

Budget Highlights

The Financial Secretary, Mr. Paul Chan delivered the Hong Kong 2017/18 budget on 22 February 2017. The Budget is prepared in general, in a prudent approach by managing public finances and keeping expenditure within the limits of revenue. The estimated surplus for 2016/17 consolidated budget is HK\$92.8 billion, far exceeded the original projected surplus of HK\$11.4 billion. The surplus is mainly attributed to the surges in land sales and stamp duty revenue during the year.

The budget forecast for 2017/18 is a surplus of \$16.3 billion with an estimated fiscal reserve of HK\$952 billion by 31 March 2018; equivalent to 23 months of government expenditure.

Budget Summary:

1. Profits Tax

- There is no change to the profits tax rates for corporations (16.5%) and unincorporated businesses of 15%.
- Introduce profits tax concession to promoting aircraft leasing and financing.

2. Salaries Tax

- There is no change in the standard tax rate and progressive tax rates.
- Widen marginal tax bands from HK\$40,000 to HK\$45,000.
- Increase disabled dependant allowance from HK\$66,000 to HK\$75,000.
- Increase dependent brother/sister allowance from HK\$33,000 to HK\$37,500.
- Extend the entitlement period for deduction for home loan interest from 15 to 20 years of assessment; the deduction ceiling of HK\$100,000 a year remains unchanged.
- Increase the deduction ceiling for self-education expenses from HK\$80,000 to HK\$100,000.
- Examine to provide tax deduction for the purchase of regulated health insurance products.

3. One-off measures

- Waive 75% of profits tax for 2016/17, subject to a ceiling of HK\$20,000.
- Waive 75% of salaries tax and tax under personal assessment for 2016/17, subject to a ceiling of HK\$20,000.
- Waive the licence fees for travel agents, hotels, and guesthouses, restaurants, hawkers and operators with restricted food permits for one year.
- Waive rates for 4 quarters for 2017/18, subject to a ceiling of HK\$1,000 per quarter, for each rateable property.
- Provide one additional month allowance to recipients of Comprehensive Social Security Allowance, Old Age Allowance, Old Age Living Allowance and Disability Allowance, similar arrangement will apply to Low-Income Working Family allowance and Work Incentive Transport Subsidy.
- Extend wavier of the first registration tax of electric commercial vehicles, motor cycles and motor tricycles to 31 March 2018, with a cap of HK\$97,500 for electric private cars from 1 April 2017.

The Financial Secretary also plan to set up a tax policy unit to broaden Hong Kong's tax base and long term specific tax incentive policy to develop industry.