong Kong Convention and Exhibition Centre and the Asia World-Expo.

Professional Services

- The HKSAR will earmark about HK\$450 million for the Department of Justice to implement the "Vision 2030 for Rule of Law" project so as to strengthen the community's understanding of the concept of the rule of law and its implementation.

Cultural and Creative Industries

Cultural Development

- The HKSAR will allocate an additional HK\$900 million to the Art Development Matching Grants Scheme this year to further promote sponsorship of culture and arts.

Nurturing Talent

Innovation and Technology

- The HKSAR will continue to implement the Re-industrialisation and Technology Training Programme, which provides subsidies to local enterprises for training their staff in high-end technologies.
- The Government has been striving to promote STEM education, with the aim of bringing new blood into the I&T industry. The HKSAR set aside HK\$40 million to subsidise short-term internships for undergraduates and postgraduates taking STEM programmes in local universities.

Construction Industry

- The Construction will take forward various initiatives regarding the allocation of HK\$200 million for attracting young people to join the construction industry and step up training of workers in the last year Budget, subject to funding approval by the LegCo.

Arts Administration

- The HKSAR allocated a total of HK\$216 million to the Arts Development Council and LCSD for providing about 700 placements for internship, scholarship and on-the-job training to strengthen the training of arts administrators.

Youth Entrepreneurship

- The HKSAR earmarked HK\$1 billion to support the work of the Youth Development Commission.

Provision of Internship Places

- The HKSAR will offer more internship opportunities to students by substantially increasing the short-term internship places in YOA2020/21 to almost 5,000.



Guangdong-Hong Kong-Macao Greater Bay Area

Financial Services Industry

- The Leading Group has announced six finance-related measures, covering areas such as personal banking services and insurance. Regarding the establishment of a two-way wealth management connect scheme, good progress has been made in the discussions between Hong Kong and the Mainland. On the premise of ensuring prudent management of risks and protection of investors, the scheme aims to enable residents of Hong Kong and Mainland cities in the Greater Bay Area to invest in wealth management products in each other's market. This will create more business opportunities for the financial industries of the two places, and provide more choices for residents therein, thereby facilitating the cross-boundary flow and use of RMB, and in turn further reinforcing Hong Kong's position as the hub for offshore RMB business as well as the intermediary for capital flowing into and out of the Mainland. The HKSAR will strive to implement the scheme as early as possible.

Innovation and Technology

- The Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop is a key base for co-operation in scientific research for Hong Kong and Shenzhen in future. The first phase of ground treatment works is in good progress. The HKSAR will seek funding from the LegCo for commencing the Main Works Package 1 and construction works of the first batch of buildings.

Belt and Road

- The HKSAR will continue to actively support local enterprises and professional services sectors to go global with Mainland enterprises to tap overseas markets by, among other things, setting up business in the Mainland's overseas Economic and Trade Co-operation Zones. It will also strengthen ties with overseas markets to seize the opportunities brought about by the Belt and Road Initiative.

Land Resources

Housing Land

- In the medium to long term, the first parcel of housing land under the Tung Chung East reclamation works is ready for handover next month, and is expected to provide 10,000 public housing units in the first quarter of 2024.
- As for rezoning sites for housing development, we have rezoned 135 sites for providing over 147,000 public housing units and approximately 44,000 private housing units over the past six years. Rezoning for another 12 sites are in progress to provide some 11,000 housing units, over 90% of which will be public housing. The HKSAR will gradually commence the rezoning procedures for another 25 sites in the coming year involving nearly 85,000 units, over 90% of which will be public housing.

Housing Supply

- the total public housing production in the five-year period from YOA 2019/20 to 2023/24 is about 100,400 units, comprising about 74,400 public rental housing and Green Form Subsidised Home Ownership Scheme units and about 26,000 other subsidised sale units.
- On private housing, it is estimated that the private sector will, on average, complete about 19,600 private residential units annually from 2020 to 2024, an increase of about 25% over the annual average of the past five years.



