

SUPPLEMENT

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SALARIES TAX CONCESSIONS

Summary of concessions

A. Increase in allowances and deductions

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	<i>Increase</i> (\$) (%)	
Basic Allowances:				
Basic	100,000	108,000	8,000	8.0
Married	200,000	216,000	16,000	8.0
Additional Allowances:				
Child :				
1st to 2nd child	27,000	30,000	3,000	11.1
3rd to 9th child	14,000	15,000	1,000	7.1
Dependent Parent/Grandparent:				
Basic	27,000	30,000	3,000	11.1
Additional allowance (for dependant living with taxpayer)	8,000	30,000	22,000	275.0
Dependent Brother/Sister	27,000	30,000	3,000	11.1
Single Parent	75,000	108,000	33,000	44.0
Disabled Dependant	25,000	60,000	35,000	140.0
Existing Deduction:				
Training Expenses	20,000	30,000	10,000	50.0
New Deductions:				
Home Mortgage Interest	–	100,000	–	–
Elderly Residential Care Expenses	–	60,000	–	–
Contributions to Retirement Schemes	–	12,000	–	–

B. Revision of marginal tax bands and rates

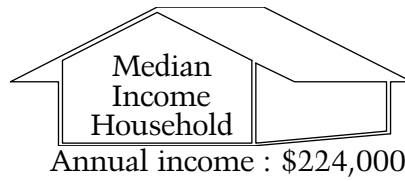
<i>Present</i>		<i>Proposed</i>	
<i>Marginal Tax Band</i>	<i>Marginal Tax Rate (%)</i>	<i>Marginal Tax Band</i>	<i>Marginal Tax Rate (%)</i>
First \$30,000 chargeable income	2	First \$35,000 chargeable income	2
Next \$30,000	8	Next \$35,000	7
Next \$30,000	14	Next \$35,000	12
Remainder	20	Remainder	17

Effect of the revision of the marginal tax bands and rates on tax payable for the first \$120,000 chargeable income

<i>Present</i>				<i>Proposed</i>			<i>Tax Reduction</i>	
<i>Chargeable income</i>	<i>Rate</i>	<i>Tax</i>	<i>Cumulative tax</i>	<i>Rate</i>	<i>Tax</i>	<i>Cumulative tax</i>		
			<i>(A)</i>			<i>(B)</i>	<i>(A) – (B)</i>	
		<i>(\$)</i>	<i>(\$)</i>		<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
First \$10,000	2%	200	200	2%	200	200	–	–
Next \$10,000	2%	200	400	2%	200	400	–	–
Next \$10,000	2%	200	600	2%	200	600	–	–
Next \$5,000	8%	400	1,000	2%	100	700	300	30.0
Next \$5,000	8%	400	1,400	7%	350	1,050	350	25.0
Next \$10,000	8%	800	2,200	7%	700	1,750	450	20.5
Next \$10,000	8%	800	3,000	7%	700	2,450	550	18.3
Next \$10,000	14%	1,400	4,400	7%	700	3,150	1,250	28.4
Next \$10,000	14%	1,400	5,800	12%	1,200	4,350	1,450	25.0
Next \$10,000	14%	1,400	7,200	12%	1,200	5,550	1,650	22.9
Next \$10,000	20%	2,000	9,200	12%	1,200	6,750	2,450	26.6
Next \$5,000	20%	1,000	10,200	12%	600	7,350	2,850	27.9
Next \$5,000	20%	1,000	11,200	17%	850	8,200	3,000	26.8
Next \$10,000	20%	2,000	13,200	17%	1,700	9,900	3,300	25.0
<u>\$120,000</u>								

Salaries tax rates and allowances

What you save !



Single person



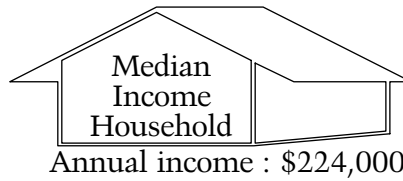
Present tax : \$14,000
Proposed tax : \$9,220
***Saving :* \$4,780 (34%)**

Single person with a dependent parent living with the taxpayer



Present tax : \$7,060
Proposed tax : \$2,170
***Saving :* \$4,890 (69%)**

What you save !



