



## GES Tax Newsflash

# Hong Kong – The 2026/27 Financial Budget: An Individual Perspective

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On 25 February 2026, Financial Secretary Mr. Paul Chan Mo-Po delivered the 2026/27 financial budget (the “Budget”) with the theme of “Driving High-quality, Inclusive Growth with Innovation and Finance”. The Financial Secretary projected a fiscal surplus of HKD2.9 billion for the 2025/26 financial year, representing a significant turnaround from the deficit of HKD80.3 billion in the 2024/25 financial year. The return to surplus, achieved earlier than anticipated, underscores improved fiscal health and provides room for strategic policy initiatives. The Budget outlines the Government’s latest tax and fiscal policy directions, maintaining a strong focus on fiscal sustainability and prudent resource allocation to support Hong Kong’s long-term economic growth, innovation-driven development, and global competitiveness.

For the full budget speech, please visit [The 2026-27 Budget - Budget Speech](#)

### Budget Highlights: Individuals

Legislative amendments are required for implementing the tax measures as proposed by the Financial Secretary in the 2026/27 Budget.



#### One-off relief

The Budget retains a 100% reduction in salaries tax and tax under personal assessment for the year of assessment 2025/26, with an increased cap of HKD3,000 (the ceiling for 2024/25 was HKD1,500). This reduction will be applied to the final tax payable for that year 2025/26.

The Budget also provides an extra 1 month allowance of standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, while similar arrangements will also apply to recipients of the Working Family Allowance.



#### Increase in stamp duty for residential property transactions

Pursuant to the “affordable users pay” principle, the Budget proposes to increase the rates of stamp duty on residential property transactions valued above HKD100 million from 4.25% to 6.5%. This measure will take effect from 26 February 2026, upon passage of the amendment bill.



#### Increase in allowances and deductions

The Budget proposes to increase the allowances and deductions as follows starting the year of assessment 2026/27:

	Existing (HKD)	2026/27 and onwards as proposed in the Budget (HKD)
Basic allowance	132,000	145,000
Single parent allowance	132,000	145,000
Married person's allowance	264,000	290,000
Child allowance	130,000	140,000
Additional child allowance (for each child born during the year of assessment)*	130,000	140,000
Dependent parent and dependent grandparent allowance	50,000	55,000
<ul style="list-style-type: none"> <li>• Aged 60 or above</li> <li>• Aged 55 to 59</li> </ul>	25,000	27,500
Additional dependent parent and dependent grandparent allowance (for taxpayers residing with parents or grandparents)	50,000	55,000
<ul style="list-style-type: none"> <li>• Aged 60 or above</li> <li>• Aged 55 to 59</li> </ul>	25,000	27,500
Elderly residential care expenses	100,000	110,000

\* During the 2025 Policy Address, The Chief Executive John Lee Ka-chiu proposed to extend the period for claiming additional child allowance for child born during the year of assessment from one year to two years to promote fertility. Hence, starting from the year of assessment 2026/27, a taxpayer may claim additional child allowance (i.e. HKD280,000, based on the proposed child allowance of HKD140,000) for each child in the first two years following childbirth. This measure is applicable to all children born on or after 1 April 2025.

### Our observation

As many tax allowances have remained unchanged for years, the proposed increase is a welcome relief and could help alleviate the financial pressures faced by families with dependents, particularly in light of persistent inflation and ongoing economic uncertainties. However, since allowances are only applicable to taxpayers under the progressive tax regime, higher-income individuals subject to the standard tax rate may not benefit directly.

Overall, we welcome the Government's commitment to preserving Hong Kong's competitive advantage through a simple and low-tax regime, refraining from raising tax rates or introducing new taxes. This approach reinforces Hong Kong's appeal as a destination for global talent. Furthermore, the Budget's emphasis on forward-looking investments in areas such as artificial intelligence and technological innovation—combined with continued social and economic stimulus—positions Hong Kong to achieve high-quality, inclusive growth, powered by advancements in innovation and finance.

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