

Press Release

Government welcomes passage of Inland Revenue (Amendment) Bill 2014

Wednesday, June 25, 2014

The Secretary for Financial Services and the Treasury, Professor K C Chan, said he was pleased to see the passage of the Inland Revenue (Amendment) Bill 2014 by the Legislative Council today (June 25).

The new Ordinance gives effect to two major concessionary revenue measures proposed in the 2014-15 Budget. These include one-off measures to reduce salaries tax, tax under personal assessment and profits tax for the year of assessment 2013/14 by 75 per cent, subject to a ceiling of \$10,000 per case. About 1.74 million taxpayers will benefit from the one-off reduction of salaries tax and tax under personal assessment. The one-off reduction of profits tax will benefit about 126 000 tax-paying companies and unincorporated businesses. The one-off tax relief will cost the Government about \$10.2 billion.

The other concessionary Budget measure given effect by the new Ordinance is the increase of allowances for maintaining a dependent parent or grandparent and raising the deduction ceiling for elderly residential care expenses under salaries tax and tax under personal assessment. About 550 000 taxpayers will benefit from these adjustments, involving a revenue loss of about \$300 million a year.

Professor Chan said, "We are pleased to see the passage of the Bill by the Legislative Council today, as it allows the Inland Revenue Department (IRD) to give effect to the one-off tax reduction in this year's tax bills. The one-off tax reduction will be reflected in the taxpayers' final tax payable for the year of assessment 2013/14. Application is not required for the one-off tax reduction. The IRD will apply the enhanced dependent parent/grandparent allowances and deduction ceiling for elderly residential care expenses, if applicable, when calculating the provisional tax for the year of assessment 2014/15."

Ends