



Hong Kong Tax Newsflash: Passage of 2018-19 Budget Measures

The Inland Revenue (Amendment) Bill 2018 was passed by the Legislative Council on 16 May 2018. This will give effect to the following concessionary measures proposed in the 2018-19 Budget:

- Provide a one-off tax reduction for profits tax, salaries tax and tax under personal assessment by 75%, subject to a ceiling of HK\$30,000 for each case;
- Widen the tax bands for salaries tax from HK\$45,000 to HK\$50,000 and increase the number of tax bands from four to five while adjusting the marginal tax rates to 2%, 6%, 10%, 14% and 17% respectively;
- Increase basic and additional child allowances from HK\$100,000 to HK\$120,000;
- Increase the allowance for maintaining a dependent parent or grandparent aged between 55 and 59 from HK\$23,000 to HK\$25,000;
- Increase the allowance for maintaining a dependent parent or grandparent aged 60 or above from HK\$46,000 to HK\$50,000;
- Increasing the deduction ceiling for elderly residential care expenses from HK\$92,000 to HK\$100,000;
- Introduce a personal disability allowance for eligible taxpayers of HK\$75,000.

The one-off tax reduction will be reflected in the taxpayers' final tax payable for the year of assessment 2017/18, while

the enhanced marginal tax bands, allowances, deduction ceiling, etc. will be applied when calculating the provisional tax for the year of assessment 2018/19. Taxpayers who will file or have filed tax returns for 2017/18 will notice the aforesaid changes in the assessments to be issued by the Inland Revenue Department.

In the 2018-19 Budget, a new tax deduction for salaries tax and tax under personal assessment for Voluntary Health Insurance Scheme (VHIS) was also introduced. The implementation of this measure has been detailed in the Inland Revenue (Amendment) (No.4) Bill 2018. Particularly, taxpayers can claim deductions for VHIS premiums paid for eligible health insurance products purchased for themselves or their "specified relatives", up to an amount of HK\$8,000 per insured person. "Specified relatives" include the taxpayer's spouse and children, and the taxpayer's or his/her spouse's grandparents, parents and siblings. Once the Bill is passed, the measure will take effect the year of assessment 2019/20.

The 2018-19 Budget also proposed to provide married persons the option to elect personal assessment separately. This measure will likely be introduced under a separate legislative exercise.

Tax Newsflash is published for the clients and professionals of Deloitte Touche Tohmatsu. The contents are of a general nature only. Readers are advised to consult their tax advisors before acting on any information contained in this newsletter.

If you have any questions please contact:

Sarah Chan

Tax Partner

+852 2852 1628

sarahchan@deloitte.com.hk

Doris Chik

Tax Senior Manager

+852 2852 6608

dchik@deloitte.com.hk



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [About Deloitte](#) for a more detailed description of DTTL and its member firms.

Privacy

Thank you for your interest in Deloitte China services. Deloitte China would like to continue to use your personal information (in particular name and contact details) for the purpose of sending you marketing and regulatory updates, invitations to seminars and other events organized, sponsored or promoted by Deloitte China. If you do not wish to receive further communications from Deloitte China, please send a return email to the sender with the word "Unsubscribe" in the subject line.

If you would like to update your personal information, please click [here](#).

Deloitte China refers to Deloitte Touche Tohmatsu in Hong Kong, Deloitte Touche Tohmatsu in Macau, Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Chinese Mainland and their respective affiliates practising in Hong Kong, Macau and the Chinese Mainland.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018 Deloitte Touche Tohmatsu in Hong Kong, Deloitte Touche Tohmatsu in Macau, and Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Chinese Mainland. All rights reserved.

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.