

2018-19 Budget Highlights



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Caring and Sharing

 Reduce salaries tax and tax under personal assessment for Year of Assessment 2017-18 by 75%. subject to a ceiling of \$30,000



2018

Forecast

3%-4%

2.2%

2.5%

- - Waive rates for 4 quarters of 2018-19, of 2018-19, subject to a ceiling of **\$2,500** per guarter for each rateable property



- Allocate a total of about \$220 million to strengthen care for children and disadvantaged youths
- Earmark \$500 million to strengthen support for ethnic minorities





- Provide a one-off grant of \$2,000 to each student in need
- Pav the examination fees for candidates sitting for the 2019 Hong Kong DSE Examination



- an additional \$660 million to improve rehabilitation services, including those for persons with disabilities, mentally handicapped persons and ex-mentally ill persons
- Allocate about \$500 million from the Lotteries Fund to provide social work services in all aided child care centres, kindergartens and kindergarten-cum-child care centres; and increase resources for primary schools to ultimately achieve the target of "one school social worker for each school"

Reducing Tax Burden on Individuals

 Increase the basic and additional child allowances to \$120,000 Increase allowance for maintaining a dependent 	Current Tax Band and Tax Rate for Salaries Tax		Proposed Tax Band and Tax Rate for Salaries Tax		
	Chargeable income	Marginal Tax rate	Chargeable income	Marginal Tax rate	
parent or grandparent aged between 55 and 59 to \$25,000	First \$ 45,000 Next \$ 45,000	2% 7%	First \$ 50,000 Next \$ 50,000	2% 6%	
Increase allowance for maintaining	Next \$ 45,000	12%	Next \$50,000	10%	
a dependent parent or grandparent aged 60 or above to \$50,000	Remainder	17%	Next \$ 50,000 Remainder	14% 17%	
 Increase deduction ceiling for elderly residential care expenses to \$100,000 	Standard Rate	15%	Standard Rate	15% (Unchanged)	
care expenses to 7100,000 Introduce a personal disability allowance of \$75,000			The above proposals will reduce the tax burden of 1.34 million taxpayers		

Taking into account the proposed tax band and tax rate for salaries tax, and other proposed changes to allowances and deductions, here are some examples of reduced tax burden -

Year of Assessment 2017/18 Year of Assessment 2018/19 A single person with total \$1,180 \$2,020 income of \$300,000 and with Amount Saved one dependent parent aged 60 or above resided with him/her \$840 (42%) A couple, with only \$2,790 **\$960** one of them working, earning \$500,000 in total and with one Amount Saved dependent parent aged 60 or above \$1,830 not resided with them and (66%) one dependent child (born in other year) A working couple \$10,540 \$20.595 earning \$700,000 in total* and with two dependent Amount Saved children (born in other years) \$10,055 (49%) The above examples assume there are deductions for MPF mandatory contributions and the tax payment has not Designed by the Information Services Department factored in one-off tax concession

*Assuming each of the couple contributes half of the total income

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Diversified Economy

Innovation and Technology

- · Focus on 4 areas: biotechnology, artificial intelligence (A.I.), smart city and financial technologies
- Set aside \$20 billion for the first phase of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop



- Inject \$10 billion into the Innovation and Technology Fund to support applied research and development
- Earmark \$10 billion for the establishment of two research clusters on healthcare technologies and on A.I. and robotics technologies, to attract top scientific research institutions and technology enterprises
- Allocate \$10 billion to upgrade facilities of the Science Park and enhance support for enterprises in the Park
- Allocate \$200 million to Cyberport to enhance support for start-ups, and another \$100 million to develop e-sports

Tourism

- Allocate \$226 million for the Hong Kong Tourism Board to implement the Development Blueprint for Hong Kong's Tourism Industry to broaden markets and attract high value-added overnight visitors
- Allocate \$310 million to support Ocean Park in developing education and tourism projects
- Allocate \$30 million for enhancing the Pilot Information Technology Development Matching Fund Scheme for Travel Agents

Construction Industry

Set up a S1 billion Construction Innovation and Technology Fund to support the industry to harness innovative technology

