



Rental Reimbursement

Establishment, Review and Administration



Rental Reimbursement is a tax-efficient component of remuneration, which employers can use to provide market-competitive remuneration to attract, retain and incentivise staff.

KPMG People Services provides a full range of Rental Reimbursement solutions to support organisations and participants.



How we can help



Establishing or updating a scheme
Whether it be starting from scratch or amending the policy, we can support and advise.



Market and industry insights
With extensive experience, we share our knowledge, latest trends and best market practice.



Policy & scheme compliance
Strike a balance between your policy, administrative process and employee experience.



Issue and exception resolution
Tap into our insights to handle unusual and exceptional cases.



A seamless employee experience
Allow employees to focus on tasks which add value to your business, whilst we handle the rest.



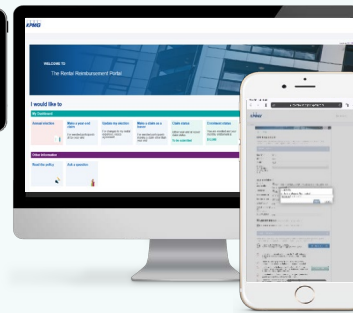
Administration supported by technology



Delivery excellence
Partnering with clients to design and implement rental reimbursement schemes



Flexibility
Tailored to your needs including branding, attestations, data collection, reporting and more



Experience on the Go
Participants can take pictures of their documentation and submit anywhere, anytime



Streamlined process
Built-in workflows from application to approval, you have visibility of all the steps along the process



Data insights
Interactive visualisations of your remuneration to review and consider improvements to your RRS



For further information on rental reimbursement arrangements, view thoughts from David by following the link [here](#), or scanning the QR code on the left.



Contact us



David Siew
Partner

Tel +852 2143 8785
Fax +852 2845 2588
david.siew@kpmg.com

kpmg.com/cn



Rental reimbursement

Rental Reimbursement is where the employer reimburses the rent paid by an employee on his/her place of residence. This is afforded preferential tax treatment in Hong Kong, but the Inland Revenue Department also requires and expects the employer to operate a system of control.

Key requirements

Employee entitlement to Rental Reimbursement

Employer exercises control

Verification and the retention of documentation

Additional considerations

Market practice

Employee experience

Exception handling

Acceptable proof

Stamping requirements

Process design

Illustration of benefit ¹

	Salary only	Salary and reimbursement	
	HK\$		HK\$
Annual Salary	600,000	Annual Salary	360,000
		Rental Reimbursement ²	240,000
Value to employee	600,000	Value to employee	600,000
Taxable income	600,000	Taxable income ³	396,000
Tax	58,500	Tax ⁴	23,820

34% difference in taxable income

Same value delivered to the employee

59% difference in tax payable

Notes

1. A comparison of taxable income where an employee receives salary only vs salary and a rental reimbursement benefit
2. Assumes the employer operates and exercises proper control over the reimbursement
3. Includes a rental value based on the employee spending and the employer reimbursing HK\$240,000 on an apartment rented for the entire tax year – Tax rental value for an apartment calculated at 10 percent of assessable income.
4. Tax payable based on 2020/21 Salaries Tax Rates with no tax reduction, recognised retirement scheme HK\$18,000 and basic allowance HK\$132,000 utilised.