



Hong Kong Tax Newsflash

Abolishing doubled ad valorem stamp duty on non-residential property transactions



The Chief Executive of the Hong Kong Special Administrative Region, Mrs. Carrie Lam, announced yesterday in her Policy Address the abolition of doubled ad valorem stamp duty (DSD) on non-residential property transactions with effect from today (26 November 2020). Specifically, the abolition will revert the ad valorem stamp duty rates chargeable on non-residential property transactions to the Scale 2 rates on and after 26 November 2020.

Consideration or value of the property (whichever is the higher)	Rates at Scale 2
Up to \$2,000,000	\$100
\$2,000,001 to \$2,351,760	\$100+10% of the excess over \$2,000,000
\$2,351,761 to \$3,000,000	1.50%
\$3,000,001 to \$3,290,320	\$45,000+10% of the excess over \$3,000,000
\$3,290,321 to \$4,000,000	2.25%
\$4,000,001 to \$4,428,570	\$90,000+10% of the excess over \$4,000,000
\$4,428,571 to \$6,000,000	3.00%
\$6,000,001 to \$6,720,000	\$180,000+10% of the excess over \$6,000,000
\$6,720,001 to \$20,000,000	3.75%

\$20,000,001 to \$21,739,120	\$750,000+10% of the excess over \$20,000,000
\$21,739,121 and above	4.25%

As the 3rd round measure to address the overheated property market, DSD was introduced on 23 February 2013 where the stamp duty rates for non-residential property were doubled (ranging from 1.5% to 8.5%). As a result of the economic downturn, the prices for non-residential properties have been dropping over a period of time. In this regard, the Government considers it is the right time to revert the stamp duty rates to the original level in order to facilitate selling of non-residential property by businesses that have financial needs.

The Stamp Duty (Amendment) Bill 2020 (the Bill) that gives effect to the abolition of DSD will be introduced into LegCo on 2 December 2020. Meanwhile, to allow the relevant property owners to benefit from the abolition of DSD as soon as possible, the Chief Executive has made the Public Revenue Protection (Stamp Duty) Order 2020 (the Order) to give full force and effect of law to the Bill so long as the Order remains in force.

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