

The 2026-27 Budget

Driving High-quality, Inclusive Growth with Innovation and Finance



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2026/eng/index.html

Actively Align with the National 15th Five-Year Plan

- Contribute to the country's modernised industrial system and technological self-reliance
- Actively participate in the country's high-level two-way opening up
- Attract high-calibre international talent

Life and Health Technology

- International Clinical Trial Academy to be established in 2027
- \$500 million injection for Chinese Medicine Development Fund to support strategic research, training and international publicity

Driving AI+ Development

- Top-tier design:** establish Committee on AI+ and Industry Development Strategy to transform industries
- AI empowering industries:** Hong Kong AI Research and Development Institute to operate in second half of year to support R&D and transformation of outcomes
- Computing infrastructure:** take forward Sandy Ridge data facility cluster project
- Enhancing AI literacy:**
 - \$50 million to help public organisations, tech enterprises and tertiary institutions set up AI application courses, seminars and competitions
 - Tertiary institutions to organise more AI-related programmes
 - Employees Retraining Board to become Upskill Hong Kong, providing skill-based training, including AI application
- Empowering public services:** \$100 million to accelerate Government digital transformation with leading technologies
- Expanding AI training for civil servants
- Data utilisation:** supporting more data-science analyses; new online interactive data service platform to be launched in March

Driving Growth with Innovation and Technology (I&T)



Supporting Emerging Industries

- Aerospace:** OASES to attract aerospace enterprises; HKEC to review listing requirements for aerospace enterprises
- Microelectronics:** Hong Kong Investment Corporation (HKIC) and enterprises to establish Hong Kong RISC-V Alliance, forging collaboration among industries, academia and the investment sector
- Proactive push for R&D and applications in embodied AI, quantum technology, new materials, etc.
- \$10 billion I&T Industry-Oriented Fund to begin operation this year
- Review and enhance tax arrangements for R&D expenditures

New Industrialisation

- New Industrialisation Elite Enterprises Nurturing Scheme** to be launched this year, supporting high-growth enterprises
- Around \$220 million to establish the first national manufacturing innovation centre outside the Mainland

Northern Metropolis for I&T

- Public-private partnership:** tripartite co-operation of Government, developers and tech enterprises to channel land and corporate resources for industrial development and unleash land potential
- Hetao Co-operation Zone Hong Kong Park:** \$10 billion to accelerate land development, provide infrastructure, establish venture fund, etc.
- San Tin Technopole:** establish dedicated company and inject \$10 billion as initial capital
- \$10 billion to support initial operation of Hung Shui Kiu Industry Park Company Limited, beginning operation this year

Patient Capital

- HKIC has invested in over 190 projects, with 10 investee companies listed and 20 preparing for listing. Attracting over \$8 for every \$1 invested

Financial Empowerment

Promoting Finance+

- Offshore RMB market:** reduce transaction costs for RMB and other currency conversions; attract more RMB-denominated bond issuances in Hong Kong; explore formation of offshore RMB yield curve
- Mutual Market Access:** expedite launch of Chinese Government Bond futures in Hong Kong, inclusion of real estate investment trusts (REITs) in mutual access, and inclusion of RMB trading counter under Southbound Stock Connect
- Securities market reforms:** consult the market on revised requirements for weighted voting structures, facilitating secondary listing of overseas issuers, and implementing T+1 settlement cycles. Enhance structured product-listing framework and regulatory regime for listed companies
- Custodian platform:** study the establishment of one-stop multi-asset class post-trade securities infrastructure, covering Mainland and Hong Kong equity and debt securities
- Asset and wealth management:** legislate this year to enhance family offices and fund tax regime, and enable REITs privatisation. Amend the law next year to provide stamp duty waiver for transferring non-residential properties into REITs seeking to list
- Corporate treasury centres (CTCs):** relax criteria for stamp duty relief for intra-group transfer of assets. Applicable to instruments signed from today (25 Feb 2026). Announce in the year enhancement measures for CTCs, including additional tax incentives
- Digital assets:**
 - CMU OmniClear to establish digital asset platform in the year to support issuance and settlement of digital bonds
 - Establish licensing regime for digital-asset dealing and custodian service providers through legislation in the year
- Gold trading:** explore tax concessions for eligible institutions conducting gold trading and settlement in Hong Kong
- Financial inclusion:**
 - Amend the law next year to extend MPF "Full Portability" coverage to those employed before 1 May 2025
 - Consult the public this year on optimising recovery of default MPF contributions from employers

