

The 2023-24 Budget

Leaping Forward Steadily
Together We Bolster Prosperity
under Our New Vision



High Quality
Development

Speedy
Recovery

Aligning
with National
Development
Strategies

Governing for
the People



[www.budget.gov.hk/2023/
eng/index.html](http://www.budget.gov.hk/2023/eng/index.html)





Speedy Recovery

Attracting Tourists and Enlivening The City's Image

- Over **\$250** million to be spent on mega events
- About **\$300** million reserved for staging more mega events, international meetings, incentive travels, conventions and exhibitions in Hong Kong
- Offer shopping and dining privileges to **1** million inbound visitors
- **\$50** million for stepping up the promotion and branding of Hong Kong



Happy Hong Kong

- Launch the “Happy Hong Kong” Campaign for the general public focusing on gourmet experiences, fun amusements and exciting ambience
- Launch a “Gourmet Marketplace” comprising large-scale food fairs in various districts in Hong Kong
- Organise a large scale sea-land carnival in summer with Victoria Harbour as the stage
- West Kowloon Cultural District Authority, Disneyland, Ocean Park, Cyberport, Science Park, Jockey Club, etc. will each hold themed activities



Electronic Consumption Vouchers

- Issue **\$5,000** electronic consumption vouchers to each eligible Hong Kong permanent resident and new arrival aged **18** or above in two instalments
- Previously registered eligible persons: **\$3,000** consumption vouchers will be disbursed in April, remaining **\$2,000** vouchers will be disbursed in mid-year
- New eligible persons: vouchers will be disbursed in mid-year in two instalments upon registration
- Eligible persons who have come to live in Hong Kong through different admission schemes or to study in Hong Kong: **\$2,500** vouchers will be disbursed



Supporting Enterprises

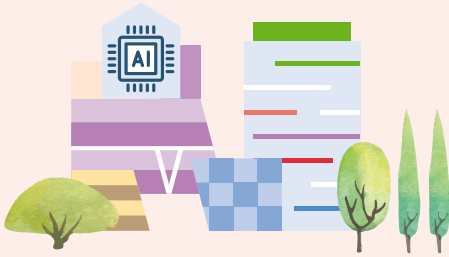
- Reduce profits tax for the assessment year 2022/23 by **100%**, subject to a **\$6,000** ceiling
- Provide rates concession for non-domestic properties for the first two quarters of 2023/24, subject to a ceiling of **\$1,000** per quarter
- Grant 50% rental fee concession to eligible tenants of government premises and short-term tenancies and waivers for 6 months
- Extend the application period of all guarantee products under the SME Financing Guarantee Scheme to March 2024
- Offer fully guaranteed loans for eligible passenger transport operators and licensed travel agents. To be launched in April this year
- Extend the Travel Agents Incentive Scheme to June 2023
- Inject **\$30** million into the Information Technology Development Matching Fund Scheme for Travel Agents to encourage the tourism sector to undergo upgrade and transformation



Supporting the General Public

- Reduce salaries tax and tax under personal assessment for the 2022/23 assessment year by **100%**, subject to a **\$6,000** ceiling
- Provide rates concession for domestic properties for the first two quarters of 2023/24, subject to a **\$1,000** ceiling per quarter
- Provide an extra **half-month** allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Working Family Allowance
- Extend the temporary special measures of the Public Transport Fare Subsidy Scheme for six months (to October 2023)
- Pay examination fees for school candidates sitting for the 2024 HKDSE Examination
- Grant each eligible residential electricity account a subsidy of **\$1,000**
- Extend the current arrangement of distributing electricity charges relief of **\$50 a month** to each account to end 2025
- From the 2023/24 assessment year, increase the basic child allowance and the additional child allowance for each child born during the year of assessment from **\$120,000** to **\$130,000**





Digital Economy

- Conduct a feasibility study on the development of an Artificial Intelligence Supercomputing Centre
- **\$500** million earmarked to launch a Digital Transformation Support Pilot Programme, to assist SMEs in applying ready-to-use basic digital solutions
- **\$200** million to enhance the operation of the “iAM Smart” platform to improve user experience
- Propose to provide tax deduction for the spectrum utilisation fees paid by telecommunications network operators which successfully bid for radio spectrum

Web3

- **\$50** million to expedite development of the Web3 ecosystem
- Set up a task force to advise on the sustainable development of the virtual asset industry



International GreenTech and GreenFi Centre

- Set up a Green Technology and Finance Development Committee to formulate an action agenda covering green technology, green finance, green standard certification, etc.
- Organise an International GreenTech Week

Attracting Enterprises and Talents

- Introduce a mechanism to provide facilitation for companies domiciled overseas for re-domiciliation to Hong Kong
- Introduce a new Capital Investment Entrant Scheme: applicants may reside and pursue development in Hong Kong after making investment at a certain amount in the local asset market, excluding property



