

The 2024-25 Budget

Advance with Confidence
Seize Opportunities
Strive for High-quality Development



www.budget.gov.hk/2024/eng/index.html

Bolstering Confidence

Attracting Enterprises, Capital and Talent

- **Strategic enterprises:** more than 40 strategic enterprises have set up or expanded their businesses in Hong Kong, or will do so. Total investment of over \$40 billion, creating 13 000 jobs
- **Hong Kong Investment Corporation Limited:** implement the first batch of direct and co-investment projects in the first half of this year, covering life technology, green technology, semiconductors, chips, etc.
- Organise “Roundtable for International Sovereign Wealth Funds” and “Summit on Start-up Investment and Development in Hong Kong”
- Submit legislative proposal to implement re-domiciliation mechanisms in first half 2024
- Prepare to list an Exchange Traded Fund (ETF) in the Middle East tracking Hong Kong stock indices
- Review arrangements of Top Talent Pass Scheme in mid-2024 and host a Global Talent Summit

Property Market

- **Cancel Special Stamp Duty, Buyers' Stamp Duty and New Residential Stamp Duty** for residential properties with immediate effect
- Further **relax** countercyclical macroprudential measures for property mortgage loans and adjust other supervisory policies for property lending

Stock Market

- Actively take forward recommendations by **Task Force on Enhancing Stock Market Liquidity**
- **Introduce treasury share buy-back regime and maintain trading operations under severe weather:** targeting to implement in mid 2024
- Explore measures to enhance listing regime, improve transaction mechanism, boost investor services, step up market promotion, etc.
- Waive stamp duties payable on transfer of Real Estate Investment Trust (REIT) units and jobbing business of option market-makers

Assisting Small and Medium Enterprises

- **SME Financing Guarantee Scheme:** extend application period for 80% and 90% Guarantee Products till end March 2026
- **BUD Fund:** inject \$500 million with launch of “E-commerce Easy”. Provide up to \$1 million per enterprise for implementing e-commerce projects in the Mainland
- **Digital Transformation Support Pilot Programme:** SMEs in the F&B and retail industries to be invited to select ready-to-use solutions starting early this year

Building the Hong Kong Brand

- Allocate over \$1.09 billion to strengthen tourism development and organise events. Highlights include:
 - ▶ **Splendid Victoria Harbour:** Monthly pyrotechnic and drone shows; and revamping “A Symphony of Lights”. Pilot scheme on F&B, retail and entertainment facilities at the harbourfront
 - ▶ **Immersive and in-depth tourism:** based on themes such as “Citywalk”
 - ▶ **Young-adult focused activities:** hiking, cycling, stand-up paddleboarding, trail running and stargazing
 - ▶ **Local characteristics:** continue to hold “Sai Kung Hoi Arts Festival” and “Design District Hong Kong”
- Launch a **new Hong Kong tourism brand**
- Promote **multi-destination tourism** in collaboration with GBA cities
- **Quality tourism services:** Launch new round of publicity to promote Hong Kong as a hospitable city
- Earmark \$100 million to boost mega-event promotions over next 3 years
- Continue to organise thematic financial forums, such as the Global Financial Leaders' Investment Summit and the Wealth for Good in Hong Kong Summit
- Launch a new Sponsored Overseas Speaking Engagement Programme to sponsor renowned scholars and industry leaders in promoting Hong Kong overseas

Supporting People and Enterprises

- Rates concession for domestic properties for the first quarter of 2024/25, subject to a \$1,000 ceiling
- Rates concession for non-domestic properties for the first quarter of 2024/25, subject to a \$1,000 ceiling
- Reduce salaries tax and tax under personal assessment for the assessment year 2023/24 by 100%, subject to a \$3,000 ceiling
- Reduce profits tax for the assessment year 2023/24 by 100%, subject to a \$3,000 ceiling
- Provide extra half-month allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements for Working Family Allowance

Accelerating High-quality Development

Green Future Green Finance

- Assist companies and financial institutions in sustainability reporting and data analysis
- Green and Sustainable Finance Grant Scheme: extended to 2027
- Green and Sustainable Fintech Proof of Concept Subsidy Scheme: to be launched in the first half this year
- Co-host a Joint Climate Finance Conference in Hong Kong with Dubai

