

Hong Kong Budget 2021/2022 Key measures Summary



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Key measures summary

The Financial Secretary of the Hong Kong Special Administrative Region Government, Mr Paul Chan released the 2021-22 Budget on 24 February 2021. A deficit of \$257.6 billion for 2020/21 is expected and fiscal reserves to reach \$902.7 billion by 31 March 2021. Kenneth Chau & Co. summarized the major measures in the Budget as below:

Support Enterprises



- Extend the application period of 100% guarantee low-interest loan for enterprises to the end of this year, raise loan ceiling to \$6 million, extend repayment period and duration of principal moratorium
- Reduce profits tax for 2020-21 assessment year by 100%, subject to a \$10,000 ceiling
- Provide rates concession for non-domestic properties in 2021-22, subject to a ceiling of \$5,000 per quarter in first two quarters and \$2,000 per quarter in remaining two quarters
- Waive business registration fees for 2021-22
- Continue to waive 75% of water and sewage charges of non-domestic households for 8 months, subject to a monthly ceiling of \$20,000 and \$12,500 respectively
- Continue to grant 75% rental/fee concession for eligible Government properties/short-term tenancies and waivers for 6 months (100% concession for those closed at the Government's request)

Relieve People's Hardship



- Set Up a Special 100% Loan Guarantee for Individuals
- Reduce salaries tax and tax under personal assessment for 2020-21 assessment year by 100%, subject to a \$10,000 ceiling
- Provide rates concession for domestic properties in 2021-22, subject to a ceiling of \$1,500 per quarter in first two quarters and \$1,000 per quarter in remaining two quarters

Revive the Economy



- Electronic Consumption Vouchers
- Issue \$5,000 electronic consumption vouchers in instalments to each eligible Hong Kong permanent resident and new arrival aged 18 or above to facilitate and stimulate local consumption

Support Tourism



- Earmark \$169 million to continue to take forward local cultural, heritage and creative tourism projects
- Earmark \$765 million to support Hong Kong Tourism Board (HKTB) in reviving the tourism industry

Financial Services



- Review tax arrangements relevant to family office business

Relieve Traffic Congestion

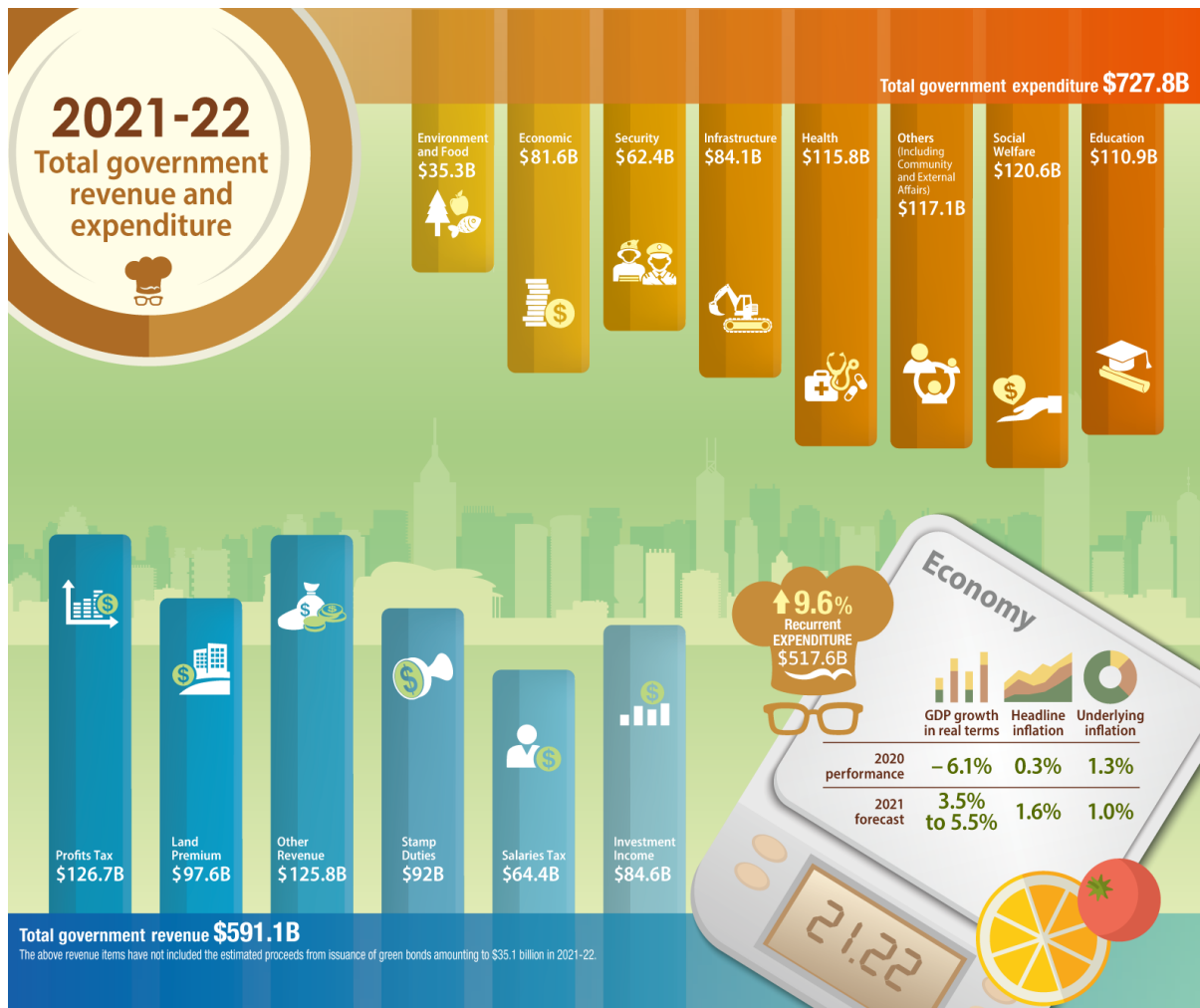


- Increase the rate of each tax band for the first registration tax for private cars (including electric private cars) by 15% and the vehicle licence fee by 30%

Public Finance



In view of the estimated deficit of \$101.6 billion in 2021-22 financial year, equivalent to 3.6% of GDP, mainly due to counter-cyclical fiscal measures and continued increase in recurrent expenditure. The public finance information can be found from the below diagram (source from Hong Kong Budget website):



Hence, the Budget is included paragraphs about increasing of revenue:

Increase Revenue

- Raise the rate of Stamp Duty on Stock Transfers, from the current 0.1% to 0.13% of the consideration or value of each transaction payable by buyers and sellers respectively
- Not the appropriate time to revise rates of profits tax and salaries tax. Government to continue reviewing and make adjustments at a suitable time
- Not the appropriate time to introduce new taxes. Government will carry out related research and make preparation for discussion and consensus-building at a suitable time

Further details



For the sources of above and for more details of the Budget and tax related measures, please visit:

<https://www.budget.gov.hk/2021>

<https://www.ird.gov.hk>

<https://www.investhk.gov.hk>

Please contact Kenneth Chau & Co. team for any questions about Hong Kong Budget 2021/2022.

Contact us: info@kennethchaucpa.com

About Kenneth Chau & Co.

Kenneth Chau & Co, based in Hong Kong since 1960, have built reputation and professional expertise through a team of Certified Public Accountants and Certified Tax Advisers. Our professional team combines many years of expertise in the areas of Audit, Taxation, and Corporate Secretarial & Advisory services.

Kenneth Chau & Co. is a member firm of MGI Worldwide.

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