

Hong Kong (SAR) Tax Alert

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The reduced stamp duty rate on Hong Kong stock transfer will take effect from 17 November 2023



Summary

The 2023 Policy Address delivered on 25 October 2023 proposed to reduce the stamp duty rate on transfer of Hong Kong stock from 0.13% to 0.1% for both the buyer and the seller. The legislative process for implementing the reduced stamp duty rate is now completed and the reduced stamp duty rate of 0.1% will be effective from 17 November 2023.

Reduction of stamp duty rate on Hong Kong stock transfer

The Chief Executive announced in the 2023 Policy Address that the stamp duty rate on transfer of Hong Kong stock would be reduced from 0.13% to 0.1% for both the buyer and the seller¹.

The Stamp Duty (Amendment) (Stock Transfers) Bill 2023² implementing the reduced stamp duty rate was passed by the Legislative Council on 15 November 2023 and the corresponding Amendment Ordinance³ will come into operation on 17 November 2023.

Accordingly, for Hong Kong stock transfer to be executed on or after **17 November 2023**, the stamp duty **payable by both the buyer and seller** will be **0.1%** (i.e. the rate prior to 1 August 2021) of the consideration or the market value (whichever is the higher) of the stock transferred.

Stamp duty on transfer of residential property in Hong Kong

Apart from the above, the 2023 Policy Address also proposed the below stamp duty measures in relation to the transfer of residential property in Hong Kong:

- reducing the rate of both the Buyer's Stamp Duty (BSD) and the New Residential Stamp Duty from 15% to 7.5%;
- shortening the applicable period of the Special Stamp Duty from 36 months to 24 months; and
- introducing a stamp duty suspension arrangement for acquisition of residential property in Hong Kong by certain incoming overseas talent who are not permanent residents of Hong Kong at the time of the property acquisition.

¹ For more details, please refer to our Hong Kong (SAR) Tax Alert on the 2023 Policy Address via this [link](#).

² The Bill can be accessed via this [link](#).

³ The Stamp Duty (Amendment) (Stock Transfers) Ordinance 2023 can be accessed via this [link](#).

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As a talent attraction measure, the above stamp duty suspension arrangement⁴ will replace the stamp duty refund arrangement for eligible incoming talent. Further details of the suspension arrangement can be found in [the guidance issued by the Inland Revenue Department](#).

All of the above three stamp duty measures on residential properties are deemed to be applicable from 11am on 25 October 2023 pursuant to a Public Revenue Protection Order. The Stamp Duty (Amendment) (Residential Properties) Bill 2023⁵ containing the necessary amendments to be made to the Stamp Duty Ordinance was gazetted on 27 October 2023 and is currently under the review of the Legislative Council.

KPMG observations

The reduction of the stamp duty rate on Hong Kong stock transfer back to the pre-August 2021 level demonstrates that the HKSAR Government has listened to the view of the business community and is committed to lowering investors' transaction costs on stock transfer, improving market sentiment, and enhancing the competitiveness of Hong Kong's stock market.

⁴ Since 19 October 2022, for certain overseas talents admitted into Hong Kong under a specified talent admission scheme and acquired a residential property in Hong Kong as a non-Hong Kong permanent resident (non-HKPR), (i) the BSD and (ii) the difference between the 15% ad valorem stamp duty (AVSD) paid under Scale 1 and the amount of AVSD chargeable under Scale 2 (ranging from HK\$100 to 4.25%) on acquisition of residential property in Hong Kong would be refunded when they subsequently become a HKPR, subject to certain conditions.

⁵ The Bill can be accessed via [this link](#).

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