

Richard Albuquerque & Co.
CERTIFIED PUBLIC ACCOUNTANTS (Practising)



**BUDGET
SUMMARY
2022 -23**



On 23 February, Mr. Paul MP CHAN, Financial Secretary of Hong Kong SAR, delivered the 2022/23 Budget Plan, it is estimated that the Government would have a surplus for the financial year 2021/22 but a deficit in 2022/23, due to measures and actions taken to combat the COVID-19 and ease financial burdens of both individuals and business enterprises, here are some major measures announced.

For Business Enterprises:

1. Due to the economic downturn caused by the pandemic of COVID-19, Mr. Paul Chan announced that the Government will introduce Rental Enforcement Moratorium, a new requirement to prohibit landlords to terminate tenancy agreements or not providing services to tenants or taking any legal action against tenants from specific industries in situations that such tenants are unable to settle rents on schedule. This arrangement is one-off and will remain effective for three months and extended for a maximum period of three months, when necessary.
2. The Government has also communicated with financial institutions to handle with flexibility for cases in which the landlords are unable to repay their mortgages on schedule due to the application of Rental Enforcement Moratorium.
3. Special 100% Loan Guarantee for Enterprise scheme has been extended to end of June 2023, and the maximum amount of loan has been increased to 27 months of employees' salaries plus rent, with ceiling of HK\$9 million. Repayment period also increased to 10 years from drawdown.



4. 100% Profits Tax concession for the year of assessment 2021/22, subject to maximum of HK\$10,000.
5. BR fee to be waived for 2022/23.
6. Rate Concession for non-domestic properties of HK\$5,000 per quarter for first two quarters and HK\$2,000 per quarter for the last two quarters.
7. 75% of water and 75 % of sewage charges payable by non-domestic households to be waived for eight months, with a maximum of HK\$20,000 and HK\$12,500 per month respectively.
8. 34 groups of specified government fees and charges to be waived for 12 months.
9. Tax concession for family investment management entities managed by single-family offices is proposed, details of the scheme to be announced.
10. Half-tax concession for maritime enterprises is also proposed to attract such enterprises to set up premises in Hong Kong, further details to be announced.



For Individuals

1. HK\$10,000 electronic consumption voucher would be issued to all eligible Hong Kong residents.
2. Maximum of HK\$100,000 deduction of assessable income for individual taxpayers who do not own residential properties and renting private residential property from a landlord that is not an associate of the taxpayer.
3. 100% Personal Loan Guarantee Scheme for individuals extended to April 2023, with ceiling of HK\$100,000 and repayment period of 10 years.
4. 100% salaries tax concession with a ceiling of HK\$10,000 for the year of assessment 2021/22.
5. Rates concession for domestic properties, with a maximum of HK\$1,500 per quarter for the first two quarters and HK\$1,000 per quarter for the last two quarters respectively.
6. Electricity subsidy of HK\$1,000 for each eligible residential account.



Other measures announced or proposed by Mr. Paul Chan in his speech:

1. Threshold for Public Transport Fare Subsidy Scheme being lowered for the period May to October 2022.
2. Issue of green bonds, inflation-linked bonds, and silver bonds.
3. Rates of residential properties are to be charged on a progressive rate starting from 2024/25, and only one domestic property owned by each eligible owner could enjoy rate concessions.
4. Continue to negotiate with different tax jurisdiction for Comprehensive Avoidance of Double Taxation Agreements.(Currently 45 agreements have been signed and another 14 are in progress of negotiation).
5. To implement new legislation to comply with latest BEPS framework and global minimum effective tax rate for multinational enterprises.

Mr. Paul Chan, at the end of his speech, mentioned that the Government's long-term financial commitment should be commensurate with the increase of revenue. Hong Kong Government would need to discover new areas of growth to increase revenue, but not to affect the livelihood of Hong Kong citizens, thus revising the Salaries Tax rate and Profits Tax rate is inappropriate now.

The Budget also covered other areas, including land and housing, training of talents in different aspects, funding for supporting development of technology enterprise and more, you can find the full budget speech on the government's website below .

<https://www.budget.gov.hk/2022/eng/speech.html>



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