

BY EMAIL



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RE: **The 2017-2018 Budget for the Hong Kong Special Administrative Region**

Unit A, 13 Floor,  
Trust Tower,  
68 Johnston Road,  
Wanchai,  
Hong Kong.

t. +852 2528 4999  
f. +852 2528 9994

w. la-nao.com

Dear Clients,

The Government of the Hong Kong Special Administrative Region announced its 2017-2018 Budget on February 22<sup>nd</sup>, 2017. For personal and business consideration, we have highlighted below some of the details related to matters of tax and Government fees for your easy reference.

### **1. Salaries Tax and Personal Assessment Tax**

The charge of salaries tax is governed by Section 8 of the Inland Revenue Ordinance (“IRO”). Salaries tax shall, subject to the provisions of the IRO, be charged for each year of assessment on income from any employment, office, and/or pension, arising in or derived from Hong Kong.

Salaries tax and tax under personal assessment for 2017-2018 will be reduced by 75% of the taxed amount subject to a ceiling of HKD20,000 per case.

The following table summarizes the allowances under personal assessment in HKD\*:

<u>Personal Allowance</u>	<u>Year of Assessment</u> <u>2017-2018</u>	<u>Year of Assessment</u> <u>2016-2017</u>	<u>Adjustment</u>
Basic Allowance	\$132,000	\$132,000	--
Single Parent allowance	\$132,000	\$132,000	--
Married Person’s Allowance	\$264,000	\$264,000	--
Child Allowance (for each child)	\$100,000	\$100,000	--
Additional One-Off Child Allowance	\$100,000	\$100,000	--
Dependent Parents /Grandparents Allowance (aged 60 or above)	\$46,000	\$46,000	--
Additional Dependent Parents/Grandparents Allowance (aged 60 or above)	\$46,000	\$46,000	--
Dependent Parents /Grandparents Allowance (aged 55-59)	\$23,000	\$23,000	--
Additional Dependent Parents/Grandparents Allowance (aged 55-59)	\$23,000	\$23,000	--
Disabled Dependent Allowance	75,000	\$66,000	+\$9,000
Dependent Brother or Sister Allowance	37,500	\$33,000	+\$4,500

\*Hong Kong Dollar

## 2. Profits Tax

Profits tax liability is charged under Section 14 of IRO when an entity carries on a trade, profession or business in Hong Kong and there are profits arising in or derived from Hong Kong in such a trade, profession or business (excluding profits from the sale of capital assets). The standard rate is 16.5%.

Profits tax for 2017-2018 will be reduced by 75%, subject to a ceiling of HKD20,000.

## 3. Property Tax

Property tax is charged under Section 5(1) of the IRO for each year of assessment to the owner of any land and/or building, wherever situated in Hong Kong. It is computed at the standard rate on the net assessable value of such land and/or buildings for each year of assessment.

	<u>Year of Assessment</u> <u>2017-2018</u>	<u>Year of Assessment</u> <u>2016-2017</u>	<u>Adjustment</u>
Rates (4 quarters)	Waived (subject to a ceiling of HKD1,000 per quarter)	Waived (subject to a ceiling of HKD1,000 per quarter)	--

If you have any questions of the above summary or if you require more information for The 2017–2018 Budget for the Hong Kong Special Administrative Region and the tax issues, please contact us at 2528 4999 or by email at:

[info@la-nao.com](mailto:info@la-nao.com)

Yours faithfully,

**La Nao Consulting**