

2026/27 Budget highlights

Economic indicators

	2025	2026 Forecast	2027 to 2030 Medium range forecast
Increase in real GDP	3.5%	2.5% to 3.5%	Average 3% per annum
Underlying inflation rate	1.1%	1.7%	Average 2% per annum

Consolidated budget forecast

2025/26 Original forecast	2025/26 Revised forecast	2026/27 Forecast	2030/31 Forecast
Deficit of HK\$67 billion	Surplus of HK\$2.9 billion consisting of: <ul style="list-style-type: none"> HK\$51.3 billion surplus on operating account HK\$151.7 billion deficit on capital account HK\$155 billion of proceeds from issuance of government bonds HK\$51.7 billion of repayment of government bonds 	Surplus of HK\$22.1 billion consisting of: <ul style="list-style-type: none"> HK\$11.9 billion surplus on operating account HK\$90.1 billion deficit on capital account HK\$160 billion of proceeds from issuance of government bonds HK\$59.7 billion of repayment of government bonds 	Surplus of HK\$18.4 billion consisting of: <ul style="list-style-type: none"> HK\$68.8 billion surplus on operating account HK\$107.3 billion deficit on capital account HK\$190 billion of proceeds from issuance of government bonds HK\$133.1 billion of repayment of government bonds

By the end of 2030/31, the government projects fiscal reserves of approximately HK\$733.7 billion (equivalent to 10 months of government expenditure).

Operating expenditure forecast

2025/26	2026/27	2030/31
HK\$602 billion	HK\$640.2 billion	HK\$698.4 billion

Total public expenditure is 25.9% of GDP for 2026/27, and will be kept at around 24.6% of the GDP during the five-year period up to 2030/31.

Profits tax

- The two-tiered profits tax rates for corporations (8.25%/16.5%) and unincorporated businesses (7.5%/15%) remain unchanged.
- Enhance tax regime for single family offices and funds, including expanding the scope of 'fund' to cover specific funds-of-one, as well as classifying digital assets, precious metals, specified commodities, etc. as qualifying investments eligible for tax concessions, with the expectation of introducing the amendment bill in the first half of 2026, with a view to effecting the implementation from the year of assessment 2025/26.
- Strengthen the role of Hong Kong as a key base for the establishment of Corporate Treasury Centres (CTCs) with the expectation to announce a series of enhancement measures during mid-2026, including providing additional tax incentives and flexibility to CTCs and their associated companies, and introducing a pre-approval mechanism.
- Formulate preferential policy packages to attract enterprises and investments, including land grant arrangements, financial subsidies and tax incentives offering preferential tax rates of half-rate or 5%, with the expectation to introduce the amendment bill during 2026.
- Enhance tax concession measures for the maritime service industry and provide a half-rate tax concession to eligible commodities traders, with the expectation of introducing the amendment bill in the first half of 2026.

- Continue the consultation on tax deduction arrangements for capital expenditure on purchasing intellectual property (IP) or the rights to use IP, with the expectation of introducing the amendment bill in 2026.
- Review and enhance tax arrangements for research and development (R&D) expenditures.
- Explore offering tax incentives for eligible institutions conducting gold trading and settlement in Hong Kong.

Salaries tax

- No change in the two-tiered standard rates regime for salaries tax and tax under personal assessment: First HK\$5 million to be taxed at 15% and the remainder at 16%.
- No change in the progressive tax rates and the marginal tax bands.
- Propose to increase the basic allowance and single parent allowance from HK\$132,000 to HK\$145,000 starting from the year of assessment 2026/27.
- Propose to increase the married person's allowance from HK\$264,000 to HK\$290,000 starting from the year of assessment 2026/27.
- Propose to increase the child allowance and additional child allowance from HK\$130,000 to HK\$140,000 starting from the year of assessment 2026/27.
- Propose to increase the dependent parent/grandparent allowance and additional allowance (aged 60 or above) from HK\$50,000 to HK\$55,000 starting from the year of assessment 2026/27.
- Propose to increase the dependent parent/grandparent allowance and additional allowance (aged between 55 to 59) from HK\$25,000 to HK\$27,500 starting from the year of assessment 2026/27.
- Propose to increase the deduction ceiling for elderly residential care expenses from HK\$100,000 to HK\$110,000 starting from the year of assessment 2026/27.

Stamp duty

- Adjust the rates of stamp duty on residential properties valued over HK\$100 million from 4.25% to 6.5%, with retrospective effect from 26 February 2026.
- Provide a stamp duty waiver for the transfer of non-residential properties into REITs seeking to list, with the expectation of introducing the amendment bill in the first half of 2027.
- Relax the criteria for stamp duty relief in relation to the intra-group transfer of assets by expanding the scope of eligible associated bodies corporate. The amendment bill is expected to be introduced this year and will apply retrospectively to instruments signed from 25 February 2026.

Proposed one-off measures

- Waive 100% of profits tax for 2025/26, subject to a ceiling of HK\$3,000.
- Waive 100% of salaries tax and tax under personal assessment for 2025/26, subject to a ceiling of HK\$3,000.
- Provide rates concession for domestic and non-domestic properties for the first 2 quarters of 2026/27, subject to a ceiling of HK\$500 per quarter.
- Provide extra 1 month allowance of 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

- Establish an Advisory Committee on Tax Policy chaired by the Financial Secretary to solicit views from stakeholders to ensure Hong Kong's tax policy better supports economic development.
- Allocate HK\$50 million to enhance AI literacy.
- Seek approval from the Legislative Council to inject a funding of HK\$10 billion to the park company of the Hetao Hong Kong Park to accelerate the development of the Park.
- Promote the development of the real estate investment trusts (REIT) market by introducing an amendment bill this year to enable the privatisation or restructuring of REITs.
- Establish a digital asset platform this year to support the issuance and settlement of digital bonds, with gradual extension to other digital assets and linked with other tokenisation platforms in the region.
- Earmark HK\$10 billion for providing loans to support the Northern Metropolis University Town's campus development.

- Inject HK\$1.2 billion into the sports portion of the Arts and Sport Development Fund to further promote sports development.
- Inject an initial capital of HK\$10 billion to support the Hung Shui Kiu Industry Park Company Limited's initial operation and development needs.
- Earmark HK\$3 billion to the Development Bureau for conducting a comprehensive review of the Operation Building Bright 2.0, to support the follow-up and related work after the Tai Po fire.
- Inject HK\$1 billion into the Construction Innovation and Technology (I&T) Fund to promote I&T's industry-wide application
- The 2026/27 Land Sale Programme will comprise 9 residential sites, and there will also be railway property development projects, projects undertaken by the Urban Renewal Authority as well as private development and redevelopment projects.