

Press Release

Inland Revenue (Amendment) (No. 2) Bill 2016 gazetted

Friday, March 4, 2016

The Inland Revenue (Amendment) (No. 2) Bill 2016 (the Bill) was gazetted today (March 4).

The Bill seeks to amend the Inland Revenue Ordinance (Cap. 112) to implement the concessionary revenue measures proposed in the 2016-17 Budget. These include:

(a) adjustment of two categories of allowances under salaries tax and tax under personal assessment with effect from the year of assessment 2016/17, as follows:

(i) increasing the basic allowance and the single parent allowance both from \$120,000 to \$132,000 and the married person's allowance from \$240,000 to \$264,000;

(ii) increasing the dependent parent/grandparent allowance and the additional dependent parent/grandparent allowance for each eligible parent/grandparent both from \$40,000 to \$46,000 (for aged 60 or above) and from \$20,000 to \$23,000 (for aged 55 or above but below 60); and raising the deduction ceiling for elderly residential care expenses for each eligible parent/grandparent from \$80,000 to \$92,000; and

(b) one-off reduction of salaries tax, tax under personal assessment and profits tax for the year of assessment 2015/16 by 75 per cent, subject to a ceiling of \$20,000 per case.

"The Bill will be introduced into the Legislative Council on March 16. Subject to the passage of the Bill, the proposal to increase the relevant allowances and deduction ceiling will take effect from the year of assessment 2016/17 onwards. The proposed increase in basic allowance, single parent allowance and married person's allowance will benefit 1.93 million taxpayers and reduce tax revenue by \$2.9 billion a year," a Government spokesman said.

"As regards the proposed increase in the allowances and deduction

ceiling for maintaining a dependent parent or grandparent, it will benefit 600 000 taxpayers and reduce tax revenue by \$860 million a year."

The Government has also proposed a number of one-off relief measures in the 2016-17 Budget, including the reduction of salaries tax, tax under personal assessment and profits tax for the year of assessment 2015/16. The reduction will be reflected in the taxpayers' final tax payable for 2015/16.

"The proposal will benefit 1.96 million taxpayers of salaries tax and tax under personal assessment, as well as 130 000 corporations and unincorporated businesses paying profits tax. The estimated one-off revenue foregone is \$18.9 billion," the spokesman said.

Ends