



Hong Kong Tax Newsflash

2023 Policy Address – Tax-related measures

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The Chief Executive of Hong Kong SAR delivered the 2023 Policy Address on 25 October 2023. The proposed tax-related measures are summarized as follows:

- **Stamp Duty on stock transfer:** Reduce the stamp duty rate on stock transfer from 0.13% to 0.1% (see below for details).
- **Special Stamp Duty (SSD):** Shorten the applicable period from 3 years to 2 years. If a property owner disposes of his/her residential property 2 years after acquisition, he/she will no longer need to pay the SSD. This applies to any sale and purchase agreement entered into on or after 25 October 2023.
- **Buyer's Stamp Duty (BSD) and New Residential Stamp Duty (NRSD):** Reduce the rates from 15% to 7.5% for BSD (which is applicable to non-Hong Kong permanent resident buyers) and NRSD (which is generally applicable to buyers that own other residential property in Hong Kong). This applies to any sale and purchase agreement entered into on or after 25 October 2023.
- **Stamp duty for incoming talents purchasing residential property:** Introduce a stamp duty suspension mechanism for eligible incoming talents purchasing residential properties in Hong Kong. The suspension applies to BSD and NRSD for any sale and purchase

agreement entered into on or after 25 October 2023. The talent still has to pay the ad valorem stamp duty at Scale 2 rates.

- **Patent Box tax incentive:** Reduce the profits tax rate for qualifying profits derived from patents from 16.5% to 5%. The Bill will be introduced in the first half of 2024. For details of the proposed regime, please refer to our [Tax Newsflash Issue 194](#).
- **Home loan interest / domestic rents:** Raise the deduction ceiling from HKD100,000 to HKD120,000 for taxpayers who reside with his/her first child born on or after 25 October 2023, until the child reaches the age of 18. This measure is for the purpose of salaries tax and personal assessment starting from the year of assessment 2024/25.
- **Expenses on assisted reproductive services:** Provide a deduction for expenses on assisted reproductive services, subject to the ceiling of HKD100,000 per year. This measure is for the purpose of salaries tax and personal assessment starting from the year of assessment 2024/25.

Gazettal of Bill for reduction of stamp duty rate on stock transfer

The *Stamp Duty (Amendment) (Stock Transfers) Bill 2023* (the Bill), which seeks to give effect to the proposal to reduce the rate of stamp duty payable on contract notes for sale or purchase of Hong Kong stock from 0.13% to 0.1%, was gazetted on 25 October 2023 and will be introduced into the Legislative Council for first reading on 1 November 2023. The rate reduction will become effective upon enactment of the legislation.

Since 1 August 2021, the rate of stamp duty for stock transfer was increased from 0.1% to 0.13%, with an aim to increase government revenue in the short-to-medium term. The Bill, which will restore the rate back to 0.1%, will lower investors' transaction costs. It can help attract more enterprises to list in Hong Kong and increase market capitalization and uphold Hong Kong's status as an international financial centre.

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