

Shenzhen, ChinaRooms 1203-06, 12/F.
Di Wang Commercial Centre
5002 Shennan Road East
Luohu District, Shenzhen
T: +86 755 8268 4480**Shanghai, China**Room 603, 6/F., Tower B
Guangqi Culture Plaza
2899A Xietu Road
Xuhui District, Shanghai
T: +86 21 6439 4114**Beijing, China**Room 303, 3/F.
Interchina Commercial Bldg.
33 Dengshikou Street
Dongcheng District, Beijing
T: +86 10 6210 1890**Taipei, Taiwan**Room 303, 3/F.
142 Section 4
Chung Hsiao East Road
Daan District, Taipei
T: +886 2 2711 1324**Singapore**138 Cecil Street
#13-02 Cecil Court
Singapore 069538
T: +65 6438 0116**New York, USA**202 Canal Street
Suite 303, 3/F.
New York
NY 10013, USA
T: +1 646 850 5888

26 February 2020

Hong Kong Business Summary of Hong Kong SAR Budget for 2020/21

Financial Secretary Paul Chan Mo-po announced the 2020/21 Hong Kong Budget on 26 February 2020. Hong Kong's economy has seen negative growth since the second half of 2019 due to the double whammy of the extradition bill crisis and an outbreak of the novel coronavirus disease. Therefore, Hong Kong Government will implement new relief measures to respond the public concern, including cash payout.

In view of the negative growth in 2019, Hong Kong Government will implement counter-cyclical measures, with the objective of "supporting enterprises, safeguarding jobs, stimulating the economy and relieving people's burden", so as to help Hong Kong tide over the difficulties.

The major proposals with respect to tax for individual and business are summarized as below:

Economic Situation in 2019

1. Total exports of goods fell by 4.7 per cent in real terms for the year as a whole
2. Exports of travel services led to a fall of 10.4 per cent, the largest annual decline on record
3. The seasonally adjusted unemployment rate went up from 2.8 per cent in the second quarter of 2019 to the latest 3.4 per cent, the highest in more than three years
4. The unemployment rate of the retail, accommodation and food services sectors as a whole rose to a three-year high of 5.2 per cent
5. The unemployment rate of the food and beverage services sector rose sharply to 6.1 per cent, the highest in eight years
6. The underlying inflation rate was 3 per cent for 2019, up 0.4 percentage point from 2018

Economic Outlook in 2020

7. Our economy will grow by -1.5 per cent to 0.5 per cent in real terms in 2020
8. The headline inflation rate and underlying inflation rate will ease to 1.7 per cent and 2.5 per cent respectively

Relieve People's Burden

9. Disburse \$10,000 to Hong Kong permanent residents aged 18 or above
10. Waiving rates in respect of residential properties for four quarters of 2020-21, subject to a ceiling of \$1,500 per quarter for each rateable property
11. Providing an extra allowance to eligible social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance.
12. Paying one month's rent for lower income tenants living in public rental units of the Hong Kong Housing Authority
13. Paying the examination fees for school candidates sitting for the 2021 Hong Kong Diploma of Secondary Education Examination

Safeguard Jobs

14. Reducing salaries tax and tax under personal assessment for the year of assessment 2019/20 by 100 per cent, subject to a ceiling of \$20,000

Support Enterprises

15. Reducing profits tax for the year of assessment 2019/20 by 100 per cent, subject to a ceiling of \$20,000
16. Waiving the business registration fees for 2020-21, only business registration levy \$250 will be charged
17. Waiving the registration fees for all annual returns for two years
18. Waiving rates for non-domestic properties for four quarters of 2020-21, subject to a ceiling of \$5,000 per quarter in the first two quarters and a ceiling of \$1,500 per quarter in the remaining two quarters for each rateable non-domestic property
19. Providing a subsidy to each eligible non-domestic household accounts for four extra months to cover 75 per cent of their monthly billed electricity charges, subject to a monthly cap of \$5,000 per account
20. Waiving 75 per cent of water and sewage charges payable by non-domestic households for four extra months, subject to a monthly cap of \$20,000 and \$12,500 respectively per household
21. Offering another six months of fees and rent reduction for cruise lines and existing tenants of the Cruise Terminal
22. Under the SME Financing Guarantee Scheme, 100% guarantee will be provided by the Government, the maximum amount of loan for eligible enterprises is subject to a ceiling of \$2 million.

Although the budget is still under the scrutiny of the legislative council, as per our previous experience, it is expected to be approved. For this reason, Kaizen suggests you to consult with professional tax advisors before the proposals coming into effect.

Should you have any questions in relation to the proposals, please feel free to contact our CTAs in charge of Hong Kong Financial Budgets.

顏漢彬 Benjamin HP Yen

Tax Partner

T: +852 2270 9768

E: benjamin.yen@kaizencpa.com

王嘉欣 Vicki Wong

Manager of Taxation Department

T: +852 2270 9725

E: vicki.wong@kaizencpa.com

麥慧妍 Cathy Mak

Manager of Registration & Compliance Department

T: +852 2270 9757

E: cathy.mak@kaizencpa.com

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

Email: info@kaizencpa.com, enquiries@kaizencpa.com

Tel: +852 2341 1444

Mobile : +852 5616 4140, +86 152 1943 4614

WhatsApp/ Line/ Wechat: +852 5616 4140

Skype: kaizencpa