

BUDGET 2026/27 HIGHLIGHTS

Hong Kong



The 2026/27 Hong Kong Budget



The theme of the 2026/27 Hong Kong Budget is “Driving High-quality, Inclusive Growth with Innovation and Finance”.

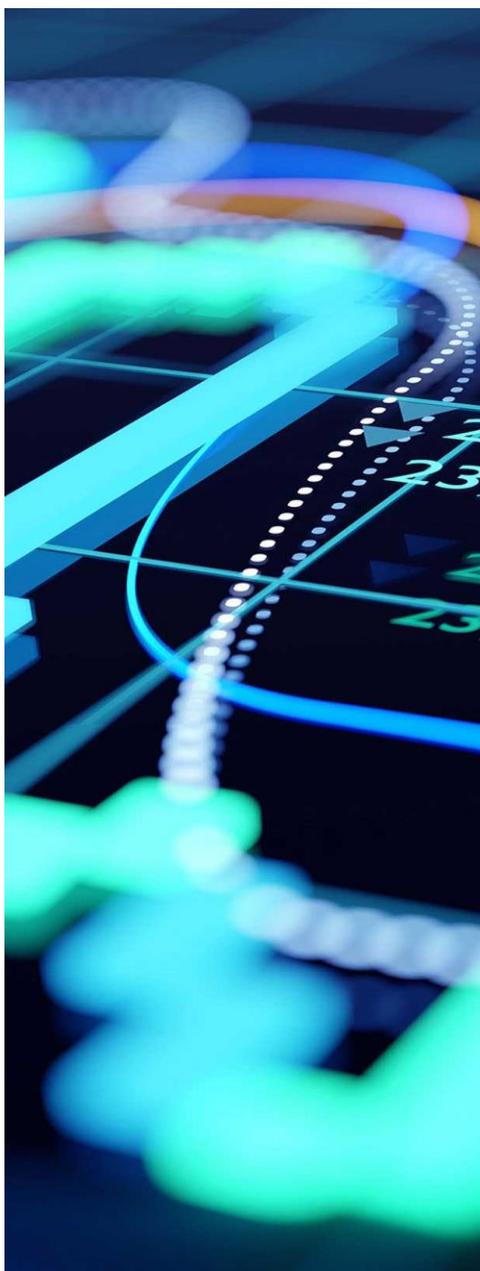
The 2026/27 Budget reinforces Hong Kong’s commitment to a simple and competitive tax regime, complemented by targeted relief measures and sector-specific enhancements. It sets out a clear strategy to strengthen Hong Kong’s economic resilience while investing in future growth, with the intention to reinforce Hong Kong’s role as an international financial centre and a regional intellectual property trading centre amid ongoing global economic uncertainty.



Key Highlights:

- Salaries Tax
- Profits Tax
- Stamp Duty
- Funds, Family Offices and Wealth Management
- Innovation and Technology
- Other Measures and Allowances

Salaries Tax



One-off tax reduction

- Reduction of salaries tax and tax under personal assessment for the year of assessment 2025/26 by 100%, subject to a ceiling of HK\$3,000.

Personal allowances and deductions

- Starting from the year of assessment 2026/27, the Budget proposes:
 - Basic allowances: HK\$132,000 → HK\$145,000
 - Single parent allowances: HK\$132,000 → HK\$145,000
 - Married person's allowances: HK\$264,000 → HK\$290,000
 - Basic child allowance and Additional child allowance for each child born during the year of assessment: HK\$130,000 → HK\$140,000
 - Dependent parent/grandparent allowance and Additional allowance for continuous residing with the dependents throughout the year:
 - Aged 60 or above: HK\$50,000 → HK\$55,000
 - Aged 55 to 59: HK\$25,000 → HK\$27,500
 - Deduction ceiling for elderly residential care expenses: HK\$100,000 → HK\$110,000



After years without adjusting the personal allowances and deductions, it is encouraging to see such changes as a positive response to rising living costs. These adjustments could help alleviate financial pressure on individuals.



Profits Tax



One-off tax reduction

- Reduction of profits tax for the year of assessment 2025/26 by 100%, subject to a ceiling of HK\$3,000.