Diversified Development

Trade Centre

- Preferential policy packages:** including preferential arrangements on land grants, financial subsidies and tax incentives. Preferential tax rates at half rate or 5%. Introduce amendment to tax law this year
- Advisory Committee on Tax Policy:** gather views from commercial, industrial and professional sectors to support economic development with tax policies
- Cross-sectoral professional services platform** to support enterprises in going global
- \$100 million to attract international, large-scale exhibitions with new elements

Intellectual Property Trading

- Tax deduction arrangements for capital expenditure in purchasing intellectual property: introduce legislation this year
- \$28 million for Hong Kong Technology and Innovation Support Centre to provide patent evaluation and implement a 2-year Pilot Patent Valuation Support Scheme
- \$52 million for Intellectual Property Academy on 2-year pilot

Aviation, Shipping, Logistics

- Future Innovative Logistics Acceleration Scheme** to be launched this year to enhance interconnectivity of logistics data
- Introduce legislation this year to enhance tax-concession measures for maritime services industry, provide half-rate tax concession to eligible commodities traders, revamp existing ship registration arrangements, extend current arrangements under Air Transhipment Cargo Exemption Scheme, etc.
- Provide port dues concessions for green vessels and offer incentives for green vessels registered in Hong Kong; \$34 million expenditure

Culture, Sports and Tourism

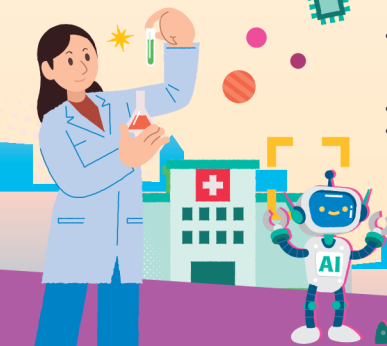
- \$1.66 billion for Hong Kong Tourism Board in 2026-27 to enhance Hong Kong's tourist appeal
- Additional \$1 billion for Built Heritage Conservation Fund to enrich city culture
- \$200 million to launch pilot NM Urban-rural Integration Fund supporting rural tourism projects
- \$1.2 billion into the sports portion of Arts and Sport Development Fund to support sports development
- Secure 5-year collaboration with Art Basel

Green Development

- Earmark resources to launch 5-year waste reduction and recycling plan from 2026-27
- Explore the establishment of a Hong Kong-based Green Technology Projects Accelerator with Mainland and multilateral financial institutions
- Electric commercial vehicles, electric motorcycles and electric motor tricycles: first registration tax (FRT) waived in full, to 31 March 2028
- Private electric cars: current FRT concession arrangement to lapse by end March this year

Education and Talent

- \$10 billion loan to support campus development in the NM University Town
- Reserve land and resources for developing a new medical school and integrated medical teaching and research hospital in Ngau Tam Mei
- \$65 million to provide additional government-funded training places for construction professionals
- Extend Programme to Enhance Talent Training for the Insurance Sector to March 2029





Caring for the People

Supporting Local Enterprises

- **BUD Fund:** injection of **\$200** million
- Raise funding ceiling for each Easy BUD application to **\$150,000**
- Pilot scheme by HKEIC to support SMEs in exporting to higher-risk markets
 - Waive fees of certificates issued by Centre for Food Safety for food product export for **2** years. Introduce a new unified brand for local agricultural and fisheries products

Adjustments to Tax Allowances and Deduction Ceilings

	At Present	From 2026-27 Year of Assessment
Basic allowance	\$132,000	\$145,000
Single parent allowance	\$132,000	\$145,000
Married person's allowance	\$264,000	\$290,000
Child allowance <small>Note: Same increases for additional allowance for the first two years after childbirth*</small>	\$130,000	\$140,000
Dependent parent/grandparent allowances <small>Note: Same increases for additional allowance for residing with dependent parent/grandparent</small>		
For dependent parent/grandparent aged 60 or above, or parent/grandparent eligible in receipt of disability allowance	\$50,000	\$55,000
For dependent parent/grandparent aged 55 to 59	\$25,000	\$27,500
Deduction ceiling for elderly residential care expenses	\$100,000	\$110,000

* Announced in the 2025 Policy Address, and subject to passage of relevant legislation.

