



ASIA TAX

# 2022/23 Hong Kong Budget Highlight

Despite the widespread COVID-19 pandemic, the Financial Secretary announced the 2022/23 Hong Kong Budget (the “Budget”) on 23 February 2022. The Budget is focused on maintaining people’s confidence and stabilising the Hong Kong economy. In particular, several tax concessions were proposed in the Budget for both corporates and individuals.

## Key Tax measures (Corporates)



### Hong Kong Profits Tax

- **Two-tier tax rate regime** – Standard Profits tax rate at 16.5 percent, with first HK\$2 million of assessable profits at 8.25 percent; only one entity within a group can benefit from the reduced rate.
- **One-off reduction** – One-off reduction of 100 percent Profits Tax payable for the year of assessment 2021/22, subject to a ceiling of HK\$10,000.
- **BEPS 2.0 implementation of global minimum effective tax rate** – To safeguard Hong Kong’s taxing rights, the Hong Kong government is considering introducing a domestic minimum top-up tax which targets large multinational enterprise (“MNE”) starting from the year of assessment 2024/25. This measure is to ensure that the effective tax rates of MNEs reach the global minimum effective tax rate of 15 percent.
- **Tax concessions for family office** – To enhance the attractiveness of Hong Kong as a hub for family offices, the Hong Kong government is considering providing tax concessions to eligible family investment management entities, which are managed by single-family offices starting from the year of assessment 2022/23.

### Rates and Administration

- **Business registration fees** – Waive business registration fees for the year of assessment 2022/23.
- **Rates concession** – Rates concession for each non-domestic property for the four quarters of the year of assessment 2022/23, subject to a ceiling of HK\$5,000 per quarter for the first two quarters and HK\$2,000 per quarter for the remaining two quarters.

## Key Tax measures (Individuals)



### Hong Kong Salaries Tax

- **One-off reduction** – One-off reduction of 100 percent Salaries Tax payable and tax payable under personal assessment for the year of assessment 2021/22, subject to a ceiling of HK\$10,000.
- **Tax deduction for domestic rental expenses** – Tax deduction for eligible domestic rental expenses for taxpayers liable to Salaries Tax and tax under personal assessment who are not owners of domestic properties, subject to an annual ceiling of HK\$100,000.

### Rates and Administration

- **Rates concession** – Rates concession for each domestic property for the four quarters of the year of assessment 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 ratable property.

## How can we help?

For questions regarding the new measures on the Budget, please feel free to contact us and we would be happy to discuss and provide further assistance. A&M has local experts who have expertise in working with clients in various industries and sizes to ensure they are benefiting from these new measures.



For more information and assistance, please contact:



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