

Press release

Inland Revenue (Amendment) (No. 3) Bill 2011 gazetted

Thursday, April 21, 2011

The Inland Revenue (Amendment) (No. 3) Bill 2011 was gazetted today (April 21). The bill amends the Inland Revenue Ordinance (Cap 112) to implement the following concessionary revenue measures announced in the 2011-12 Budget -

(a) increase by 20% the child allowances, the dependent parent/grandparent allowances and the deduction ceiling for elderly residential care expenses for salaries tax and tax under personal assessment; and

(b) reduce salaries tax and tax under personal assessment for 2010-11 by 75%, subject to a ceiling of \$6,000 per case.

"The proposed increases of the child allowances, the dependent parent/grandparent allowances and the deduction ceiling for elderly residential care expenses will take effect for salaries tax and tax under personal assessment for the year of assessment 2011-12 onwards. The proposals will help alleviate taxpayers' burden in raising children and supporting parents/grandparents, benefiting a net total of about 710,000 taxpayers," a Government spokesman said.

It is estimated that the above proposed increases in allowances/deduction will altogether cost the Government about \$1.22 billion a year.

Given the better than expected fiscal position and to share wealth with taxpayers, the Financial Secretary has proposed the above one-off reduction of salaries tax and tax under personal assessment for 2010-11. The reduction will be reflected in the taxpayer's final tax payable for 2010-11. About 1.5 million taxpayers will benefit from the proposed one-off reduction. The estimated revenue forgone is around \$5.33 billion.

The bill will be introduced to the Legislative Council on May 4.

Ends