Green Shipping

- Allocate \$65 million to concessionary measures for Hong Kong-registered ships that have attained a high rating under international standards of decarbonisation
- Study green-methanol bunkering for local and ocean-going vessels

Green Aviation

- Promote use of Sustainable Aviation Fuel in Hong Kong

- Photovoltaic technology: Launch a pilot scheme to explore applications on facades of government buildings
- **Electric vehicles:** Extend the first registration tax (FRT) concessions for electric vehicles to **March 2026** with concessions reduced by 40%
 - ▶ Maximum FRT concession under the “One for One Replacement” Scheme: **\$172,500**
 - ▶ Concession ceiling for general electric private cars: **\$58,500**
 - ▶ Not applicable to electric private cars valued at over \$500,000 before tax

Digital Economy

- Allocate \$300 million to launch business version of “iAM Smart”
- Undertake in-depth study on **developing data trading ecosystem**
- Launch phase 1 of Project mBridge to settle cross-boundary transactions for corporates
- Commence phase 2 of the e-HKD Pilot Programme
 - Expand the scope of e-CNY pilot testing in Hong Kong, including topping up e-CNY wallets by FPS
- Set aside \$100 million to provide digital training courses and technical support to the elderly

Innovation and Technology

- **AI Supercomputing Centre:** First phase facility to operate in 2024 earliest. Allocate \$3 billion to support local universities, R&D institutes and enterprises to leverage its computing power, etc
- Establish the **Hong Kong Microelectronics Research and Development Institute** in 2024 to facilitate research collaboration on third-generation semiconductors
- \$6 billion for universities to set up **life and health technology research institutes**
- Set up the **Greater Bay Area International Clinical Trial Institute** in Hetao Shenzhen Hong Kong Science and Technology Innovation Co-operation Zone this year
- Launch the New Industrialisation Acceleration Scheme this year and provide enterprises with up to \$200 million on a matching basis
- Publish a **White Paper on the Development Plan for Hong Kong Park of Hetao** in 2024
- \$2 billion to support presence of InnoHK research clusters in Hetao
- \$200 million to support incubation and acceleration programmes to Hetao start-ups engaging in life and health technology
- \$3 billion earmarked to launch a **Frontier Technology Research Infrastructure Support Scheme**
- Provide up to \$16 million to each Technology Transfer Office of 8 UGC-funded universities

Finance

- Issue \$70 billion worth of retail bonds:
 - **Silver bonds: \$50 billion**
 - **Green bonds and infrastructure bonds: \$20 billion**

- Promote introduction of block trading, RMB counters under Southbound Stock Connect, and expansion of the mutual access regime to Real Estate Investment Trusts (REITs)
- Host the 10th Anniversary of Mutual Access Forum and stage a series of roadshows in the Mainland
- Extend the Grant Scheme for Open-ended Fund Companies and REITs for 3 years
- Enhance preferential tax regimes for family office funds, etc.
- Continue to build collaborative framework on cross-boundary credit referencing
- \$100 million to promote sustainable development of financial services

Trade

- **Multinational supply chain management centre:**
 - ▶ Provide consulting services, trade financing and corporate training
 - ▶ Study the establishment of trade single window to provide one-stop services for enterprises
 - ▶ Attract Mainland manufacturing enterprises to set up offshore trading management headquarters in Hong Kong

Intellectual Property Trading

- Introduce legislative proposal to implement “patent box” tax incentive. Profit tax rate to be reduced to 5%
- \$45 million to support Hong Kong Productivity Council in establishing and operating WIPO Technology and Innovation Support Centre

Maritime

- Study enhancements to tax concession measures for maritime industry
- Offer block registration incentive to shipowners for extensive registration of ships in Hong Kong

Aviation

- Strengthen aviation services with current major routes and routes along the Belt and Road, in support of “Air Silk Road”

Legal and Dispute Resolution Services

- Headquarters of the “International Organization for Mediation” to be hosted in Hong Kong
- Continue to promote Hong Kong’s legal and dispute resolution services in the Mainland, the Middle East and ASEAN member states

