

2024/25 Budget highlights



Economic indicators

	2023	2024 Forecast	2025 to 2028 Medium range forecast
Increase/(decrease) in real GDP	3.2%	2.5% to 3.5%	Average 3.2% per annum
Underlying inflation rate	1.7%	1.7%	Average 2.5% per annum

Consolidated budget forecast

2023/24 Original forecast	2023/24 Revised forecast	2024/25 Forecast	2028/29 Forecast
Deficit of HKD54.4 billion	Deficit of HKD101.6 billion consisting of: <ul style="list-style-type: none"> • HKD92.3 billion deficit on operating account • HKD81 billion deficit on capital account • HKD72.5 billion of proceeds from issuance of government bonds • HKD0.8 billion of repayment of bonds and notes 	Deficit of HKD48.1 billion consisting of: <ul style="list-style-type: none"> • HKD33.1 billion deficit on operating account • HKD110.8 billion deficit on capital account • HKD120 billion of proceeds from issuance of government bonds • HKD24.2 billion of repayment of bonds and notes 	Surplus of HKD65.2 billion consisting of: <ul style="list-style-type: none"> • HKD55.7 billion surplus on operating account • HKD22.4 billion surplus on capital account • HKD95 billion of proceeds from issuance of government bonds • HKD107.9 billion of repayment of bonds and notes

By the end of 2028/29, the government projects fiscal reserves of approximately HKD832.2 billion (equivalent to 12 months of government expenditure).

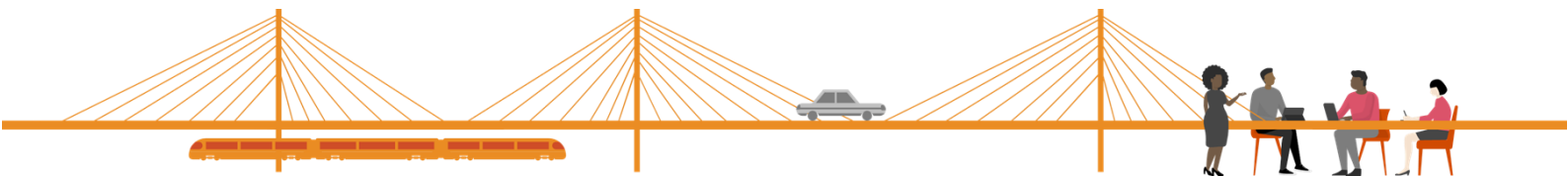
Operating expenditure forecast

2023/24	2024/25	2028/29
HKD606.3 billion	HKD613.8 billion	HKD676.7 billion

Total public expenditure is 26.3% of GDP for 2024/25, and will be kept at around 24.6% of the GDP during the five-year period up to 2027/28. The figures for operating expenditure for 2025/26 and beyond represent the forecast operating expenditure requirements for the HKSAR Government.

Profits tax

- The two-tiered profits tax rates for corporations (8.25%/16.5%) and unincorporated businesses (7.5%/15%) remain unchanged.
- Propose to grant tax deduction for expenses incurred in reinstating the condition of leased premises to their original condition from the year of assessment 2024/25.
- Propose to remove the time limit for claiming industrial building and commercial building allowances from the year of assessment 2024/25.
- Continue to take forward the implementation of the 15% global minimum tax and Hong Kong minimum top-up tax on large multinational enterprise groups under the Organisation for Economic Co-operation and Development's proposal to address base erosion and profit shifting, starting from 2025. The consultation is currently in progress and a legislative proposal is expected to be submitted to the Legislative Council in the second half of 2024.
- Introduce legislative proposal to implement the 'patent box' tax incentive with a reduced profits tax rate of 5%.
- Propose to further enhance the preferential tax regimes for related funds, single family offices and carried interest.



Salaries tax

- Propose a two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the year of assessment 2024/25: First HKD5,000,000 to be taxed at 15% and the remainder at 16%. Taxpayers taxed at progressive rates will not be affected.
- No change in the progressive tax rates and the marginal tax bands.

Stamp duty

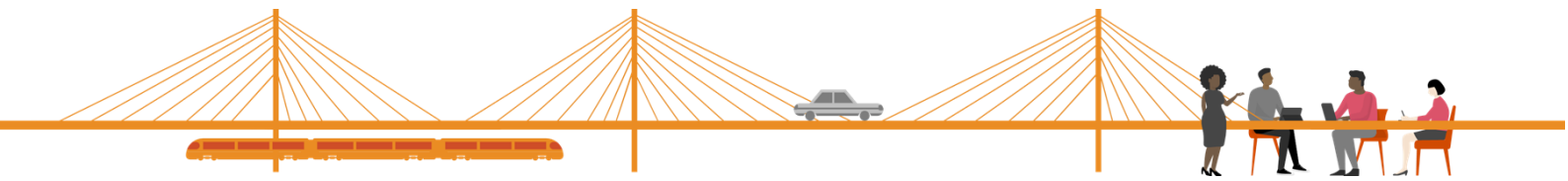
- Cancel all demand-side management measures for residential properties, i.e. no Special Stamp Duty, Buyer's Stamp Duty or New Residential Stamp Duty needs to be paid for any residential property transactions with immediate effect.
- Stamp duties payable on the transfer of real estate investment trust units and the jobbing business of option market-makers will be waived.