Land Supply

- The YOA 2020/21 Land Sale Programme comprises a total of 15 residential sites, capable of providing about 7,500 residential units. Together with railway property development projects and private development and redevelopment projects, the potential land supply for the whole year is expected to have a capacity of providing about 15,700 units.
- To meet the needs of economic development, the HKSAR will include six commercial sites in the Land Sale Programme, estimated to provide about 830,000 square metres of floor area. The Secretary for Development will shortly announce the details of the Land Sale Programme for the next financial year.

Environmental Protection

Setting Up the Green Tech Fund

- Propose setting up a HK\$200 million Green Tech Fund to support R&D and application of decarbonisation and green technologies, and the sharing of R&D findings.

Promoting the Use of Electric Vehicles

- The HKSAR will launch a HK\$2 billion pilot scheme this year regarding charging facilities. The scheme aims to subsidise the installation of charging-enabling infrastructure in eligible car parks of private residential buildings, with a view to facilitating the installation of chargers by owners of individual parking spaces.
- The HKSAR will earmark HK\$80 million for a pilot scheme under which green public light buses running on fixed routes will pioneer the switch to electric vehicles.

Phasing Out Euro IV Diesel Commercial Vehicles

- The HKSAR is preparing for the launch of a scheme in the second half of this year to phase out about 40,000 Euro IV diesel commercial vehicles. It has set aside HK\$7.1 billion for ex-gratia payment to the vehicle owners concerned.

Pilot Scheme for Electric Ferries

- The HKSAR have earmarked HK\$350 million to launch a pilot scheme for electric ferries serving ferry routes in the Victoria Harbour in order to reduce emissions from ferries.

Waste Paper Recycling

- The HKSAR sets aside a sum of not less than HK\$300 million each year starting from YOA 2020/21 for implementing a scheme to recycle waste paper to support the waste paper recycling industry.

Cleaner Production Partnership Programme

- The HKSAR earmarked HK\$300 million to extend the Cleaner Production Partnership Programme for five years up to March 2025 in order to encourage Hong Kong-owned factories to adopt cleaner production technologies.



Smart City

Digital Infrastructure

- The HKSAR will adopt a multi-pronged approach in facilitating the development and application of 5G network. It will open up more suitable government properties, sheltered bus stops and telephone kiosks for the setting up of radio base stations by operators to support the development of 5G network.

"iAM Smart"

- The Innovation and Technology Bureau ("ITB") will launch the "iAM Smart" one-stop personalised digital service platform in the fourth quarter of 2020. By the middle of next year, members of the public can gain access to more than 100 online government services through "iAM Smart".

Smart Traffic Fund

- The HKSAR earmarked HK\$1 billion for the Smart Traffic Fund to provide funding support for enterprises or organisations to conduct research and application on vehicle-related I&T. Fund is expected to commence operation in the YOA 2020/21.

Geospatial Data

- The HKSAR will further earmark HK\$60 million for the establishment of the first Geospatial Lab to encourage the public to make use of spatial data in developing mobile applications.

Digitisation of the Works Supervision System

- Development Bureau has actively promoted the digitisation of the works supervision system. The HKSAR will allocate HK\$100 million to develop an integrated digital platform for data integration and information exchange in order to strengthen project supervision.

Sports Development

- To further promote sports development in Hong Kong, the HKSAR will substantially increase the total subvention for the Sports Federation and Olympic Committee of Hong Kong, China and 60 national sports associations from about HK\$300 million to more than HK\$500 million a year over the next four years.

City Development

Harbourfront Enhancement

- The HKSAR has earmarked HK\$6.5 billion for implementing a number of harbourfront development initiatives.



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Caring Society

- The HKSAR will continue to allocate resources to strengthen elderly services. A total of 3,000 additional home care service quotas will be provided for frail elderly persons in the two years, while an additional 1,000 community care service vouchers will be issued to elderly persons with moderate or severe impairment in 2020-21. In addition, the HKSAR will allocate an additional \$75 million to subsidised elderly service units for providing soft meals to elderly persons with swallowing difficulties.
- For early identification of and provision of assistance to pre-primary children and their families with welfare needs, the HKSAR has allocated HK\$990 million from the Lotteries Fund to provide social work services in phases in subsidised/aided child care centres, kindergartens and kindergarten-cum-child care centres for about 150,000 pre-primary children and their families.
- Starting from 2020-21, the HKSAR will provide additional funding to SWD-subsented NGOs operating day service units to meet the electricity costs of providing air conditioning for their activity areas, involving an annual recurrent expenditure of about HK\$46 million.