International Cultural Exchange

- Inject \$1.4 billion into Film Development Fund
- Inject \$2.9 billion into CreateSmart Initiative
- Organise Hong Kong Fashion Design Week annually from 2024 onwards
- Devise key arrangements of Signature Performing Arts Programme Scheme in first half of 2024 to support long running of large-scale programmes
- Organise the first Hong Kong Performing Arts Expo

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Nurturing Local Talent

- Additional funding of **\$12 million** to prepare for regulatory arrangements for **local patent agent services**
- Legal talent:** Work to establish Hong Kong International Legal Talents Training Academy
 - IT education:** Additional funding of **\$130 million** to support "Knowing More About IT" Programme. Providing subsidies of up to **\$300,000** for each publicly funded primary school in the next **2** academic years
 - Review the **Maritime and Aviation Training Fund** to enhance its effectiveness

Land

- 15 000** units from **8** residential sites under the 2024/25 Land Sale Programme, railway property developments, private development and redevelopment projects and URA's projects
- 2** commercial sites to provide about **120 000** square metres of commercial floor area, and **1** industrial site to provide **540 000** square metres of industrial floor area
- Consider market conditions when deciding on quantity, type and pace of land sale
- Make available land for no less than **80 000** private housing units in the coming **5** years

Housing

- Public housing:** Sufficient land for **308 000** public housing units identified
- Cash Allowance Trial Scheme to be extended for **1** year until June 2025
- Private housing:** Completion of **19 000** private residential units annually on average in **5** years from 2024. Expected first-hand private residential unit supply for the next **3 to 4** years will be around **109 000** units

Transport Infrastructure

- Invite expression of interest on supply and operation of smart and green mass transit systems in East Kowloon, Kai Tak and Hung Shui Kiu/Ha Tsuen in 2024
- Examine feasibility of investing in MiC supply chain
- Set up Building Testing and Research Institute within 2024 to promote innovative application by industry

Caring and Inclusive Community

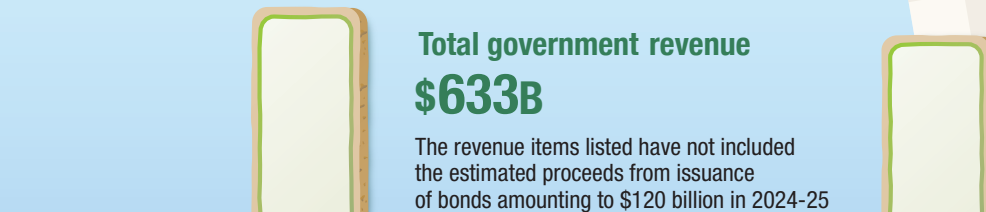
- \$680 million** to support vocational and professional education, extending the Pilot Incentive Scheme to Employers and the Pilot Subsidy Scheme for Students of Professional Part-time Programmes for **5** years
- \$100 million** reserved to support self-financing post-secondary institutions to form Alliance of Universities in Applied Sciences
- No. of Community Care Service Vouchers to increase to **11 000** in the year
- No. of Residential Care Service Vouchers for the Elderly to increase to **5 000** from **second** quarter this year
- Implement a **3-year** pilot scheme in 2024 to provide additional subsidy of **\$500** per month for employed disabled recipients of CSSA
- Set up **10** aided, standalone childcare centres in phases, adding **900** places for child day-care services within **3** years
 - Extend the After School Care Programme for Pre-primary Children in phases to cover all districts. No. of service places to increase to about **1 200** within **3** years

Healthcare

- Press ahead with construction of the Chinese Medicine Hospital and the Government Chinese Medicines Testing Institute, expected to begin service in phases from end 2025
- Tobacco control:** Increase the duty on cigarettes by **80** cents per stick, with immediate effect