Strategic tax incentives

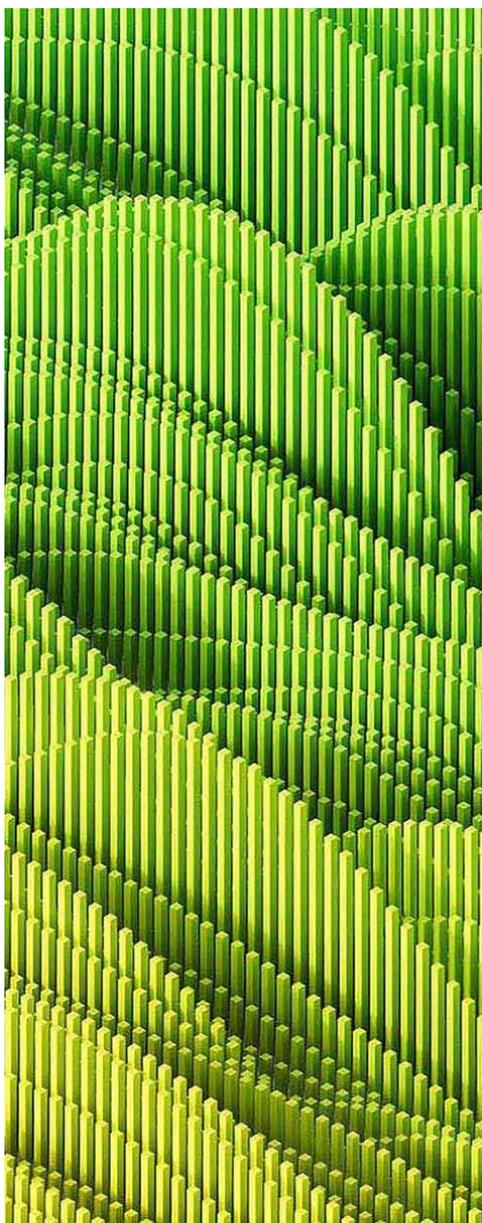
- Introduction of preferential policy packages to attract enterprises and investment, including land grant arrangements, financial subsidies and preferential tax incentives, with tax rates at half-rate or as low as 5%. The amendment bill will be introduced during 2026.
- Enhancement measures for Corporate Treasury Centres ("CTCs"), including additional tax incentives and flexibility for CTCs and their associated companies, and introducing a pre-approval mechanism. A series of enhancement measures will be announced in mid-2026.
- Enhancement of tax concession measures for the maritime service industry and providing a half-rate tax concession to eligible commodities traders. The amendment bill will be introduced in the first half of 2026.
- Exploration of offering tax incentives for eligible institutions conducting gold trading and settlement in Hong Kong.



Building on Hong Kong's status as a premier international financial centre with an established range of preferential tax regimes, the proposed enhancements aim to further entrench this position. The measures reaffirm the Government's commitment to strengthening Hong Kong's role as a leading centre for innovation and treasury activities.



Stamp Duty



High-value residential property ad valorem stamp duty

- Increase in the stamp duty rate from 4.25% to 6.5%, with retrospective effect from 26 February 2026, for residential property transactions valued above HK\$100 million.

Relaxation of intra-group transfer stamp duty relief

- Relaxation of the eligibility criteria for stamp duty relief on intra group transfers of assets through an expansion of the scope of eligible associated body corporates. This change will have retrospective effect for instruments executed on or after 25 February 2026. The amendment bill will be introduced during 2026.

Stamp duty waiver for transfer of non-residential properties into Real Estate Investment Trust ("REITs") seeking to list

- Provision of a stamp duty waiver for the transfer of non-residential properties into REITs seeking to list to strengthen the REIT market development in Hong Kong. The amendment bill will be introduced in the first half of 2027.



The increase in stamp duty on high value residential properties is targeted at the top end of the market, allowing the Government to generate additional revenue with minimal impact on broader housing activity.

At the same time, the proposed relaxation of intra group transfer relief allows multinational groups with various entity forms among their group structures to enjoy stamp duty relief, and the REIT-related waiver promotes Hong Kong's position in the REIT market.



Funds, Family Offices and Wealth Management



Enhancement of tax regime for single family offices and funds

- Expansion of the scope of "fund" to cover specific funds-of-one.
- Classification of the digital assets, precious metals, specified commodities, etc. as qualifying investments eligible for tax concessions.
- The amendment bill will be introduced in the first half of 2026, with a view to effecting the implementation from the year of assessment 2025/26.



The enhanced tax regime is a positive development which encourages and signals strong support for attracting more family offices and funds to establish in Hong Kong.



Innovation and Technology



Intellectual property (“IP”) incentive

- Improvement of tax deduction arrangements for capital expenditure incurred for purchasing IP or the rights to use IP. The amendment bill will be introduced during 2026.

Research and Development (“R&D”)

- Enhancement of tax arrangements for R&D expenditures in view of the increasing cross-border scientific collaboration, technology transfer, and the development of emerging and future industries.

AI+ Industry Development

- Establishment of a Committee on AI+ and Industry Development Strategy to formulate strategies and create favourable conditions for AI-driven industry transformation, with an initial focus on life and health technology and embodied AI.



The Government continues to position innovation, technology, and IP driven activities as key growth engines, with enhancements and refinements to existing tax incentives aimed at strengthening Hong Kong's role as a regional intellectual property trading centre.



Other Measures and Allowances



Crypto-asset transparency

- The Inland Revenue Ordinance will be amended to implement the OECD Crypto-Asset Reporting Framework and the amended Common Reporting Standard to continue aligning with international standards to enhance tax transparency and combat cross-border tax evasion.
- Amendment is expected in the coming two years, with an amendment bill will be introduced in the first half of 2026.

Rates concession for properties

- A rates concession with a ceiling of HK\$500, will be provided for domestic and non-domestic properties for the first two quarters of the year of assessment 2026/27.

Social allowances support

- Provision of allowance for eligible social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance and similar arrangement will also apply to recipients of the Working Family Allowance.

Vehicle subsidies

- The first registration tax ("FRT") for electric commercial vehicles, electric motorcycles and electric motor tricycles will continue to be waived in full until end-March 2028.
- The current FRT concession arrangement for electric private cars will not be extended beyond its expiry at the end of March 2026.

Enhancement of Hong Kong's tax policy

- Establishment of an Advisory Committee on Tax Policy to review Hong Kong's tax system in response to the evolving global tax environment.

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