C. MAJOR TAX RATES FOR THE YEARS 2019/20 AND 2020/21

1. Salaries Tax

i. Personal tax allowances and deductions:

	2019/20	2020/21
	HK\$	HK\$
Basic allowances :		
Single person's allowance	132,000	132,000
Married person's allowance	264,000	264,000
Additional allowances :		
Child – 1 st to 9 th child (each)		
- year of birth	240,000	240,000
- other years	120,000	120,000
Dependent parent / grandparent:		
a. Aged 55 to 59		
- Not residing with taxpayer	25,000	25,000
- Residing with taxpayer for the whole year	50,000	50,000
b. Aged 60 or above		
- Not residing with taxpayer	50,000	50,000
- Residing with taxpayer for the whole year	100,000	100,000
Dependent brother / sister ¹	37,500	37,500
Single parent	132,000	132,000
Disabled dependent	75,000	75,000
Personal disability	75,000	75,000
Additional deductions :		
Self-education expenses ²	100,000	100,000
Home loan interest ³	100,000	100,000
Elderly residential care expenses	100,000	100,000
Contributions to retirement schemes	18,000	18,000
Voluntary contribution to MPF scheme and qualifying annuity premiums	60,000	60,000
Qualifying premiums paid under the Voluntary Health Insurance Scheme	8,000 /insured person	8,000/insured person
Approved charitable donations ⁴	35%	35%
Notes:		
1. For whom no child allowance is being claimed.		
2. The maximum amount that can be claimed as deductible expense for training courses attended at approved institutions.		
3. The entitlement period for tax deduction extends to 20 years since YOA 2017/18.		
4. The maximum deduction allowable is restricted to 35% of the taxpayer's assessable income after deduction of allowable expenses and depreciation allowance.		

ii. Standard salaries tax rates:

	<u>2019/20 and 2020/21</u>
Standard tax rates	15%

iii. Progressive salaries tax rates:

<u>Net Chargeable Income</u>		<u>2019/20 and 2020/21</u>
First	HK\$50,000	2%
Next	HK\$50,000	6%
Next	HK\$50,000	10%
Next	HK\$50,000	14%
Remainder		17%

2. Profits Tax

Assessable Profits	<u>Tax rates for 2019/20 and 2020/21 (Note)</u>	
	Unincorporated Business	Corporation
First HK\$2,000,000	7.5%	8.25%
On the remainder	15%	16.5%

Note:
 All entities with profits chargeable to Profits Tax in Hong Kong would qualify for the two-tiered profits tax rates. However, if, 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. The others would not qualify for the two-tiered profits tax rates.

3. Property Tax

<u>Taxpayer</u>	<u>2019/20 and 2020/21</u>
Property Owner	15%



Stamp Duty

i. Shares transactions:

Particular	2019/20 and 2020/21
Contract Note for sale or purchase of any Hong Kong stock	0.1% of the amount of the consideration or of its value on every sold note and every bought note
Transfer operating as a voluntary disposition inter vivos	\$5 + 0.2% of the value of the stock
Transfer of any other kind	\$5

ii. Leases:

Leasing period	2019/20 and 2020/21
Not defined or is uncertain	0.25%
Specified in the lease as not exceeding 1 year	0.25%
Exceeding 1 year but not exceeding 3 years	0.5%
Exceeding 3 years	1%
Key money, construction fee etc. Mentioned in the lease	4.25% of the consideration if rent is also payable under the lease. Otherwise, same duty as for a sale of immovable property.

iii. Immovable Property transactions:

Scale 1

- Part 1 (applies to instruments of residential property) : A flat rate of 15% of the consideration or value of the property (whichever is higher)
- Part 2 (applies to instruments of non-residential property and certain instrument of residential property executed on or after 23 February 2013 but before 5 November 2016)