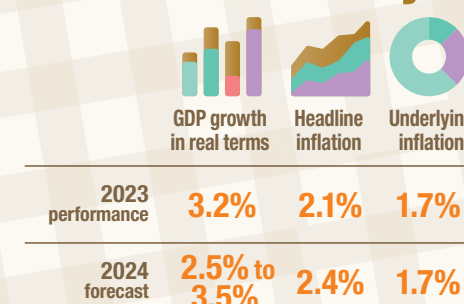
Public Finance

2024-25 Total government revenue and expenditure



Total government expenditure \$776.9B

Economy



Fiscal Consolidation Programme

- Achieve fiscal balance gradually and maintain fiscal reserves at a prudent level
- Focused on expenditure cut, with some revenue increases included pragmatically
- Taking care of people's needs by continued allocation of resources for the provision and ongoing improvement of public services

Contain Growth of Operating Expenditure

- Maintain zero growth in civil service establishment
- Reduce recurrent government expenditure by another **1%** in 2026/27. CSSA and SSA Schemes will not be affected
- Review operation mode of Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the "S2 Scheme") and Public Transport Fare Subsidy Scheme to enable financially sustainable provision of subsidies. The Government has **no intention** to cancel these schemes

Consolidated Government Accounts

- 2023/24:** forecast consolidated deficit of **\$101.6** billion. Fiscal reserves are forecast to be **\$733.2** billion by end March 2024
- 2024/25:** forecast consolidated deficit of **\$48.1** billion. Fiscal reserves are forecast to be **\$685.1** billion by end March 2025
- 2025/26 to 2028/29:** consolidated surpluses are forecast, with fiscal reserves estimated at **\$832.2** billion by end March 2029

Review and Re-prioritisation of Capital Works

- Review cost-effectiveness of works projects and adjust implementation schedule according to priority and urgency
- Works projects at **comparatively mature stage of planning** (e.g. site formation and infrastructure works for the Northern Metropolis): Take forward as planned
- Works projects that are currently at the **preliminary planning** or **conceptual stage**: Adjust implementation schedule according to importance

Increase Revenue

- Adjust fees and tax items based on "affordable users pay" principle
- Business registration fees:** increase by **\$200** to **\$2,200** per annum from 1 April 2024. Business registration levy of **\$150** will be **waived** for **2** years
- Proposed two-tier standard rates regime for salaries tax and tax under personal assessment:** affecting only taxpayers with over **\$5** million net income and whose tax payable is calculated at standard rate. Taxpayers on progressive rates will **not** be affected

Proposed two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the 2024/25 assessment year

Net income (Note)	Tax rates
\$5 million or below	15% (remains unchanged)
Above \$5 million	First \$5 million: 15% Portion exceeding \$5 million: 16%

Note: Net Income = Total Income - Deductions

- Hotel Accommodation Tax:** Resume collection at **3%** starting from 1 January 2025

Illustration of Hotel Accommodation Tax

Hotels / Guesthouses Accommodation	Average room rate per night	Proposed Hotel Accommodation Tax	Hotel Accommodation Tax to be paid per night
High Tariff A hotels	About \$2,350	3%	About \$70
High Tariff B hotels	About \$1,100		About \$33
Medium Tariff hotels	About \$730		About \$22
Guesthouses	About \$380		About \$11

- Progressive rating system for domestic properties:** Affecting domestic properties with rateable value over **\$550,000** only

Proposed Progressive Rating System for Domestic Tenements effective from the quarter of January to March 2025 onwards

Annual rateable value ("RV") of domestic tenements (Monthly RV)	Rates percentage charges	Percentage of private residential flats
\$550,000 or below (Monthly RV at \$45,833 or below)	5% (Remains unchanged)	About 98% (Around 2.16million properties)
\$550,001-\$800,000 (Monthly RV at around \$45,833 to \$66,667)	First \$550,000: 5% Next \$250,000: 8%	About 1.1% (Around 24 000 properties)
Above \$800,000 (Monthly RV at above \$66,667)	First \$550,000: 5% Next \$250,000: 8% Portion above \$800,000: 12%	About 0.8% (Around 18 000 properties)

Example

Annual rateable value ("RV") of domestic tenements	Annual rates payable
\$550,000 or below	Remains unchanged
\$600,000	Additional payment of \$1,500
\$800,000	Additional payment of \$7,500
\$1,000,000	Additional payment of \$21,500
\$2,000,000	Additional payment of \$91,500