

Mobility: Tax alert

February 2024

Hong Kong

2024/25 Budget Proposal

Executive summary

On 28 February 2024, the Financial Secretary of the Hong Kong Special Administrative Region delivered the Budget Proposal for the Hong Kong tax year beginning 1 April 2024 (2024/25).

The proposals in this budget continue to be aimed at lessening the tax burden of taxpayers, including a one-off reduction of salaries tax 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 2024/25 tax year.

Revamped salaries tax regime for 2024/25

Salaries tax and tax under personal assessment are calculated by using either the progressive rates with personal allowances, or at standard rate, whichever is lower.

The Budget Proposal put forward the adoption of a two-tier standard rates regime. For the portion of net income exceeding HK\$5 million, the standard tax rate is increased from 15% to 16%. There is no proposed change to the progressive rates or tax bands.

The current proposal would affect only taxpayers with over HK\$5 million net income and whose tax payable is calculated at standard rate. Taxpayers on progressive rates will not be affected.

Current and proposed standard tax rate(s)

Current standard rate (2023/24)		Proposed standard rate (From 2024/25)	
<i>Net Income</i>	<i>Rate</i>	<i>Net Income</i>	<i>Rate</i>
<i>All income level</i>	15%	<i>HK\$5,000,000 or below</i>	15%
		<i>Portion exceeding HK\$5,000,000</i>	16%
Progressive rates		Progressive rates	
<i>Net Chargeable Income</i>	<i>Rate</i>	<i>Net Chargeable Income</i>	<i>Rate</i>
1 st HK\$50,000	2.00%	1 st HK\$50,000	2.00%
2 nd HK\$50,000	6.00%	2 nd HK\$50,000	6.00%
3 rd HK\$50,000	10.00%	3 rd HK\$50,000	10.00%
4 th HK\$50,000	14.00%	4 th HK\$50,000	14.00%
Remainder	17.00%	Remainder	17.00%

One-off tax reduction

A one-off reduction of 100% of the salaries tax and tax under personal assessment has been proposed for 2023/24, subject to a maximum reduction of HK\$3,000. This reduction will be deducted directly from the taxpayer's 2023/24 final tax payable.

Personal allowances and deductions

There are no proposed changes to personal allowances and deductions.

Rates on Property

It is proposed that property rates for 2024/25 will be waived, subject to a cap of HK\$1,000 per tenement for the first quarter of 2024/25.

What does this mean for employers?

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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