Single person with 2 dependent parents living with the taxpayer and a dependent brother/sister still receiving full-time education



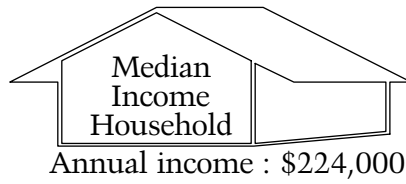
<i>Present tax :</i>	\$540
<i>Proposed tax :</i>	\$0
<i>Saving :</i>	\$540 (100%)

Single person with 2 dependent parents living with the taxpayer and having incurred an expense of \$30,000 in 1998-99 in attending a training course at an approved institution

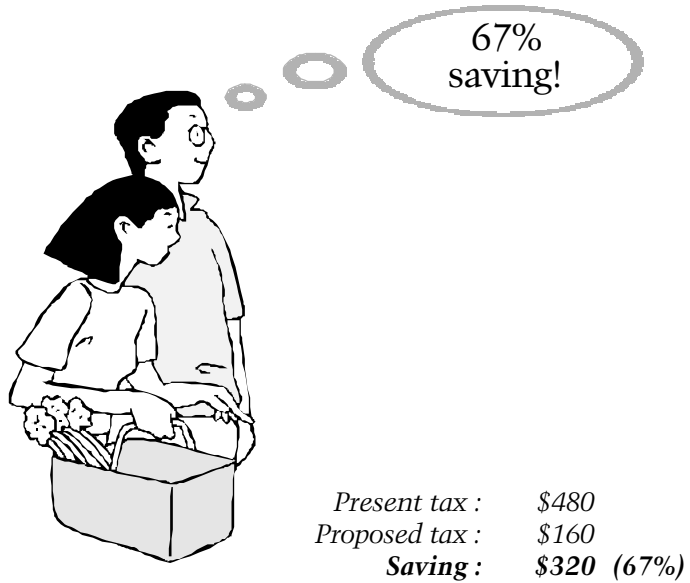


<i>Present tax :</i>	\$920
<i>Proposed tax :</i>	\$0
<i>Saving :</i>	\$920 (100%)

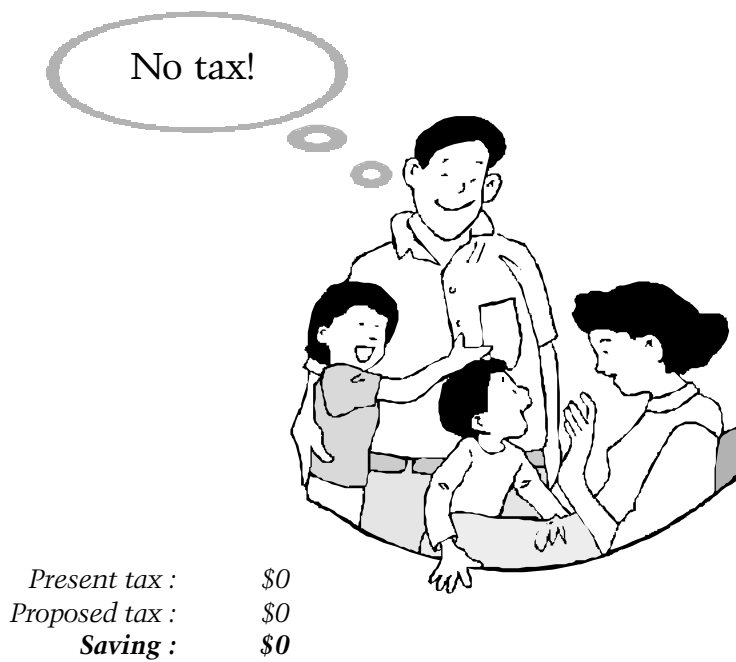
What you save !



