

2022/23 Budget Highlights



Economic indicators

	2021	2022 Forecast	2023 to 2026 Medium range forecast
Increase/(decrease) in real GDP	6.4%	2% to 3.5%	Average 3% per annum
Underlying inflation rate	0.6%	2%	Average 2.5% per annum

Consolidated budget forecast

2021/22 Original forecast	2021/22 Revised forecast	2022/23 Forecast	2026/27 Forecast
Deficit of HK\$101.6 billion	Surplus of HK\$18.9 billion consisting of: <ul style="list-style-type: none"> • HK\$73.6 billion deficit on operating account • HK\$57.4 billion surplus on capital account • HK\$35.1 billion of net proceeds from the Government Green Bond Programme 	Deficit of HK\$56.3 billion consisting of: <ul style="list-style-type: none"> • HK\$125.6 billion deficit on operating account • HK\$34.2 billion surplus on capital account • HK\$35.1 billion of net proceeds from the Government Green Bond Programme 	Surplus of HK\$30.3 billion consisting of: <ul style="list-style-type: none"> • HK\$33.7 billion surplus on operating account • HK\$26.4 billion surplus on capital account • HK\$29.8 billion of repayment of bonds and notes

By the end of 2026/27, the government projects fiscal reserves of approximately HK\$1,064.6 billion (equivalent to 16 months of government expenditure).

Operating expenditure forecast

2021/22	2022/23	2026/27
HK\$593.1 billion	HK\$682.5 billion	HK\$654.1 billion

Total public expenditure is 28.4% of GDP for 2022/23, and will be kept at around 24.9% of the GDP during the five-year period up to 2026/27. The figures for operating expenditure for 2023/24 and beyond represent the forecast operating expenditure requirements for the HKSAR Government.

Profits tax

- The two-tiered profits tax rates for companies (8.25%/16.5%) and unincorporated businesses (7.5%/15%) remain unchanged.
- Propose tax concessions for eligible family investment management entities managed by single-family offices.
- Propose an 8.25% tax concession to attract more maritime enterprises to establish a presence in Hong Kong.
- Following the OECD's work in the international tax area regarding base erosion and profit shifting (i.e. BEPS 2.0), continue discussions with impacted large multinational groups on Hong Kong's implementation of BEPS 2.0 to ensure Hong Kong's tax regime is in line with international consensus while retaining the renowned simplicity, certainty and transparency of the territorial tax regime.

Salaries tax

- No change in the standard tax rate.
- No change in the progressive tax rates and the marginal tax bands.
- No change in the amounts of various personal allowances.



- Propose a tax deduction for eligible domestic rental expenses from 2022/23 for taxpayers liable to salaries tax or tax charged under personal assessment who do not own any domestic property, subject to an annual ceiling of HK\$100,000.

Stamp duty

- Propose to waive stamp duty paid by market makers on stock transfers aimed to bolster the liquidity of RMB-denominated stocks.

Proposed one-off measures

- Waive 100% of profits tax for 2021/22, subject to a ceiling of HK\$10,000.
- Waive 100% of salaries tax and tax under personal assessment for 2021/22, subject to a ceiling of HK\$10,000.
- Waive rates for non-domestic properties for the four quarters of 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 for each rateable non-domestic property.
- Waive rates for domestic properties for the 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 property.
- Waive the business registration fees for 2022/23.
- Issue electronic consumption vouchers of HK\$10,000 by instalment to each eligible Hong Kong permanent resident and new arrival aged 18 or above.
- Grant each eligible residential electricity account a subsidy of HK\$1,000.
- Provide one half of a month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance and Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance.
- Pay the examination fees for school candidates sitting for the 2023 Hong Kong Diploma of Secondary Education Examination.
- Lower the threshold for Public Transport Fare Subsidy Scheme from HK\$400 to HK\$200 from May to October 2022 and provide a subsidy amounting to one-third of commuters' actual monthly public transport expenses in excess of HK\$200, subject to a ceiling of HK\$500 per month.

Other key proposals

- Launch export financing scheme to help small and medium-sized exporters.
- Lower the minimum loan size from HK\$200 million to HK\$100 million for applicants for subsidies for covering external review costs under the Green and Sustainable Finance Grant Scheme.
- Earmark funds for various schemes aiming to support financial technology and arts, culture and tourism
- Extend the application of 100% guarantee low-interest loan for enterprises to the end of June 2023, increase the maximum loan amount to 27 months of employee wages and rents with the loan ceiling raised to HK\$9 million, extend the maximum repayment period to 10 years and offer the option of making partial repayment of principal over a longer period of time.
- Extend the application period of 100% personal loan guarantee for individuals to the end of April 2023, raise maximum loan amount to nine times of the applicant's average monthly income during employment, raise the ceiling to HK\$100,000, and extend the maximum repayment period to 10 years and moratorium on principal repayment to 18 months.
- Allocate HK\$6.6 billion under the Anti-Epidemic Fund to create around 30,000 jobs.
- Earmark HK\$10 billion to provide comprehensive support on life and health technology.
- Earmark HK\$600 million to upgrade the government's technology application to improve public service.
- Earmark HK\$85 million to enhance Hong Kong's intellectual property regime.
- Increase funding allocated to Hong Kong Growth Portfolio under the Future Fund by HK\$10 billion to further foster Innovation and Technology.





- Allocate HK\$135 million to the Hong Kong Trade Development Council for the introduction of the Support Scheme for Pursuing Development in the Mainland to facilitate Hong Kong people and entrepreneurs in seizing opportunities in the Mainland.
- Earmark HK\$100 billion from the cumulative return of the Future Fund to expedite the infrastructure within the Northern Metropolis.
- Earmark funds to support training and education to professionals in a variety of industries.
- Increase the cap under Mortgage Insurance Programme to aid first time home buyers and families seeking self-occupied “flat for flat”.
- Earmark HK\$200 million into the Green Tech Fund to promote decarbonisation and enhancing environmental protection.
- Earmark HK\$1.5 billion to extend the scheme for EV-charging at Home Subsidy Scheme.
- Earmark HK\$20 billion on sports and recreational facilities to foster a healthy lifestyle.
- The 2022/23 Land Sale Programme will include 13 residential sites and 4 commercial sites.