High Quality Development



Aligning with National Development Strategies



Innovation and Technology

- **\$6 billion** for universities and research institutes to set up thematic research centres related to life and health technology
- **\$3 billion** earmarked to enhance basic research in frontier technology fields such as artificial intelligence and quantum technology
- Establish a Microelectronics Research and Development Institute to enhance collaboration among universities, R&D centres and the industry, expediting "1 to N" transformation
- Over **\$260 million** reserved for Cyberport to nurture smart living start-ups
- HKSTPC will inject **\$400 million** into its Corporate Venture Fund and inject an additional **\$110 million** to launch the Co-acceleration Programme
- Conduct a feasibility study on setting up the second Advanced Manufacturing Centre



Finance

- Plan to issue no less than **\$50 billion** of Silver Bond and **\$15 billion** of retail green bonds in the next financial year
- Plan to earmark a certain proportion of the future issuances of Government green bonds and infrastructure bonds for priority investment by MPF funds
- Provide **\$100 million** to InvestHK to attract more family offices to Hong Kong
- Explore use of Hong Kong's Faster Payment System and Thailand's PromptPay by visitors from the two places for local payment
- Review the development potential and prospects of tokenised bond issuance
- Extend the Pilot Insurance-linked Securities Grant Scheme for **2** years
- Continue to explore with the Mainland on expansion of mutual market access and enhancement arrangements
- Introduce a listing regime for advanced technology companies in the first quarter of 2023
- Put up specific reform recommendations on GEM for stakeholder consultation





Aviation

- Press ahead with the “Airport City” development strategy
- Enhance the aircraft leasing preferential tax regime to attract aircraft leasing companies to establish presence in Hong Kong



Maritime

- Set up a task force to further promote the development of Hong Kong's high-end maritime services and put forward an action plan
- **\$20** million reserved to expedite strategic studies and exchanges of the high-end maritime service industry, and expand the scale of the Hong Kong Maritime Week

Trade

- Provide an additional funding of **\$550** million to the Hong Kong Trade Development Council to assist enterprises in opening up markets
- Inject **\$500** million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and expedite the processing of applications
- Allocate \$100 million to the Hong Kong Productivity Council to strengthen assistance for SMEs in applying for government subsidies



Intellectual Property Trading

- Introduce a “patent box” tax incentive to encourage the I&T sector to create more patented inventions
- Provide additional **\$10** million to the Intellectual Property Department to employ and nurture patent examiners



Legal and Dispute Resolution Services

- Seek to implement the use of a common online mediation platform in the GBA

International Cultural Exchange

- Allocate more than **\$150** million to support Hong Kong artists in taking part in performances and productions in the GBA, and to organise the GBA Culture and Arts Festival in 2024
- Inject **\$500** million into the CreateSmart Initiative to support the creative industries





Building Capacity



Talent Resources

- **Finance:** launch a Fintech internship scheme for post-secondary students, and extend the Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector for **3** years



- **Aviation:** increase the first year training places of the GBA Youth Aviation Industry Internship Programme to **450**
- **Maritime:** inject **\$200** million into the Maritime and Aviation Training Fund to support manpower training



- **Innovation and Technology:** additional **\$300** million to provide up to **\$1** million for each publicly funded secondary school to organise IT-related extra curricular activities
- **Construction Industry:** additional **\$100** million to provide on-the-job training allowance to trainees who have enrolled in construction related programmes



Northern Metropolis

- Make preparations for establishing a Northern Metropolis Co-ordination Office, and commence consultation on the development proposals and land use planning of San Tin Technopole



Land and Housing

- **12** residential sites under the 2023/24 Land Sale Programme, railway property development, private development and redevelopment projects as well as the URA's projects to provide about **20 000** units; **3** commercial sites and **3** industrial sites to provide about **200 000** square metres of commercial floor area and **170 000** square metres of industrial floor area respectively
- Secure land for the production of no less than **72 000** private housing units in the coming **5** years
- Public housing: identified sufficient land for the provision of about **360 000** public housing units
- Private housing: completion of private residential units to average over **19 000** units annually in the 5 years from 2023 onwards. The expected first-hand private residential unit supply for the next 3 to 4 years is about **105 000** units

Application of Innovation and Technology in the Construction Industry

- **\$75** million for conducting studies on establishing the Building Testing and Research Institute, constructing an advanced construction industry building, and strengthening the supply chain of Modular Integrated Construction (MiC) modules

Development of the Agriculture and Fisheries Industry

- Work hand in hand with the industry to formulate a blueprint for the sustainable development of agriculture and fisheries



Stamp Duty



- **Current demand-side management measures for residential properties (commonly known as “harsh measures”) remain unchanged**
- Adjust value bands of the ad valorem stamp duty payable for sale and purchase or transfer of residential and non-residential properties (Rates at Scale 2) to ease burden on ordinary families of purchasing their residential properties, particularly small and medium residential units

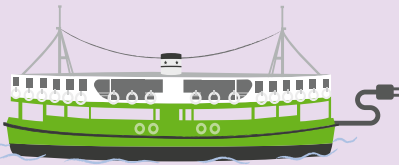


Adjusted value bands of ad valorem stamp duty payable for the sale and purchase or transfer of residential and non-residential properties (Rates at Scale 2) (including marginal relief)