Proposed one-off measures

- Waive 100% of profits tax for 2023/24, subject to a ceiling of HKD3,000.
- Waive 100% of salaries tax and tax under personal assessment for 2023/24, subject to a ceiling of HKD3,000.
- Provide rates concession for non-domestic properties for the first quarter of 2024/25, subject to a ceiling of HKD1,000 for each rateable property.
- Provide rates concession for domestic properties for the first quarter of 2024/25, subject to a ceiling of HKD1,000 for each rateable property.
- Waive business registration levy payable to the Protection of Wages on Insolvency Fund of HKD150 for two years.
- Provide an allowance to eligible social security recipients equal to one half of a month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance.

Other key proposals

- Increase business registration fee by HKD200 to HKD2,200 per annum from 1 April 2024.
- Aim to implement the progressive rating system which will affect domestic properties with rateable value over HKD550,000, with effect from the fourth quarter of 2024/25 onwards.
- Resume the collection of the Hotel Accommodation Tax at a rate of 3% starting from 1 January 2025.
- Inject an additional HKD500 million into Branding, Upgrading and Domestic Sales Fund to help SMEs boost their competitiveness and tap into Mainland and overseas market.
- Set aside HKD6 billion out of the HKD10 billion earmarked to promote the development of life and health technology for providing subsidies for local universities to collaborate with Mainland and overseas organisations to set up technology research institutes.
- Set aside HKD2 billion out of the HKD10 billion earmarked to support the InnoHK research clusters for establishing presence in the Lok Ma Chau Loop.
- Set aside HKD200 million to assist startups in life and health technology through incubation programmes.
- Increase the duty on cigarettes by 80 cents per stick, with immediate effect.
- Allocate HKD3 billion to Frontier Technology Research Infrastructure Support Scheme.
- Allocate HKD100 million under the Social Innovation and Entrepreneurship Development Fund to provide, in the next three years, elderly people aged 60 or above with digital training courses and technical support.
- Allocate HKD3 billion to Cyberport to launch a three-year Artificial Intelligence Subsidy Scheme to support local universities, research institutes and enterprises to achieve scientific breakthroughs and strengthen cyber security and data protection to encourage Mainland and overseas AI experts, enterprises and R&D projects to come to Hong Kong.
- Allocate HKD10 billion New Industrial Acceleration Scheme to support life and health technology, AI and data science, advanced manufacturing and new energy technology with funding support of up to HKD200 million on a matching basis.
- Earmark HKD100 million for boosting mega-event promotions over the next three years.



- Allocate HKD1,095 million to support the Tourism Commission and the Hong Kong Tourism Board to boost tourism in Hong Kong.
- Earmark HKD100 million to promote the sustainable development of financial services, including green and sustainable finance, fintech, asset and wealth management, headquarters business, and risk management etc.
- Set aside HKD45 million to support the Hong Kong Productivity Council in establishing and operating a World Intellectual Property Organisation Technology and Innovation Support Centre.
- Inject about HKD1.4 billion and HKD2.9 billion into the Film Development Fund and the CreateSmart Initiative respectively to support projects in various areas such as film, arts and design.
- Allocate additional funding of HKD134 million for the provision of subsidies of up to HKD300,000 for each publicly funded primary school in the next two academic years.
- Allocate an additional funding of about HKD12 million over the next three years to prepare for the introduction of regulatory arrangements for local patent agent services.
- Set aside HKD680 million to support the Vocational Training Council's various industry-institution collaboration and diversified development to enhance vocational and professional education and training.
- Set aside a start-up fund of HKD100 million to support self-financing, post-secondary institutions to promote and enhance vocational and professional education and training.
- Allocate HKD65 million to incentivise Hong Kong-registered ships that have attained a high rating under international standards of decarbonisation.
- Allocate HKD300 million to launch a business version of 'iAM Smart' to facilitate the digital identity of enterprises.
- Allocate funding of about HKD130 million from the Community Care Fund to implement a three-year pilot scheme starting from the third quarter of 2024 to provide an additional subsidy of HKD500 per month per employed disabled recipient of Comprehensive Social Security Assistance Scheme as an incentive for employment.
- The 2024/25 Land Sale Programme will include eight residential sites, two commercial sites and one industrial site.