



## GES Tax Newsflash

### The 2024/25 Financial Budget

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#### Overview

On 28 February 2024, Financial Secretary Mr. Paul Chan Mo-Po delivered the 2024/25 financial budget (the “Budget”) with the theme 'Advance with Confidence. Seize Opportunities. Strive for High-quality Development'. The Budget outlines the Government’s latest tax and fiscal policy directions, support measures and resource allocation with goals in mind to narrow the city’s fiscal deficit and restore its balance.

For the full budget speech, please visit  
<https://www.budget.gov.hk/2024/eng/speech.html>.

#### Budget Highlights re.: Individuals

All the proposed measures announced in the 2024/25 Budget are subject to the passage of the Legislative Council.

#### One off tax Reduction

Reducing profits tax, salaries tax and tax under personal assessment for 2023/2024 by 100%, subject to a ceiling of HK\$3,000.

#### Rates Concession

Rates concession will be given to all ratepayers to offset the rates payable for the first quarter from April to June 2024, subject to a ceiling of \$1,000 for each rateable property.

Stamp Duty

Cancelling Special Stamp Duty (SSD), Buyer’s Stamp Duty (BSD) and New Residential Stamp Duty (NRSD) to be paid for any residential property transactions starting from 28 February 2024.

This is further to the partial easing of extra stamp duties presented in the [2023 Policy Address](#) in last October.

Progressive Rating System

Introducing a progressive rating system for domestic properties with rateable value over HK\$550,000 from the 4th quarter of 2024/25 (i.e. from January to March 2025) onwards.

Annual Rateable Value (“RV”) (HK\$)	Rates % Charges
550,000 or below (Monthly RV at 45,833 or below)	5% (no change)
550,001 to 800,000 (Monthly RV at around 45,833 to 66,667)	First 550,000: 5% Next 250,000: 8%
Above 800,000 (Monthly RV at above 66,667)	First 550,000: 5% Next 250,000: 8% Portion above 800,000: 12%

Two-Tiered Standard Rates Regime

Implementing a two-tiered standard rates regime for salaries tax and tax under personal assessment by increasing the standard tax rate for net income exceeding HK\$5 million with effect from the year of assessment 2024/25. This means high earners will get taxed more.

Salaries tax and tax under personal assessment are currently calculated at progressive rates from 2% to 17% on taxpayer’s net chargeable income or at a standard rate of 15% on net income (before deduction of the personal allowances), whichever is lower.

From the year of assessment 2024/25, for taxpayers whose net income is over HK\$5 million and charged at a standard rate, the first HK\$5 million of their net income will continue be subject to 15% standard rate, while the portion of their net income exceeding HK\$5m will be subject to 16% standard rate.

Illustrative Example

*Taxpayer with net income HK\$8,000,000*

	2023/24	2024/25 and onwards
Net Income	HK\$8,000,000	HK\$8,000,000
Less: Basic Allowance	(HK\$132,000)	(HK\$132,000)
Net Chargeable Income	HK\$7,868,000	HK\$7,868,000
Tax @ progressive rates *	HK\$1,319,560	HK\$1,319,560

Tax @ standard rate(s) *		
@ 15%	HK\$1,200,000	
First HK\$5,000,000 @ 15%		HK\$750,000
Remaining @ 16%		<u>HK\$480,000</u>
Tax Payable	<u>HK\$1,200,000</u>	<u>HK\$1,230,000</u>

\* whichever is lower. The tax bands and the progressive rates remain unchanged.

## Deloitte's view

The standard tax rate has remained at 15% since the year of assessment 2008/09 (decreased from 16%). The two-tiered standard rates regime is a new concept to salaries tax (the two-tiered profits tax rates regime was introduced in year 2018). We believe that the Government has already taken into account the balance between the competitiveness of Hong Kong talent market and revenue. Such proposed measure is understandable and relatively easy to implement. Meanwhile, the Hong Kong salaries tax rate still remain one of the lowest in the world even with the proposed increase.

Afterall, we welcome and support the Government's plans to formulate a series of short, medium and long-term measures in promoting Hong Kong's high-quality development, nurturing talent and further elevating Hong Kong's competitiveness with focuses on restoring balance while taking into account the financial constraints of the public and businesses.

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