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HONG KONG

BUDGET SUMMARY

2021-2022



On 24 February, the Hong Kong Government's 2021/2022 Budget Plan was delivered to the Legislative Council by the Financial Secretary of Hong Kong, Paul MP Chan.

Business Enterprises - Highlights:

- The 2021-2022 Budget includes additional relief and assistance measures to support business enterprises, as well as key initiatives and measures to strengthen crucial economic sectors.
- Such business support measures include extension of application period till the end of the year, for 100% guarantee low-interest loans for enterprises. The applicable loan ceiling has been extended from HK\$5 million to HK\$6 million, while also extending the maximum repayment period from 5 years to 8 years, along with the principal moratorium period.
- Facing the challenge of fiscal deficits, there will be a reduction in final profits tax by 100%, for the assessment year 2020-21, subject to a ceiling of HK\$10,000, down from HK\$20,000 in the previous year.
- Rates for each rateable non-domestic property will be waived for four quarters of 2021-22, subject to a ceiling of HK\$5,000 per quarter, in the first two quarters and a ceiling of HK\$2,000 per quarter (which was HK\$1,500 per quarter, in 2020-21) in the remaining two quarters.
- Business registrations fees will be waived for the year 2021-22
- With respect to water and sewage charges of non-domestic households, 75% waiver will continue to be given for a further period of 8 months, subject to a monthly ceiling of \$20,000 and \$12,500 respectively.



Individuals - Highlights:

- There will be a reduction in salaries tax and tax under personal assessment, by 100%, for the assessment year 2020-21, subject to a ceiling of HK\$10,000, down from HK\$20,000 in the previous year.
- With an intent to fuel the economy and to expedite the recovery of the consumer market, the Government has proposed to issue Electronic Consumption Vouchers, in installments, with a total value of HK\$5,000, to each eligible Hong Kong Permanent resident and new arrival aged 18 or above. This will help facilitate and stimulate local consumption.
- Rates for each rateable domestic property will be waived for four quarters of 2021-22, subject to a ceiling of HK\$1,500 per quarter in the first two quarters and a ceiling of HK\$1,000 per quarter (which was HK\$1,500 per quarter, in 2020-21) in the remaining two quarters.
- A subsidy of HK\$1,000 will be granted to each residential electricity account.



To be noted:

- In order to reduce the aggravating traffic congestion, Mr Chan proposed to increase the rate of each tax band for the first registration tax for private cars (including electric private cars) by 15% and the vehicle licence fee by 30%. Hong Kong's car owners and buyers will now have to shell out more for the privilege of keeping private vehicles.
- As a major decision in the financial services sector, the Government has proposed to raise the stamp duty on stock transfers from 0.1% to 0.13% of the consideration or value of each transaction payable by buyers and sellers respectively.
- Mr Chan mentioned that the Government shall continue to review the economic situation and make changes accordingly, at the relevant time. Owing to the global Covid-19 pandemic, the Budget has not introduced any adjustment to profits tax and salaries tax rates, or the introduction of new taxes, as a measure of relief to the people.
- Mr Chan further mentioned that the Government will expedite research and consultation process regarding the introduction of new taxes, to increase revenue of the Government in the long run.

CONTACT US



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