

2023 Policy Address

Highlight of proposed tax measures



1. Tax incentive for individuals

Starting from the year of assessment 2024/25:

- To raise the deduction ceiling for home loan interest or domestic rents from the current \$100,000 to \$120,000, an increase of 20%, for taxpayers who live with his/her first child born on or after 25 October 2023 until the child reaches the age of 18.
- To provide deduction for expenses on assisted reproductive services under salaries tax and personal assessment, subject to a ceiling of \$100,000 per year.



2. Profits tax

To introduce a bill into the LegCo in the first half of 2024 to reduce the tax rate for qualifying profits derived from patents from the existing 16.5% to 5%, with a view to encouraging more R&D activities, as well as transformation and commercialisation of patented inventions.



3. Stamp Duty on stock transfer

To reduce the rate of Stamp Duty on Stock Transfer from 0.13% to 0.1% of the transaction value payable by buyers and sellers respectively (ie total 0.2%).



4. Stamp Duty on residential properties

Make the following changes to Stamp Duty on residential properties with effect from 25 October 2023:

- shorten the applicable period of the Special Stamp Duty (SSD) from three years to two years, ie if a property owner disposes of his/her property two years after acquisition, he/she will no longer need to pay the SSD, which amounts to 10% of the property price;
- reduce the respective rates of the Buyer's Stamp Duty and the New Residential Stamp Duty (ie ad valorem stamp duty rate of Part 1 of Scale 1) from 15% to 7.5%. This arrangement will help alleviate the financial burden on Hong Kong permanent residents who have already owned residential properties in their acquisition of another residential property, as well as reduce the costs of non-Hong Kong permanent residents in their acquisition of residential properties; and
- introduce a stamp duty suspension arrangement for incoming talents' acquisition of residential properties. The payment of stamp duty concerned is suspended at the time of property acquisition, but the talent is required to pay the relevant amount if he/she is subsequently unable to become a Hong Kong permanent resident.