

GMS Flash Alert

2023-060 | March 17, 2023



Hong Kong - 2023-2024 Budget Measures

The Financial Secretary of Hong Kong delivered the 2023-2024 Budget on 22 February 2023, which includes a series of proposed relief measures to reduce the community's burden.¹

In this *GMS Flash Alert*, we highlight some of the key tax measures that affect individuals and their employers, amongst which, changes to Salaries Tax and tax under personal assessment, Profits Tax, and basic child allowance and the additional child allowance.

WHY THIS MATTERS

The proposed relief measures for 2023-2024 and tax reduction for 2022-2023 will potentially affect the tax payable by employees in Hong Kong. Key proposals affecting individuals and their employers include a reduction of the 2022-23 Salaries Tax and tax under personal assessment by 100 percent, subject to a ceiling of HKD 6,000. There is an increase of the basic and additional child allowance to HKD 130,000.

Once they come into effect, the proposals may necessitate adjustments to tax clearance returns already filed for 2022-2023 and hypothetical tax calculations for 2023-2024.

In Summary

In the Hong Kong Budget 2023-24, the government projected the third fiscal deficit in four years. However, despite this, Hong Kong fiscal reserves remain strong at an estimated HKD 817.3 billion as of 31 March 2023.

Key proposals affecting individuals and their employers include:

- A reduction of the 2022-23 Salaries Tax and tax under personal assessment by 100 percent, subject to a ceiling of HKD 6,000;
- No changes to Salaries Tax rates for individuals;

- Increase the basic child allowance and the additional child allowance for each child born from HKD 120,000 to HKD 130,000 starting from 2023-24;
- A reduction of 2022-23 Profits Tax payable by 100 percent, subject to a ceiling of HKD 6,000;
- HKD 5,000 E-consumption vouchers for Hong Kong permanent residents and new arrivals;
- HKD 1,000 subsidy on each residential electricity account;
- HKD 50 monthly relief on electricity charges;
- Waived rates for non-domestic and domestic properties – cap at HKD 1,000 per quarter in the first two quarters of 2023-24 for each rateable property;
- Increase the tax deduction for voluntary contributions made by employers to the Mandatory Provident Fund Scheme (MPF) for employees aged 65 or above from the current 100 percent to 200 percent;
- Issue Silver Bond and retail green bonds and earmark a certain proportion of the bonds to MPF members;
- Introduce a new Capital Investment Entrant Scheme under which applicants may reside and pursue development in Hong Kong after investing a certain amount in the local asset market, excluding property.

KPMG INSIGHTS

This year's Budget provides a range of immediate and short-term measures aimed to encourage economic turnaround. Targeted measures have been increased to attract talents to the Hong Kong labour market and enhance Hong Kong's economic competitiveness.

For a full analysis of the Budget, see "Hong Kong Budget Summary 2023-2024," 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.

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/2023/eng/index.html>.

* * * *

HKD 1 = EUR 0.11979
 HKD 1 = USD 0.127
 HKD 1 = GBP 0.1048
 HKD 1 = AUD 0.19

Source: www.xe.com

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Hong Kong:



Murray Sarelius
Tel. +852 3927 5671
Murray.sarelius@kpmg.com



David Siew
Tel. +852 2143 8785
David.siew@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in Hong Kong.

© 2023 KPMG Tax Services Limited, a Hong Kong limited liability company, and KPMG Advisory (China) Limited, a limited liability company in China, are member firms of the KPMG global organisation of independent member firms affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee. All rights reserved.

www.kpmg.com

kpmg.com/socialmedia



© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.