

March 2018



Tricor operating companies that provide core services in China & Hong Kong:

Tricor Services Limited
Tricor Consultancy (Beijing) Limited
Tricor Investor Services Limited

Global Provider of Integrated Business, Corporate & Investor Services

TECH news

HONG KONG BUDGET SUMMARY 2018/19

Hong Kong 2018/19 Budget Highlights

Profits Tax

- One-off reduction of profits tax for 2017/18 by 75%, subject to a ceiling of HK\$30,000
- Amend the qualifying debt instrument scheme to include debt securities listed on the Stock Exchange of Hong Kong and extend the scope of tax exemption from debt instruments with an original maturity of not less than 7 years to instruments of any duration
- Shorten the time frame of deduction of capital expenditure on eligible energy efficient building installations and renewable energy devices from 5 years to 1 year
- Provide a 300% tax deduction for the first HK\$2 million of qualifying R&D expenditure with a deduction of 200% for the remainder

Salaries Tax

- One-off reduction of salaries tax and tax under personal assessment for 2017/18 by 75%, subject to a ceiling of HK\$30,000
- Widen the tax bands from HK\$45,000 to HK\$50,000 and increase the number of tax bands from 4 to 5
- Adjust the marginal tax rates to 2%, 6%, 10%, 14% and 17%
- Increase the basic and additional child allowances from HK\$100,000 to HK\$120,000
- Increase the allowances for maintaining a dependent parent or grandparent and deduction ceiling for elderly residential care expenses by 9%
- Introduce a personal disability allowance of HK\$75,000
- Allow married persons the option to elect for personal assessment separately
- Introduce a tax deduction for qualified premiums of eligible health insurance products, subject to a ceiling of HK\$8,000 per insured person

- Allow tax deductions for all deferred annuity products meeting Insurance Authority guidelines and voluntary contributions made to the Mandatory Provident Fund

Other measures

- Waive rates for the 4 quarters of 2018-19, subject to a ceiling of HK\$2,500 per quarter for each rateable property
- Provide 2 extra months allowance to recipients of Comprehensive Social Security Assistance / Old Age Allowance / Old Age Living Allowance / Disability Allowance. Similar arrangements will apply to Low-income Working Family Allowance and Work Incentive Transport Subsidy
- Provide a one-off grant of HK\$2,000 to each student in need, and pay the examination fees for candidates sitting for the 2019 Hong Kong Diploma of Secondary Education Examination
- Propose a 3-year Pilot Bond Grant Scheme to eligible enterprises issuing bonds in Hong Kong for the first time, who can apply for a grant for 2 bond issuances, each capped at half of the issue expenses or HK\$2.5 million, whichever is lower
- Issuance of Silver Bonds in 2018 and 2019 and launch of a green bond issuance programme with a borrowing ceiling of HK\$100 billion
- Raise the subsidy ceiling of the Continuing Education Fund from HK\$10,000 to HK\$20,000 per applicant, extend the upper age limit for applicants to 70 and lift restrictions on validity period and number of claims
- Extend waiver of first registration tax ("FRT") of electric commercial vehicles, electric motor cycles and electric motor tricycles to 31 March 2021
- Launch a "one-for-one replacement" scheme to allow eligible private car owners who buy a new electric private car and scrap an eligible private car to enjoy FRT concessions of up to HK\$250,000 until 31 March 2021
- Extend application period for concessionary measures under the SME Financing Guarantee Scheme to 28 February 2019

2018/19 PRINCIPAL TAX RATES CARD FOR HONG KONG

The following tables summarize the principal tax rates for Hong Kong, with changes highlighted in bold italics.

Tax Rates					
		2018/19	2017/18		
Salaries Tax				Profits Tax	
Progressive rates				Companies*	
First HK\$50,000	2%		First HK\$45,000	2%	16.5%
Next HK\$50,000	6%		Next HK\$45,000	7%	15%
Next HK\$50,000	10%		Next HK\$45,000	12%	15%
Next HK\$50,000	14%				
Remainder	17%		Remainder	17%	
Standard rate		15%	Standard rate	15%	
				Property Tax*	
				Non-corporate owners	15%
				*Corporate lessors are subject to profits tax	

Personal Allowances and Deductions					
		2018/19 HK\$	2017/18 HK\$		
Personal Allowances:					
Basic		132,000	132,000	Dependent parent/grandparent (aged between 55-59):	
Married		264,000	264,000	Not residing with taxpayer	25,000
Single parent		132,000	132,000	Residing with taxpayer	50,000
Child:				Personal disability allowance	75,000
1 st to 9 th child (each)					
year of birth		240,000	200,000		
other years		120,000	100,000		
Dependent brother/sister		37,500	37,500	Deductions:	
Disabled dependent		75,000	75,000	Maximum deduction for amount paid for:	
Dependent parent/grandparent (aged 60 or above):				Self-education expenses	100,000
Not residing with taxpayer		50,000	46,000	Home loan interest*	100,000
Residing with taxpayer		100,000	92,000	Elderly residential care expenses	100,000
				Contributions to recognized retirement schemes	18,000
				Approved charitable donations	35% of assessable income
					35% of assessable income
				* 20 years of relief in total	

Stamp Duty		Scale 1 duty rates ^{1,2}	Scale 2 duty rates ^{1,3}	Flat rate ²		
					Duty rate	
On Sale or Transfer of Immovable Property in Hong Kong					Special Stamp Duty	
Property consideration					On disposal of residential properties:	
Up to HK\$2,000,000	1.5%	HK\$100	15%	Acquired on or after 27 October 2012 and resold within 36 months	10-20%	
HK\$2,000,001 - HK\$3,000,000	3.0%	1.50%	15%			
HK\$3,000,001 - HK\$4,000,000	4.5%	2.25%	15%			
HK\$4,000,001 - HK\$6,000,000	6.0%	3.00%	15%	Additional Buyer's Stamp Duty on residential properties acquired by any person other than a Hong Kong permanent resident on or after 27 October 2012	15%	
HK\$6,000,001 - HK\$20,000,000	7.5%	3.75%	15%			
HK\$20,000,001 or above	8.5%	4.25%	15%			
Note						
1 Subject to marginal relief						
2 Flat rate of 15% applies to instruments executed on or after 5 November 2016 for the sale and purchase or transfer of residential property in place of Scale 1 duty rates unless the condition in note 3 is satisfied						
3 Applicable to a Hong Kong permanent resident who does not own any other residential property in Hong Kong at the time of acquisition and subject to certain other circumstances						
					2018/19	2017/18
				On Hong Kong Stock*	0.2%	0.2%
				* All exchange traded funds are exempt from stamp duty with effect from 13 February 2015		

Business Registration Fees	2018/19 HK\$	2017/18 HK\$
1-year certificate fee + levy	2,250	2,250
3-year certificate fee + levy	5,950	5,950

Legislative proposals do not become law until their enactment and may be modified by the Legislative Council before enactment.

The information on this rates card is not exhaustive and contains only a brief summary of the principal tax rates. Please contact a Tricor executive or email info@hk.tricorglobal.com for assistance and enquiries.

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CONTACTS

Richard Beattie

Director - Business Services

Tel: (852) 2980 1952 Email: richard.beattie@hk.tricorglobal.com

Jared Chan

Manager - Tax - Business Services

Tel: (852) 2980 1180 Email: jared.chan@hk.tricorglobal.com

OFFICE

Tricor Services Limited

Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Tel: (852) 2980 1888

Fax: (852) 2861 0285

Email: info@hk.tricorglobal.com

Website: www.tricorglobal.com