

Rental Reimbursement

Market-competitive remuneration to attract, retain and incentivise talent



Talent in Hong Kong finds housing benefits to be a desirable and attractive benefit¹

- Deliver attractive pay while managing costs
- Market competitive for attracting and retaining talent

Employer(s) without a scheme



Already operating a scheme



- Consider the scope of the Rental Reimbursement scheme and availability to levels / grades
- Scalability of current operations
- Review compliance / efficiency

End-to-end support



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.



Hassle-free administration supported by technology

1. Hong Kong Executive Salary Outlook 2023 – <https://kpmg.com/cn/en/home/insights/2023/03/hong-kong-executive-salary-outlook-2023.html>

Rental Reimbursement - Explained

Market-competitive remuneration to attract, retain and incentivise talent



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 suggests the employer to operate a system of control.

Considerations

- 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 benefit¹

	Salary only		Salary and reimbursement	
		HK\$		HK\$
34% difference in taxable income	Annual Salary	600,000	Annual Salary	360,000
Same value delivered to the employee	Value to employee	600,000	Rental Reimbursement ²	240,000
59% difference in tax payable	Taxable income	600,000	Value to employee	600,000
	Tax	58,500	Taxable income ³	396,000
			Tax ⁴	23,820

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 2022/23 Salaries Tax Rates with no tax reduction, recognised retirement scheme HK\$18,000 and basic allowance HK\$132,000 utilised.

Contact Us



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

kpmg.com/cn/socialmedia

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