

Press Release

Government welcomes passage of Inland Revenue (Amendment) (No. 2) Bill 2015

Thursday, July 9, 2015

The Secretary for Financial Services and the Treasury, Professor K C Chan, welcomed the passage of the Inland Revenue (Amendment) (No. 2) Bill 2015 by the Legislative Council today (July 9).

The new Ordinance gives effect to two major concessionary revenue measures proposed in the 2015-16 Budget. These include one-off measures to reduce salaries tax, tax under personal assessment and profits tax for the year of assessment 2014-15 by 75 per cent, subject to a ceiling of \$20,000 per case. About 1.82 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 130 000 tax-paying corporations and unincorporated businesses. The one-off tax relief will cost the Government about \$17.7 billion.

The other concessionary Budget measure given effect by the new Ordinance is increasing the basic and additional child allowance under salaries tax and tax under personal assessment. About 370 000 taxpayers will benefit from these adjustments, involving a revenue loss of about \$2 billion a year.

Professor Chan said, "We are pleased to see the passage of the Bill by the Legislative Council today, so that the Inland Revenue Department (IRD) can 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 2014-15. Application is not required for the one-off tax reduction. Moreover, the IRD will apply the enhanced basic and additional child allowance, if applicable, when calculating the provisional tax for the year of assessment 2015-16."

Ends