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RSM Tax Advisory (Hong Kong) Limited

羅申美稅務諮詢有限公司

Welcome to Tax Flash – RSM Tax Advisory (Hong Kong) Limited’s Newsletter
Covering Technical Development in Taxation

HONG KONG BUDGET 2022/23

The Financial Secretary, Mr. Paul Chan, delivered the 2022/23 Budget Speech at the Legislative Council on 23 February 2022.

RELIEF AND MEASURES



PROFITS TAX

One-time relief measure:

- Reducing profits tax for 2021-22 by 100%, subject to a ceiling of HK\$10,000

Recurring relief measures (proposals):

- Offering tax concessions to the eligible family investment management entities managed by single-family offices
- Providing half-tax concession to maritime enterprises
- Introducing a domestic minimum top-up tax to MNE groups with global turnover of at least 750 million euros from 2024-25



SALARIES TAX

One-time relief measure:

- Reducing salaries tax and tax under personal assessment for 2021-22 by 100%, subject to a ceiling of HK\$10,000
- Tax deduction for domestic rental expenses to taxpayers who are not owners of domestic properties starting from 2022-23, subject to a deduction ceiling of \$100,000



PROPERTY TAX / RATES

One-time relief measure:

- Waiver of rates for four quarters of 2022-23, subject to a ceiling of HK\$1,500 per quarter for the first two quarters and HK\$1,000 per quarter for the remaining two quarters for each rateable residential property / HK\$5,000 per quarter for the first two quarters and HK\$2,000 per quarter for the remaining two quarters for each rateable non-domestic property

Recurring relief measures (proposals):

- Only eligible owners who are natural persons can apply for rates concession for one domestic property under their name from 2023-24
- Introduce progressive rating system for domestic properties in 2024-25 (excluding public rental housing)



OTHERS

Measures / Relief:

- Introduce new legislation to prohibit landlords from terminating the tenancy of or not providing services to tenants of specified sectors for failing to settle rents on schedule, or taking relevant legal actions against them, with the legislation automatically lapsing after six months
- Issue electronic consumption vouchers in instalments with a total value of HK\$10,000 to each eligible Hong Kong permanent resident and new arrival aged 18 or above
- Launch of Export Credit Guarantee Programme on a pilot basis
- Waiver of business registration fees for 2022-23

Profits Tax

Comparison Table on Profits Tax Reduction & Profits Tax Rate

	2020/21	2021/22	2022/23
One-off Reduction	Reduce 2020/21 tax by 100% ceiling @ HK\$10,000	Reduce 2021/22 tax by 100% ceiling @ HK\$10,000	To be announced in 2023/24 Budget next year (if any)
Tax Rate - Corporations - Unincorporated Businesses	16.5% or 8.25% on first HK\$2 million; 16.5% on the balance* 15% or 7.5% on first HK\$2 million; 15% on the balance* *subject to requirement for connected entities, etc.		

Salaries Tax

Comparison Tables on Salaries Tax Reduction & Salaries Tax Rate

	2020/21	2021/22
One-off Reduction	Reduce 2020/21 tax by 100% ceiling @ HK\$10,000	Reduce 2021/22 tax by 100% ceiling @ HK\$10,000
Tax Rate	2021/22	2022/23
1 st HK\$50,000	2%	2%
2 nd HK\$50,000	6%	6%
3 rd HK\$50,000	10%	10%
4 th HK\$50,000	14%	14%
Balance	17%	17%
The total tax payable is limited to 15% on net assessable income (before deduction of personal allowances).		

Comparison Tables on the Personal Allowances on Salaries Tax & Deductions on Salaries Tax

Personal Allowances	2021/22	2022/23
Basic (Single Person)	HK\$132,000	HK\$132,000
Married Person	HK\$264,000	HK\$264,000
Single Parent	HK\$132,000	HK\$132,000
Disabled	HK\$75,000	HK\$75,000
Child (1 st – 9 th child)		
Year of Birth	HK\$240,000 each	HK\$240,000 each
Other Years	HK\$120,000 each	HK\$120,000 each
Dependent Parent/Grandparent 60+		
Residing Together	HK\$100,000 each	HK\$100,000 each
Not Residing Together	HK\$50,000 each	HK\$50,000 each
Dependent Parent/Grandparent 55-59		
Residing Together	HK\$50,000 each	HK\$50,000 each
Not Residing Together	HK\$25,000 each	HK\$25,000 each
Disable Dependent	HK\$75,000 each	HK\$75,000 each
Dependent Brother / Sister	HK\$37,500 each	HK\$37,500 each
Deductions	2021/22	2022/23
Expenses of Self-education	HK\$100,000	HK\$100,000
MPF Contribution	HK\$18,000	HK\$18,000
Home Loan Interest	HK\$100,000; 20 Years	HK\$100,000; 20 Years
Elderly Residential Care Expenses	HK\$100,000	HK\$100,000
Approved Charitable Donations	35% of income	35% of income
Qualifying Premiums Paid under Voluntary Health Insurance Scheme Policy	Max HK\$8,000 per insured person	Max HK\$8,000 per insured person
Qualifying Annuity Premiums and MPF Voluntary Contributions	HK\$60,000	HK\$60,000

Rating System for Domestic Properties (excluding public rental housing)

Comparison Table on Rating System

Tax Rate	Current	2024/25 (proposed)
Flat rate	5% of rateable value	N/A
Progressive rates		
Annual rateable value:	N/A	
First HK\$550,000		5%
Next HK\$250,000		8%
Balance		12%

RSM Tax Advisory (Hong Kong) Limited

RSM Hong Kong's dedicated and experienced tax specialists can:

- Advise on tax efficient holding and operational structures for new cross-border investment, including the formation of Hong Kong and Chinese business entities
- Review existing cross-border investment structures, advise on identified deficiencies, quantify any potential exposure from such deficiencies, and further advise on restructuring approach and procedures
- Assist clients to discuss and clarify matters with tax officials, including transfer pricing and advance rulings
- Act as client representative in tax audits and tax investigations
- Provide transaction support services on mergers and acquisitions, including tax due diligence, deal structure advice, tax health checks, related human resources arrangements and other tax compliance and consultation services
- Advise on human resources and structuring employment arrangements in a tax-efficient manner
- Advise on tax equalization schemes
- Provide tax compliance services for individual and corporate clients in Hong Kong and China

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