

GMS Flash Alert

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Hong Kong - 2020-2021 Budget Measures

The Hong Kong government delivered the 2020-2021 Budget, which included a series of relief measures in response to the challenging economic environment and escalating coronavirus (COVID-19) outbreak.¹

In this *GMS Flash Alert* we highlight some of the key tax measures announced impacting individuals and their employers.

For a full analysis of the Budget, see "[Hong Kong Budget Summary 2020-2021](#)," a publication of the KPMG International member firm in Hong Kong. Also visit the Hong Kong member firm's dedicated Budget [webpage](#).

WHY THIS MATTERS

The proposed relief measures for 2020-21 and the tax reduction for 2019-20 will potentially reduce the tax payable by employees in Hong Kong. This could mean lower international assignment costs for employers. The proposals may necessitate adjustments to tax equalisation and tax protection calculations, once they come into effect.

In view of the COVID-19 outbreak, the measures will also provide taxpayers some relief in trying times.

In Summary

In the Hong Kong Budget 2020-2021, the government projected a rising underlying inflation rate and unemployment rate. Key proposals affecting individuals and their employers include:

- HKD 10,000 cash pay-out to Hong Kong permanent residents who are aged 18 or above;
- No changes to salaries tax rates and allowances for individuals;
- A reduction of the 2019-20 salaries tax and tax under personal assessment by 100 percent, subject to a ceiling of HKD 20,000;

- A reduction of 2019-20 profits tax payable by 100 percent, subject to a ceiling of HKD 20,000;
- Waived business registration fees;
- Waived government rates – cap at HKD 1,500 per quarter;
- Carried interest exemption on certain Private Equity Funds.
- Waiver of the surcharge for up to one year on tax payments deferred under an approved instalment plan. The waiver is applicable for the 2018-19 year of assessment, and covers profits tax, salaries tax, and personal assessment. Taxpayers in need would be able to apply for an instalment payment plan before the due date of the respective tax payments.

KPMG NOTE

The Budget focuses on providing relief to support not only individuals, but also enterprises and businesses, while the HKD 10,000 cash payment and tax relief measures are aimed at boosting domestic consumption demand and stimulating the economy.

Legislative proposals do not generally become law until their enactment and may be modified before enactment.

FOOTNOTE:

1 For the text of the budget speech (in Mandarin/Chinese and English), and related documentation and videos, see: <https://www.budget.gov.hk/2020/chi/index.html> .

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HKD 1 = EUR 0.1185
HKD 1 = USD 0.129
HKD 1 = GBP 0.104
HKD 1 = AUD 0.213

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