



Tax Newsflash

Hong Kong Tax News: Proposed increase of stamp duty rate for residential property transactions

The Government announced that the Stamp Duty Ordinance would be amended to increase the ad valorem stamp duty (AVD) rates, originally ranging from 1.5% to 8.5% (Scale 1) / HK\$100 to 4.25% (Scale 2), to a flat rate of 15% for residential property transactions.

Any instrument executed on or after 5 November 2016 for the sale and purchase of residential property will be subject to the proposed new AVD rate, subject to the enactment of the relevant legislation. The new AVD rate will not affect the cases eligible for exemptions and exceptions to AVD rates already provided for under the existing law. For example, where the residential property is acquired by a Hong Kong permanent resident (HKPR) who does not own any other residential property in Hong Kong at the time of purchase, the relevant instrument will still be subject to AVD at Scale 2. The refund mechanism under the existing regime for HKPR buyer who changes his/her residential property will also be retained.

The proposed increase of AVD rate only applies to residential property transactions. Transactions relating to non-residential properties would not be affected by the change.

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