Support Measures

- Rates concession for domestic properties for the **first 2 quarters** of 2026-27, subject to a **\$500** ceiling per quarter
- Rates concession for non-domestic properties **first 2 quarters** of 2026-27, subject to a **\$500** ceiling per quarter
- Reduction in salaries tax and tax under personal assessment for the assessment year 2025-26 by **100%**, subject to a **\$3,000** ceiling
- Reduction in profit tax for the assessment year 2025-26 by **100%**, subject to a **\$3,000** ceiling
- Extra **1 month** allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements for Working Family Allowance



Caring for the Community

- **Elderly Health Care Voucher Pilot Reward Scheme:** extended to end-2028. Accumulate voucher spending of **\$1,000** on specific primary healthcare services in the same year and receive a **\$500** voucher reward. **\$1** billion expenditure
- In 2026-27:
 - ▶ Residential Care Service Vouchers for the Elderly increased to **7 000**, involving annual expenditure of **\$1.97** billion
 - ▶ Community Care Service Vouchers for the Elderly increased to **16 000**, with annual expenditure of **\$1.2** billion
- **3 600** short-term internship placements in government departments and public bodies for tertiary students
- New **media thematic internship programme** in the Mainland for young people
- **\$60** million to continue **HYAB Funding Scheme for International Youth Exchange**
- **450** additional places for day, residential and pre-school rehabilitation services in 2026-27, involving an expenditure over **\$100** million
- **\$260** million to provide bridging and support services for primary school children receiving **On-site Pre-school Rehabilitation Services**
 - **Re-employment Allowance Pilot Scheme:** provision increased to over **\$220** million in 2026-27

Supporting Work Following the Tai Po Fire

- **\$4** billion to support long-term housing arrangements for those affected
- **\$300** million injection to URA to launch enhanced **"Smart Tender"** and provide subsidies for using the services
- **\$3** billion to support new subsidy scheme for **Operation Building Bright 2.0**
- **\$1** billion to extend **Lift Modernisation Subsidy Scheme**



Land, Housing and Infrastructure

Land

- **About 22 000** units from the 2026-27 Land Sale Programme (**9** residential sites), railway property developments, URA projects and private development and redevelopment projects
- Sell land prudently on a quarterly basis, ensuring stable market development
- **No** general commercial sites to be put on sale **in the coming year**
- HKIC to collaborate with regional and international long-term capital to direct capital flow towards quality commercial property projects supporting Hong Kong's industrial positioning
- **3** post-secondary student hostel sites to be made available for land sale, subject to market response
 - Conduct public consultation on dedicated legislation for NM and submit legislation in mid-2026
 - Impose time limits on approval process for large-scale, private development projects in NM

