



Hong Kong Tax Newsflash: HKSAR announced enhanced measures to support enterprises and individuals

On 15 August 2019, the Financial Secretary for the Hong Kong Special Administrative Region (HKSAR), Mr. Paul Chan Mo-po, announced a list of special relief measures in addition to those proposed in the 2019-20 Budget in February. The newly added measures include increasing the reduction for 2018/19 profits tax, salaries tax and tax under personal assessment from 75% to 100% while retaining the ceiling of HK\$20,000.

Background

According to the HKSAR government, the Hong Kong economy faced significant downward pressure in the second quarter of 2019. The global economic outlook is darkened by high uncertainties, including the US-China trade tensions, imminent risk of a hard Brexit, continued geopolitical tensions in the Middle East, heightening financial market volatilities, and market concerns about major economies slipping into recession. Facing strong economic headwinds, HKSAR has cut its growth forecast to 0%-1%.

Under the challenging economic environment, the Financial Secretary announced a basket of extra measures to support enterprises (especially small and medium enterprises), safeguard jobs and relieve people's financial burden.

Key measures for business



Increase reduction of profits tax for the Year of Assessment 2018/19 from 75% to 100%, subject to a ceiling of HK\$20,000.



Waive 27 groups of government fees and charges for 12 months to benefit a wide range of sectors from maritime, logistics, retail, catering, tourism, construction, to agriculture and fisheries. For details, please refer to the [list of Proposed Waiver of Government Fees and Charges](#).



Implement a fee review moratorium on government fees and charges set on a cost recovery basis with immediate effect until 31 December 2020.

Key measures for individuals



Increase reduction of salaries tax and tax under personal assessment for the Year of Assessment 2018/19 from 75% to 100%, subject to a ceiling of HK\$20,000.



Provide an extra allowance to social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance (CSSA) payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance and individual-based Work Incentive Transport Subsidy.



Invite the Community Care Fund to consider providing a one-off living subsidy for low-income households not living in public housing and not receiving CSSA (commonly known as the "N have-nots").



Provide a subsidy to kindergarten, primary and secondary day-school students in Hong Kong at HK\$2,500 per head in the 2019/20 school year to alleviate parents' financial burden in defraying education expenses.



Provide a one-off electricity charge subsidy of HK\$2,000 to each residential electricity account.



Pay one month's rent for lower income tenants living in the public rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society.

Timing for implementation

The HKSAR government will propose amendments to the [Inland Revenue \(Amendment\) \(Tax Concessions\) Bill 2019](#) in October 2019 for the abovementioned enhanced tax concession proposal. According to the government, tax demand notes for the Year of Assessment 2018/19 will be issued by the Inland Revenue Department (IRD) after passage of the Bill by the Legislative Council (LegCo). However, in case a taxpayer already received the 2018/19 tax demand note, the arrangement has to be further clarified by the IRD.

On the other hand, amongst the 27 groups of fee waiver proposals, the adjustment of 19 groups of fee items will

require subsidiary legislation subject to negative vetting by the LegCo.

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