Sales Consideration	Rates at Scale 1 (Part 2)
Up to HK\$2,000,000	1.5%
HK\$2,000,001 to HK\$2,176,470	HK\$30,000 + 20% of excess over HK\$2M
HK\$2,176,471 to HK\$3,000,000	3%
HK\$3,000,001 to HK\$3,290,330	HK\$90,000 + 20% of excess over HK\$3M
HK\$3,290,331 to HK\$4,000,000	4.5%
HK\$4,000,001 to HK\$4,428,580	HK\$180,000 + 20% of excess over HK\$4M
HK\$4,428,581 to HK\$6,000,000	6%
HK\$6,000,001 to HK\$6,720,000	HK\$360,000 + 20% of excess over HK\$6M
HK\$6,720,001 to HK\$20,000,000	7.5%
HK\$20,000,001 to HK\$21,739,130	HK\$1,500,000 + 20% of excess over HK\$20M
Exceeding HK\$21,739,130	8.5%



Scale 2

Sales Consideration	Rates at Scale 2
Up to HK\$2,000,000	HK\$100
HK\$2,000,001 to HK\$2,351,760	HK\$100 + 10% of excess over HK\$2M
HK\$2,351,761 to HK\$3,000,000	1.5%
HK\$3,000,001 to HK\$3,290,320	HK\$45,000 + 10% of excess over HK\$3M
HK\$3,290,321 to HK\$4,000,000	2.25%
HK\$4,000,001 to HK\$4,428,570	HK\$90,000 + 10% of excess over HK\$4M
HK\$4,428,571 to HK\$6,000,000	3%
HK\$6,000,001 to HK\$6,720,000	HK\$180,000 + 10% of excess over HK\$6M
HK\$6,720,001 to HK\$20,000,000	3.75%
HK\$20,000,001 to HK\$21,739,120	HK\$750,000 + 10% of excess over HK\$20M
Exceeding HK\$21,739,120	4.25%

Note:

1. Starting from 5 November 2016, a flat rate (AVD rate) of 15% applies to residential property transactions, this new measures will continue to adopt the exemptions provided under the existing doubled ad valorem stamp duty (DSD) regime, which include:
 - a) allowing buyers to pay AVD at the basic rates (i.e. AVD rates at Scale 2) if they are Hong Kong permanent residents (HKPRs) and do not own any other residential property in Hong Kong at the time of acquisition of the residential property; and
 - b) setting a 12-month time frame for HKPR-buyers having acquired a new residential property to dispose of their original property.
2. Unless specifically exempted or otherwise provided, a single instrument executed on or after 12 April 2017 for acquisition or transfer of more than one residential property is subject to AVD at the rate under Part 1 of Scale 1.

With effect from 20 November 2010, any residential property acquired on or after 20 November 2010, either by an individual or a company (regardless of where it is incorporated), and resold within 24 months (the property was acquired on or after 20 November 2010 and before 27 October 2012) or 36 months (the property was acquired on or after 27 October 2012), will be subject to a Special Stamp Duty (SSD). SSD is calculated by reference to the stated consideration or the market value of the property (whichever is higher), at the following rates for different holding periods of the property by the seller or transferor before disposal:-

Holding period	The property was acquired on or after 20 November 2010 and before 27 October 2012	The property was acquired on or after 27 October 2012
6 months or less	15%	20%
More than 6 months but for 12 months or less	10%	15%
More than 12 months but for 24 months or less	5%	10%
More than 24 months for 36 months or less	-	10%

In addition to SSD, a Buyer's Stamp Duty ("BSD") on residential properties acquired by any person (including a company incorporated) except a Hong Kong Permanent Resident is effected from 27 October 2012. BSD is to be charged at a flat rate of 15% on all residential properties, on top of the existing stamp duty and the special stamp duty, if applicable.



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4. Estate Duty

The Government had abolished the Estate Duty with effect from 11 February 2006 pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005.

D. FURTHER INFORMATION

The above information is mainly extracted from the website of the "The Hong Kong 2020-21 Budget". Please visit <https://www.budget.gov.hk/2020/eng/speech.html> or contact our Tax Service Department (email: tax@atrixbiz.com) for further details.

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