Amount or value of the consideration (whichever is the higher)	Rate
Up to \$3,000,000	\$100
\$3,000,001 to \$3,528,240	\$100 + 10% of the excess over \$3,000,000
\$3,528,241 to \$4,500,000	1.5%
\$4,500,001 to \$4,935,480	\$67,500 + 10% of the excess over \$4,500,000
\$4,935,481 to \$6,000,000	2.25%
\$6,000,001 to \$6,642,860	135,000 + 10% of the excess over \$6,000,000
\$6,642,861 to \$9,000,000	3.00%
\$9,000,001 to \$10,080,000	\$270,000 + 10% of the excess over \$9,000,000
\$10,080,001 to \$20,000,000	3.75%
\$20,000,001 to \$21,739,120	\$750,000 + 10% of the excess over \$20,000,000
\$21,739,121 and above	4.25%

Examples

Value of property	Ad valorem stamp duty payable before adjustment of value bands	Ad valorem stamp duty payable after adjustment of value bands	Difference
\$4,000,000	\$90,000	\$60,000	↓ \$30,000
\$5,000,000	\$150,000	\$112,500	↓ \$37,500
\$6,500,000	\$230,000	\$185,000	↓ \$45,000
\$8,000,000	\$300,000	\$240,000	↓ \$60,000
\$11,000,000	\$412,500	\$412,500	No difference



Green City

- **\$200** million earmarked for commencing trials of hydrogen fuel cell electric double-deck buses and heavy vehicles
- Set aside **\$350** million for subsidising in-harbour ferry operators to construct and test electric ferries and related charging facilities
 - Put in place a 100% guarantee loan scheme for the taxi trade as an incentive to switch to battery electric taxis
 - An additional **\$62** million for food waste collection to cover more premises, and extending the food waste collection trial scheme for public rental housing estates



Youth Development

- Examine the provision of a suitable venue for urban sports enjoyed by youths such as sport climbing and skateboarding
- Launch a pilot project on vocational and professional education and training for secondary school students, and launch the Diploma of Applied Education Programme on a regular basis

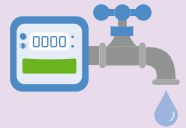


Caring and Inclusion

- Women's development: set aside **\$100** million to strengthen support for women's development
 - Enhance support for pre-school children with special needs: allocate an additional annual recurrent expenditure of about **\$170** million to regularise Tier 1 Support Services
- Regularise certain schemes to support the elderly and carers, involving a recurrent expenditure of more than **\$1.3** billion
- Encourage employment of elderly employees: increase the tax deduction for the Mandatory Provident Fund voluntary contributions made by employers for their employees aged 65 or above, from **100%** to **200%**



- Residential care homes for the elderly and persons with disabilities: provide incentives to encourage the market to provide more quality private residential care homes
- Waive water fee deposit and charge for providing separate water meter installed in eligible subdivided units



Healthcare

- Set aside sufficient financial resources to launch the Chronic Disease Co-Care Pilot Scheme and enhance the Elderly Health Care Voucher Scheme in accordance with the Primary Healthcare Blueprint
- Inject an additional **\$500** million into the Chinese Medicine Development Fund
- Tobacco control: increase the duty on cigarettes by **60** cents per stick, and duty on other tobacco products by the same proportion, with immediate effect



Governing for the People

2023-24

Total government revenue and expenditure

Total government revenue
\$642.4B

The revenue items listed have not included the estimated proceeds from issuance of bonds amounting to \$65 billion in 2023-24



Profits Tax
\$170B

Land Premium
\$85B

Stamp Duties
\$85B

Salaries Tax
\$83B

Investment Income
\$66.4B

Other Revenue
\$153B

Environment and Food
\$46.6B

Economic
\$70.5B

Security
\$66B

Infrastructure
\$88.7B

Health
\$124.8B

Others
(Including Support, Community and External Affairs and Housing)
\$120.7B

Social Welfare
\$129B

Education
\$114.7B

Total government expenditure
\$761B

↑ **3.3%**
Recurrent Expenditure
\$560.2B

Economy



	GDP growth in real terms	Headline inflation	Underlying inflation
2022 performance	-3.5%	1.9%	1.7%
2023 forecast	3.5% to 5.5%	2.9%	2.5%



Public Finance



- **2022/23:** consolidated deficit is forecast to be **\$139.8** billion and fiscal reserves are forecast to be **\$817.3** billion by end March 2023
- **2023/24:** a forecast deficit of **\$54.4** billion
- **2024/25 to 2027/28:** fiscal surplus is forecast with fiscal reserves estimated at **\$983.7** billion by the end of March 2028
- Profits tax and salaries tax rates to remain unchanged this year

- Impose an annual special football betting duty of **\$2.4** billion on the Hong Kong Jockey Club (HKJC) for 5 years starting from 2023/24. HKJC has undertaken not to reduce its commitment to local charities



- Further expand the scope of the Government Green Bond Programme to cover sustainable finance projects, and set up an Infrastructure Bond Scheme to better manage the cash flow needs of major infrastructure projects
- Adhere to the fiscal discipline of keeping expenditure within the limits of revenue. Proceeds from bond issuance will not be used for funding recurrent expenditure

