# Hong Kong Budget 2022/2023 Key Tax measures Summary

The Financial Secretary of the Hong Kong Special Administrative Region Government, Mr Paul Chan released the 2022/2023 Budget on 23 February 2022. Kenneth Chau & Co. summarized the tax related measures in the Budget and prepared a Hong Kong Tax Fact Sheet 2022/2023.

KENNETH CHAU & CO.

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## Tax measures

- Reducing profits tax, salaries tax and tax under personal assessment for the year of assessment 2021/22
- Waiving business registration fees for 2022-23
- Introducing a tax deduction for domestic rental expenses

All the above measures can only be implemented after completion of the relevant legislative process.

## International Tax Reform

In addition, Hong Kong, together with more than 130 jurisdictions across the globe, pledged to implement the international tax reform proposals drawn up by the OECD to address base erosion and profit shifting (abbreviated as BEPS 2.0).

As the global minimum effective tax rate under BEPS 2.0 only targets large multinational enterprise (MNE) groups with global turnover of at least 750 million euros, it will not affect local SMEs. The Government will preserve the advantages of Hong Kong's tax regime in terms of its simplicity, certainty and transparency, maintain our the territorial source principle of taxation as well as minimise the compliance burden on MNEs when implementing BEPS 2.0.

The Government plan to submit a legislative proposal to the LegCo in the second half of 2022 to implement the global minimum tax rate and other relevant requirements in accordance with the international consensus.

At the same time, The Government will consider introducing a domestic minimum top-up tax with regard to the aforesaid MNEs starting from the year of assessment 2024-25 to ensure that their effective tax rates reach the global minimum effective tax rate of 15 per cent so as to safeguard Hong Kong's taxing rights.

# Hong Kong Tax Fact Sheet 2022/2023

## PROFITS TAX

### Companies

First HK$2,000,000 profit [8.25%]
On the remainder profit [16.5%]

### Unincorporated Businesses

First HK$2,000,000 profit [7.5%]
On the remainder profit [15%]

### Losses

Tax losses are deductible from other taxable profits arising in the year of assessment and any unused balance can be carried forward and deductible from the taxable profits of future tax years without any time limit.

## SALARIES TAX

### At Progressive Rates

*Taxable Income*

First HK$50,000 [2%]
Next HK$50,000 [6%]
Next HK$50,000 [10%]
Next HK$50,000 [14%]
On the remainder [17%]

### At Standard Rate

*The maximum tax payable is:*

limited to tax at the standard rate of 15% on the taxable income.

## PROPERTY TAX

Property Tax Rate: 15%

## OTHER TAXES

No Sales Tax or Valued Added Tax (VAT)
No Capital Gains Tax
No Tax on Dividends
No Estate Tax
No Capital Duty on shares allotment

## Further details

For the sources of above and for more details of the Budget and tax related measures, please visit:
https://www.budget.gov.hk/2022
https://www.ird.gov.hk
https://www.investhk.gov.hk

**Please contact Kenneth Chau & Co. team for any questions about Hong Kong Budget 2022/2023.**

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## About Kenneth Chau & Co.

Kenneth Chau & Co, based in Hong Kong since 1960, have built reputation and professional expertise through a team of Certified Public Accountants and Certified Tax Advisers. Our professional team combines many years of expertise in the areas of Audit, Taxation, and Corporate Secretarial & Advisory services.

Kenneth Chau & Co. is a member firm of MGI Worldwide.

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