Trading and Logistics Industry

- Expand trade, investment and tax treaty networks to open up new markets
- Consider redeveloping the Air Mail Centre at the Hong Kong International Airport and set aside \$5 billion for the project
- Cap trade declaration charge at \$200to enhance competitiveness and develop high-value added logistics services

Creative Industries

Inject S1 billion into the CreateSmart Initiative to support development of the creative industries

Financial Services Industry

- Set aside a dedicated provision of \$500 million to develop financial services industry
- Launch a Pilot Bond Grant Scheme to attract local, Mainland and overseas enterprises to issue bonds in Hong Kong; and continue to issue Silver Bonds in 2018 and 2019
- Launch a green bond issuance programme for Government's green public works projects to promote green finance
- Launch a Faster Payment System to provide real-time, round-the-clock, cross-institution payment and fund transfer service

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Business and Professional Services

- Enhance the network of ETOs to open up new opportunities
- Inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales and enhance the relevant programmes, to boost SMEs' competitiveness
- Provide a total of \$250 million to Hong Kong Trade Development Council to assist local enterprises in seizing opportunities arising from the Belt and Road Initiative and Bay Area, and to promote development of e-commerce

Healthcare

 Allocate additional recurrent funding of nearly \$6 billion to Hospital Authority in 2018-19, and ensure that it has adequate resources

to employ all local medical graduates; allocate \$200 million to enhance the healthcare professional training

- Set aside \$300 billion to support the second 10-year hospital development plan, improve facilities of Department of Health's clinics, and upgrade healthcare teaching facilities
- Provide a one-off additional \$1,000 worth of elderly health care vouchers, involving an expenditure of \mathbf{D} ($\mathbf{30}$ million
- Extend the Colorectal Cancer Screening Programme to cover individuals aged between 50 and 75, involving a total expenditure of **\$940** million over the coming 5 years
- Establish a \$500 million fund to promote development of Chinese medicine
- Set aside \$500 million to support the improvement of patient's co-payment mechanism for purchasing drugs



Arts and Culture

- Set aside \$20 billion for the improvement and development of cultural facilities, include the construction of the New Territories East Cultural Centre, expansion of the Hong Kong Science Museum and Hong Kong Museum of History: and allocate \$500 million for acquisition of museum collections and holding exhibitions
- Inject an additional \$500 million into the Art Development Matching Grants Pilot Scheme: and allocate a total of about \$370 million to support arts groups and artists
- Allocate \$300 million to strengthen promotion of Intangible Cultural Heritage of Hong Kong





Enhancing Liveability



Allocate \$100 million to launch a District Sports Programmes Funding Scheme to encourage wider community participation



Nurturing Talent

- Provide additional \$2 billion recurrent expenditure to strengthen support for teachers. kindergartens, integrated education and life-wide learning
- Allocate \$2.5 billion for the Matching Grant Scheme to support the 10 publicly-funded post-secondary institutions



- Provide \$2 billion to expedite installation of lifts in public sector schools 🥢
- Inject \$800 million into both the Gifted Education Fund and the HKSAR Government Scholarship Fund to enhance the development of gifted students and increase the number of scholarships respectively
- Earmark \$2.5 billion to set up a Student Activities Support Fund to support students in need to participate in life-wide learning activities



Continuing Education

 Further inject an additional \$8.5 billion into the Continuing Education Fund, and raise the subsidy ceiling to \$20,000 per applicant

Youth Development

 Set aside S1 billion to support the work of the Youth Development Commission

Land Resources

- Public Housing: estimated production for the next five years is about 100 000 units
- Private Housing: projected supply of first-hand private residential property in the next 3 to 4 years is about 97 000 units
- Annual production of private residential units in the next 5 years is estimated to be about 20 800 units on average, up by 50% over the past 5 years
- Potential land supply for private housing in 2018-19 25 500 units is expected to have a capacity to produce about 25 500 units
- 2018-19 Land Sale Programme includes 4 commercial/hotel sites, capable of providing about 530 000 square metres of floor area
- Set aside \$1 billion to subsidise eligible projects, to optimise the use of vacant government sites or school premises

