

- (iii) Deductions for donations - the ceiling for tax deductible charitable donations remains at 35% of assessable profits.
- (iv) Capital expenditure incurred on the purchase of patents rights, industrial know-how, registered trademarks, copyrights and registered designs is deductible.

2. Salaries Tax

Salaries tax charged for 2014/15 and 2015/16 is the lower of :

- net assessable income less charitable donations and allowable deductions at the standard rate of 15% ; or
- net assessable income less charitable donations and allowable deductions and personal allowances, charged at the following progressive rates :

Progressive rates	
2014/15 and 2015/16	
Net chargeable income	Tax rate
First HKD40,000	2%
Next HKD40,000	7%
Next HKD40,000	12%
Balance	17%

Major areas in respect of the salaries tax are set out below :

(a) Personal allowances

An increase to the basic and additional child allowances from HKD70,000 to HKD100,000 from 2015/16 onwards is proposed.

Personal allowances for 2014/15 and 2015/16 are :

	2014/15	2015/16
	HKD	HKD
Personal allowance :		
Basic	120,000	120,000
Married	240,000	240,000
Single parent allowance	120,000	120,000
Child allowances :		
1st to 9th (each) basic and additional allowance		
Year of birth	140,000	200,000
Other years	70,000	100,000
Dependent parent/grandparent allowance (aged 60 or above)		
Basic	40,000	40,000
Additional	40,000	40,000
Dependent parent/grandparent allowance (aged between 55 to 59)		
Basic	20,000	20,000
Additional	20,000	20,000
Dependent brother/sister allowance	33,000	33,000
Disabled dependent (spouse/child/parent/grandparent/ brother/sister) allowance	66,000	66,000

(b) Tax reduction

An one-off reduction of 75% of salaries tax (and tax under personal assessment) assessed for 2014/15, subject to a ceiling of HKD20,000.

(c) Other relief

(i) Mortgage relief

Home mortgage interest payments are deductible against income subject to Salaries Tax.

Owner-occupiers may claim a deduction for mortgage interest payments up to maximum of HKD100,000 per year for one property for up to 15 years.

(ii) Caring for the elderly

The annual deduction ceiling for elderly residential care expenses incurred in maintaining dependent parents/grandparents in residential care is HKD80,000.

(iii) Contributions to retirement schemes

A deduction up to the maximum of HKD18,000 for the year of assessment 2015/16 onwards is available for the mandatory annual contributions made by employees to recognised retirement schemes and Mandatory Provident fund schemes.

(iv) Self-education costs

A deduction up to the maximum of HKD80,000 per annum is available for self-education expenses where the training courses are run by approved institutions.

(v) Charitable donations

A deduction of up to a maximum of 35% of assessable income is available for approved charitable donations.

3. *Property tax*

The standard rate remains at 15% for 2015/16.

4. *Rates*

Rates on properties remain at 5% of the rateable value throughout the territory. Rates for the first two quarters will be waived in 2015/16, subject to a ceiling of HKD2,500 per quarter for each rateable property.

5. Stamp duty

(a) Property transactions

No changes are proposed to the Stamp Duty rates and banding on property transactions which are summarised below :

Property Consideration		
HKD	HKD	HKD
Exceeds	Does not exceed	
	2,000,000	1.5%
2,000,000	2,176,470	30,000 + 20% of excess over 2,000,000
2,176,470	3,000,000	3.0%
3,000,000	3,290,330	90,000 + 20% of excess over 3,000,000
3,290,330	4,000,000	4.5%
4,000,000	4,428,580	180,000 + 20% of excess over 4,000,000
4,428,580	6,000,000	6%
6,000,000	6,720,000	360,000 + 20% of excess over 6,000,000
6,720,000	20,000,000	7.5%
20,000,000	21,739,130	1,500,000 + 20% of excess over 20,000,000
21,739,130		8.5%

Hong Kong permanent residents who either purchase their only residential properties or sell their only properties and buy a new one within six months will be given an exemption to the new rates and allowed to use the following old rates :

Property Consideration		
HKD	HKD	HKD
Exceeds	Does not exceed	
	2,000,000	100
2,000,000	2,351,760	100 + 10% of excess over 2,000,000
2,351,760	3,000,000	1.5%
3,000,000	3,290,320	45,000 + 10% of excess over 3,000,000
3,290,320	4,000,000	2.25%
4,000,000	4,428,570	90,000 + 10% of excess over 4,000,000
4,428,570	6,000,000	3%
6,000,000	6,720,000	180,000 + 10% of excess over 6,000,000
6,720,000	20,000,000	3.75%
20,000,000	21,739,120	750,000 + 10% of excess over 20,000,000
21,739,120		4.25%

Special stamp duty

Special stamp duty ["SSD"] on transactions for residential properties is imposed on the sale prices or market value of the property, whichever is higher, as at the date of sale.

The SSD is imposed, depending on when the property is brought and sold, at the following rates :

(i)	6 months or less	20%
(ii)	more than 6 months but not exceeding 12 months	15%
(iii)	more than 12 months but not exceeding 36 months	10%

The SSD is in addition to the *ad valorem* rates of stamp duty already imposed. Both the seller and the buyer will be jointly and severally liable for paying the SSD.

A further Buyer's Stamp Duty ["BSD"] at 15% is payable on the purchase of residential property by a company or non Hong Kong permanent residents.

(b) Sales and purchases of Hong Kong stock

No changes were announced to the rate of stamp duty payable in respect of transfers of Hong Kong stock. This remains at an aggregate *ad valorem* rate of 0.2% of the actual consideration or the value of the stock as at transfer date, whichever is higher.

6. Other points of interest

Other relief measures to help ease the pressure brought about by the economic downturn include :

- (a) Paying one months' rent for public housing tenants, except those required to pay additional rent.
- (b) Providing an extra two month's allowance to recipients of Comprehensive Social Security Assistance, Old Age Allowance, Old Age Living Allowance and Disability Allowance.
- (c) Waiving the licence fee for travel agents, hotel and guesthouses, restaurants and hawkers and fees for restricted food permits for six months.
- (d) Waiving the fees for vehicle examination once for the renewal of vehicle licences of taxis, light buses, franchised and non-franchised buses, good vehicles, trailers and special purpose vehicles within a year.