

**Special Meetings of the Finance Committee of the Legislative Council  
to Examine the Estimates of Expenditure 2026-27  
Public Finance**

(4:45 pm - 5:25 pm on 14 April 2026)

**Speaking Note of  
the Secretary for Financial Services and the Treasury**

Chairman and Honourable Members,

In order to better support Hong Kong's integration into and service of the overall national development strategy, as well as to align with the national 15th Five-Year Plan, the Treasury Branch will continue to strengthen public finance management, formulate tax policy conducive to businesses, optimise resource allocation and make good use of public finance management tools to ensure promotion of the high-quality economic development of Hong Kong.

2. I would brief Members on the major work of the Treasury Branch in this financial year which include:

- (I) Together with other bureaux and departments, we will continue implementing the reinforced fiscal consolidation programme put forward in last year's Budget, striving to achieve fiscal balance in the economic cycle through strictly containing the growth of government expenditure, suitably increasing revenue and consolidating the Government's financial resources, as well as expanding the scale of bond issuance.

- (II) Adhering to the principles of “increasing revenue as a supplementary measure” and “affordable users pay”, we have introduced an amendment bill to suitably increase revenue by raising the stamp duty rate for residential property transactions valued above \$100 million from 4.25% to 6.5%. This measure is expected to bring in an additional revenue of about \$1 billion per annum.
- (III) Further to bringing back \$61.5 billion from six seed capital funds to the Government’s accounts last year, we have conducted a full review of the remaining 36 funds established outside the Government’s accounts. We propose bringing back about \$15.8 billion from seven funds to the Government’s accounts and consolidating six funds in 2026-27. We reported the review outcome to the Panel on Financial Affairs last Friday. We will also introduce a resolution to the Legislative Council (LegCo) to enable the transfer of the accumulated surplus of the Bond Fund (about \$37 billion) to the Consolidated Account during the year.
- (IV) The Government’s capital works expenditure is estimated at about \$128 billion for this financial year, and is expected to remain at a similar level throughout the five-year Medium Range Forecast period. On the premise that the Exchange Fund’s function to maintain the stability and integrity of the local monetary and financial systems will not be compromised, we will transfer \$150 billion from the investment income earned by the Exchange Fund last year to the Capital Works Reserve Fund in two tranches in the current and the next financial years to support the development of the Northern Metropolis and other infrastructure projects.

We will issue about \$160 billion to \$220 billion worth of bonds in each of the next five years for financing purposes, and raise the borrowing ceiling for government bonds to \$900 billion. The ratio of government debt to Gross

Domestic Product will stay between 14.4% and 19.9%, which is highly prudent and well below the levels of most advanced economies. In future, we will issue more longer-term bonds to align more closely the cash flow duration with project requirements. LegCo has finished scrutinising the proposed resolution and we hope that Members would support its passage.

3. The Treasury Branch will also implement the following measures to support citizens and enterprises and reinforce Hong Kong's position as an international financial and trade centre:

- (I) To promote industry development and step up efforts to attract enterprises and investment, we will introduce an amendment bill this year to provide tax concession with a half-rate or 5 per cent tax rate.
- (II) We will assist the Financial Secretary in establishing the Advisory Committee on Tax Policy to gather views from the commercial, industrial and professional sectors, with the aim of formulating tax policies that can reinforce Hong Kong's economic development. The committee is expected to hold its first meeting in the middle of the year.
- (III) Hong Kong has so far concluded 57 Comprehensive Avoidance of Double Taxation Agreements (CDTAs). We will further expand our CDTA network to attract enterprises to Hong Kong and help Hong Kong enterprises expand their overseas footprints.
- (IV) On international taxation, we plan to introduce a bill in the middle of the year, with a view to respectively implementing the Crypto-Asset Reporting Framework and the amended Common Reporting Standard in the coming two years. This will contribute to international efforts in enhancing tax transparency of digital assets and combating cross-border tax evasion.

- (V) To alleviate the tax burden on salary earners and support the Government's policy on promoting fertility, we have introduced legislative proposals into LegCo on increasing tax allowances and raising deduction ceiling, as well as one-off tax reduction and one-off rates concession as announced in the Budget.

4. Chairman, my colleagues and I will be happy to answer any questions from Members. Thank you.

**Financial Services and the Treasury Bureau**  
**April 2026**