



Mobility: Tax alert

February 2023

Hong Kong

2023/24 Budget Proposal

Executive summary

On 22 February 2023, the Financial Secretary of the Hong Kong Special Administrative Region delivered the Budget Proposal for the Hong Kong tax year beginning 1 April 2023 (2023/24).

The proposals in this budget continue to be aimed at lessening the tax burden of taxpayers, and include a one-off reduction of salaries tax for 2022/23 and increases to the basic child allowance and the additional child allowance for 2023/24.

It should be noted the budget measures are proposals only, and will not become law until they are approved by the Hong Kong Legislative Council. Once approved, the provisions will apply to the 2023/24 tax year.

One-off tax reduction

A one-off reduction of 100% of the salaries tax and tax under personal assessment has been proposed for 2022/23, subject to a maximum reduction of HK\$6,000. This reduction will be deducted directly from the taxpayer's 2022/23 final tax payable.

Personal allowances and deductions

The child allowance has been proposed to increase from the current HK\$120,000 to HK\$130,000 for each child. The additional child allowance in the year of birth has been proposed to increase from the current HK\$120,000 to HK\$130,000 for each child.

There are no proposed changes to deductions.

Salaries tax regime for 2023/24

There are no proposed changes to either the progressive rates or the standard rate. The tax bands will also remain unchanged for 2023/24.

Rates on Property

It is proposed that property rates for 2023/24 will be waived, subject to a cap of HK\$1,000 per tenement per quarter in the first two quarters of 2023/24.

What does this mean for employers?

The measures in this budget are targeted to achieve overall tax reductions for taxpayers but at a reduced scale as compared to prior years.

Employers should ensure that they are aware of these provisions and the impact on their mobility programs.

Next steps

If you require further information in relation to the budget proposals, please do not hesitate to contact your local EY advisor or one of the contacts listed below.

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EYG no. 001657-23Gbl

2101-3682263
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