

Hong Kong 2018-19 Tax facts

Salaries Tax

Charged on Hong Kong sourced remuneration inclusive of certain benefits in kind. Housing benefit is one source of relief, and is subject to preferential tax treatment, generally at an equivalent rate of 10% of an employee's non-housing remuneration.

Other forms of relief include:

- ▶ "60 days exemption" rule for both Hong Kong and foreign employment
- ▶ "Days-in-days-out" calculation rule for foreign employment

Tax rates and allowances

The tax charge is the lower of:

- a) the standard rate of 15% applying to net chargeable income before personal allowances
- b) the progressive rates applying to net chargeable income

Progressive rates	2018-19	Progressive rates	2017-18
First HK\$50,000 at	2%	First HK\$45,000 at	2%
Next HK\$50,000 at	6%	Next HK\$45,000 at	7%
Next HK\$50,000 at	10%	Next HK\$45,000 at	12%
Next HK\$50,000 at	14%	On the remainder at	17%
On the remainder at	17%		

Personal allowances	2018-19 HK\$	2017-18 HK\$
Basic allowance	132,000	132,000
Married person's allowance*	264,000	264,000
Child allowance (each)		
1st to 9th child		
▶ Year of birth	240,000	200,000
▶ Other years	120,000	100,000
Dependent parent or grandparent allowance (each)		
Aged 60 and above		
▶ Residing with taxpayer	100,000	92,000
▶ Not residing with taxpayer	50,000	46,000
Aged 55 to 59		
▶ Residing with taxpayer	50,000	46,000
▶ Not residing with taxpayer	25,000	23,000
Dependent brother or sister allowance (each)	37,500	37,500
Single parent allowance	132,000	132,000
Personal disability allowance	75,000	-
Disabled dependent allowance (each)	75,000	75,000

* Granted to a married person whose spouse does not have any assessable income; or to a person who, together with his or her spouse, have elected joint assessment.

Self-education expenses and concessionary deductions – maximum limits	2018-19 HK\$	2017-18 HK\$
Self-education expenses	100,000	100,000
Elderly residential care expenses	100,000	92,000
Home loan interest*	100,000	100,000
Mandatory contributions to recognized retirement schemes	18,000	18,000
Approved charitable donations	35% of assessable income	35% of assessable income

* 20 years of relief in total

Profits Tax

- ▶ **Tax basis:**
Accounting profits, subject to specific adjustments under the tax code
- ▶ **Tax rates:**
Corporations - 16.5%*
Unincorporated businesses - 15%*
* Under the Inland Revenue (Amendment) (No. 7) Bill 2017, commencing from the year of assessment 2018-19, the tax rates for the first HK\$2 million of profits of corporations and unincorporated businesses will be reduced by half, and the remainder of profits will continue to be taxed at the normal applicable rates as shown above.
However, "connected entities" can only among themselves elect one entity to be eligible for the lower-tiered profits tax rates regime for a year of assessment.
- ▶ **Losses:**
Carried forward indefinitely subject to restrictions under the anti-avoidance rules
- ▶ **Capital gains:**
Not taxable
- ▶ **Dividends:**
Not taxable. No withholding tax on payment
- ▶ **Approved charitable donations:**
Tax deductible up to 35% of assessable profits
- ▶ **Royalties to non-residents:**

Payments to Relationship	Effective withholding rates*	
	Corporations	Non-corporations
Non-associates	4.95%	4.5%
Associates (in certain circumstances)	16.5%	15%

* May be reduced under the terms of an applicable avoidance of double taxation agreement/arrangement.

Stamp Duty

- ▶ **Share transfers:** 0.2%
- ▶ **Land transfers:**

HK\$	Scale 1 duty rates ^{1,2}	Scale 2 duty rates ^{1,3}	Flat rate ⁴
Up to 2m	1.5%	HK\$100	15%
2m - 3m	3.0%	1.50%	
3m - 4m	4.5%	2.25%	
4m - 6m	6.0%	3.00%	
6m - 20m	7.5%	3.75%	
Over 20m	8.5%	4.25%	

¹ Subject to marginal relief.

² Subject to note 3 below, the rates are applicable to agreements in respect of non-residential properties executed on or after 23 February 2013 and agreements in respect of residential properties executed between 23 February 2013 and 4 November 2016.

³ Applicable to a Hong Kong Permanent Resident who does not own any other residential property in Hong Kong at the time of acquiring a residential property and certain other limited circumstances.

⁴ Subject to note 3 above, the flat rate of 15% is applicable to sale and purchase or transfer agreements in respect of residential properties executed on or after 5 November 2016.

On top of the rates listed above, transfers of residential properties which are acquired on or after 27 October 2012 within three years will be subject to an additional Special Stamp Duty at rates ranging from 10% to 20%.

In addition, residential properties acquired by any person, except a Hong Kong Permanent Resident on or after 27 October 2012, will be subject to an additional Buyer's Stamp Duty at a flat rate of 15%.

- ▶ **Share and land transfers - intra group (≥90% shareholding):**
Exempt

Property Tax

Charged at the standard rate of 15% on 80% of the rent receivable on non-corporate owners of real estate in Hong Kong. Corporate lessors of real properties are subject to Profits Tax.

Estate Duty

No estate duty is charged in Hong Kong for the estates of those who die on or after 11 February 2006.

Other duties and fees

Air Passenger Departure Tax: HK\$120 (passenger under age 12 exempt)

Betting Duty:

- ▶ Various rates on horse races (on gross profits)
- ▶ 25% on lotteries (on turnover)
- ▶ 50% on football betting (on gross profits)

Business Registration Fee:

- ▶ 1-year certificate plus levy HK\$2,250
- ▶ 3-year certificate plus levy HK\$5,950

Capital Duty:

Abolished since 1 June 2012.

Hotel Accommodation Tax: 0%

Duties:

Various rates on alcohol, tobacco and hydrocarbons

Motor Vehicle First Registration Tax:

Marginal tax rates of up to 115% on taxable values for private cars and other vehicles

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