



GMS Flash Alert



2021-078 | March 10, 2021

Hong Kong - 2021-2022 Budget Measures

The Hong Kong government delivered the 2021-2022 Budget, which includes a series of proposed relief measures to provide much needed assistance to those affected by the ongoing COVID-19 pandemic.¹

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

WHY THIS MATTERS

The proposed relief measures for 2021-22 and tax reduction for 2020-21 will potentially affect the tax payable by employees in Hong Kong. The proposals, once they come into effect, may necessitate adjustments to tax equalisation and tax protection calculations. The measures may also provide taxpayers some relief in trying times.

In Summary

In the Hong Kong Budget 2021-22, the government projected the largest fiscal deficit in 20 years. However, despite this, Hong Kong fiscal reserves remain strong at an estimated HKD 902.7 billion as of 31 March 2021.

Key proposals affecting individuals and their employers include:

- A reduction of the 2020-21 salaries tax and tax under personal assessment by 100 percent, subject to a ceiling of HKD 10,000;
- No changes to salaries tax rates and allowances for individuals;
- A reduction of the 2020-21 profits tax payable by 100 percent, subject to a ceiling of HKD 10,000;
- HKD 5,000 e-consumption vouchers for Hong Kong permanent residents and new arrivals;
- HKD 1,000 subsidy on each residential electricity account;

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- Waived rates for non-domestic properties – cap at HKD 1,500 per quarter in the first two quarters and HKD 1,000 per quarter in the remaining two quarters for each rateable property;
- Increase in Stamp Duty on stock transfers from 0.1 to 0.13 percent.

KPMG NOTE

This year's Budget substantially follows past years' mixed bag of measures and sweeteners designed to address a wide range of expectations from the general public.²

For a full analysis of the Budget, see "Hong Kong Budget Summary 2021-2022," a publication of the KPMG International member firm in Hong Kong; also visit the Hong Kong member firm's dedicated Budget [webpage](#).

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

FOOTNOTES:

1 For the text of the Budget speech (in Mandarin/Chinese and English), and related documentation and videos, see: <https://www.budget.gov.hk/2021/chi/index.html>.

2 For coverage of last year's Budget, see [GMS Flash Alert 2020-142](#) (2 April 2020).

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HKD 1 = EUR 0.108

HKD 1 = USD 0.13

HKD 1 = GBP 0.0926

HKD 1 = AUD 0.167

Source: Foreign currency conversion data provided by XE.com .

Contact us

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