

Tax measures proposed in 2025-26

Budget

In the Budget delivered today (February 26), the Financial Secretary proposed the following tax measures:

(1) Providing a one-off reduction of profits tax, salaries tax and tax under personal assessment for the year of assessment 2024/25 by 100 per cent, subject to a ceiling of \$1,500 per case.

This measure will benefit 2.14 million taxpayers liable to salaries tax and tax under personal assessment and 165 400 businesses. The government revenue will be reduced by \$3.1 billion.

The proposed reduction will reduce the amount of tax payable by taxpayers for the year of assessment 2024/25. Taxpayers should still file their profits tax returns and tax returns for individuals for the year of assessment 2024/25 as usual. The government will introduce the Inland Revenue (Amendment) (Tax Concessions) Bill 2025 into the Legislative Council. Upon enactment of the relevant legislation, the Inland Revenue Department will effect the reduction in the final assessment.

The proposed tax reduction will only be applicable to the final tax for the year of assessment 2024/25, but not to the provisional tax of the same year. Therefore, taxpayers are required to pay the provisional tax on time as stipulated in the demand notes that have been issued to them. The provisional tax paid will be applied in payment of the final tax for the year of assessment 2024/25 and provisional tax for the year of assessment 2025/26. The excess balance, if any, will be refunded.

The proposed tax reduction is not applicable to property tax. Nevertheless, individuals with rental income, if eligible for personal assessment, may enjoy such a reduction under personal assessment.

A taxpayer who is separately chargeable to salaries tax and profits tax can enjoy tax reduction under each of the tax types. A taxpayer having business profits or rental income may elect for personal assessment in their tax returns for the year of assessment 2024/25. The reduction will then be calculated based on the tax payable under personal assessment. It may be different from the amount of tax reduction a taxpayer would have got had he / she not elected for personal assessment. The exact amount will be assessed case by case.

(2) Raising the maximum value of properties chargeable to a stamp duty of \$100 from \$3 million to \$4 million.

The new value bands will be applicable to any conveyance on sale or agreement for sale of residential or non-residential property transaction executed on or after February 26, 2025. The Government will introduce the

Stamp Duty (Amendment) Bill 2025 (the Bill) into the Legislative Council to take forward the proposal. To benefit buyers of properties from the measure as soon as possible, the Chief Executive has made the Public Revenue Protection (Stamp Duty) Order 2025 under the Public Revenue Protection Ordinance (Cap. 120) to give force and effect of law to the Bill before its enactment.

Details of the above proposed tax measures and examples of tax calculations are available on the website of the Inland Revenue Department (www.ird.gov.hk) and can be obtained through the fax hotline 2598 6001.