Housing

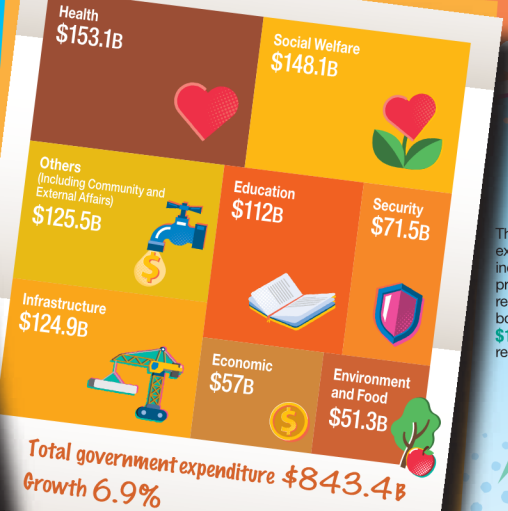
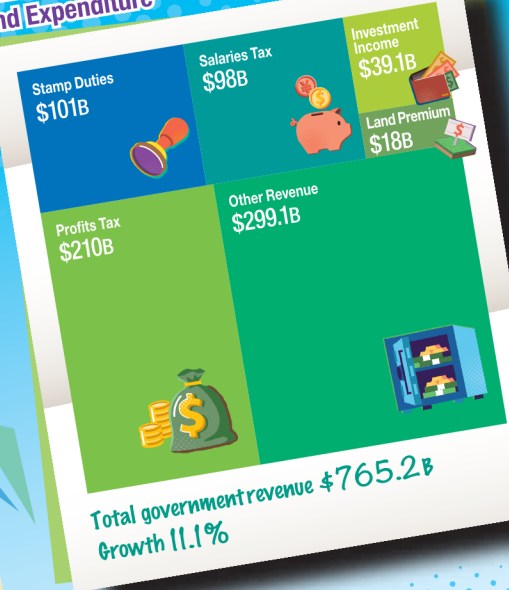
- **Public housing:** total housing supply at **196 000** units in the coming 5 years
- **Private housing:** completion of **about 17 000** private residential units annually in the coming 5 years. Expected first-hand, private residential unit supply to be **about 104 000** units over the next **3-4** years

Infrastructure

- **\$1** billion injection into the **Construction Innovation and Technology Fund** to promote I&T's industry-wide application
 - **\$100** million for **Building Technology Research Institute** to support studies reviewing construction standards and exploring AI applications



2026-27 Total Government Revenue and Expenditure



- **2025-26:** forecast consolidated surplus of **\$2.9** billion. Fiscal reserves are forecast to be **\$657.2** billion by end March 2026
- **2026-27:** forecast consolidated surplus of **\$22.1** billion
- Fiscal reserves are estimated to be **\$733.7** billion by end-March 2031



The above revenue and expenditure items have not included the estimated proceeds from issuance and repayment of government bonds, amounting to **\$160** billion and **\$59.7** billion, respectively, in 2026-27

Economy

Strictly Containing Operating Expenditure Growth

- Reduction of recurrent government expenditure: CSSA, Social Security Allowance and statutory expenditure will not be affected. Government's recurrent expenditure will be cut by **2%** in both 2026-27 and 2027-28, delivering savings of **\$7.8** billion and **\$15.6** billion respectively compared to 2025-26
- **Civil service establishment:** a cumulative reduction of over **10 000** posts in this term of Government
- **Civil service pay adjustment:** Pay Trend Survey to be done in accordance with the established mechanism and submitted to Chief Executive-in-Council for consideration

Increasing Revenue

- **Implement BEPS 2.0 by OECD:** expected to bring in additional tax revenue of **\$15** billion annually for the Government, starting from 2027-28
- Adjust stamp duty on residential properties valued over **\$100** million from 4.25% to **6.5%**, with retrospective effect from 26 Feb 2026

Ad valorem stamp-duty rate on residential properties after adjustment	
Amount or value of the consideration (whichever is higher)	Rates
Up to \$100,000,000	Same as existing arrangements
\$100,000,001-\$109,574,470	\$4,250,000 + 30% of excess over \$100,000,000
\$109,574,471 and above	6.5%

Capital Works Expenditure

- 2026-27 capital works expenditure is estimated to be **about \$128** billion. Annual capital works expenditure from 2027-28 to 2030-31 will remain at a similar level
- Issue bonds worth **\$160** billion to **\$220** billion every year from 2026-27 to 2030-31. About half to be used for re-financing short-term debts
- Issue more long-term bonds to reduce short-term re-financing needs
- Ratio of government debt to GDP in 2026-27 to 2030-31 will be **14.4%** to **19.9%**, much lower than those of most advanced economies
 - Proceeds from bond issuance will **not** be used for funding government recurrent expenditure, but only for infrastructure investment
 - Transfer **\$150** billion of Exchange Fund to the Capital Works Reserve Fund in the coming 2 years to support the NM and other infrastructure projects