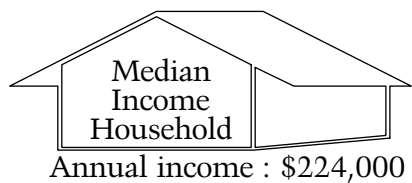
Married couple with no children



Married couple with 2 children



What you save !



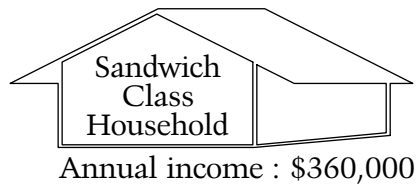
Single parent with 1 child



<i>Present tax :</i>	\$440
<i>Proposed tax :</i>	\$0
<i>Saving :</i>	\$440 (100%)

Salaries tax rates and allowances

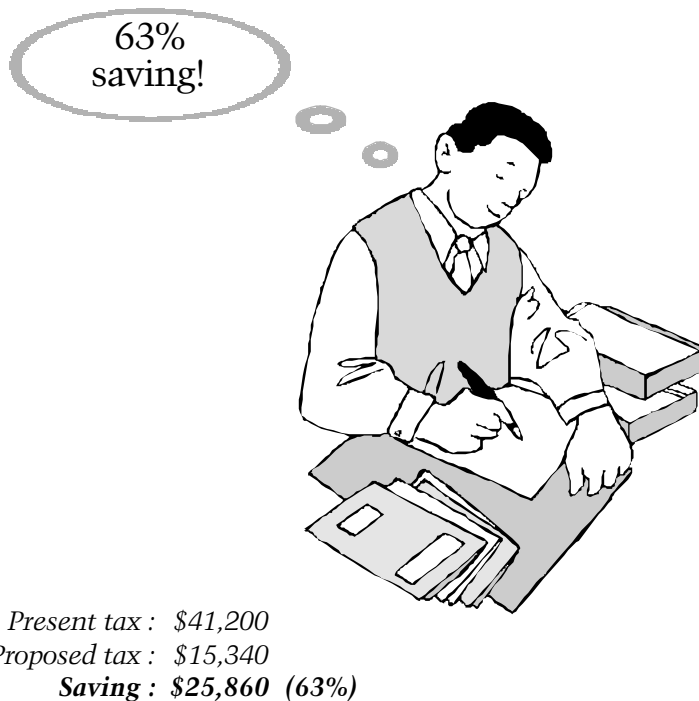
What you save !



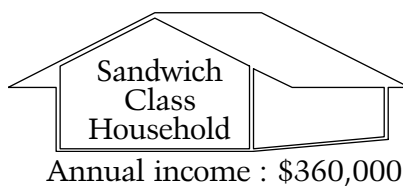
Single person



Single person who has incurred mortgage interest of \$100,000 in 1998-99 for his/her residence



What you save !



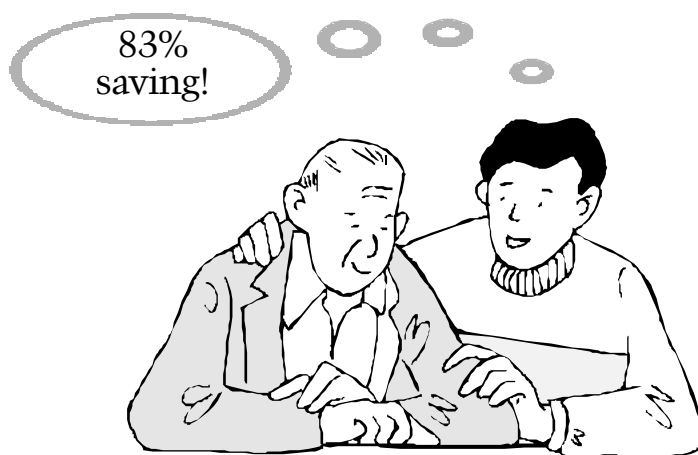
Single person who has incurred an expense of \$60,000 in 1998-99 for a dependent parent living in an elderly home



38%
saving!

Present tax : \$35,800
Proposed tax : \$22,140
Saving : \$13,660 (38%)

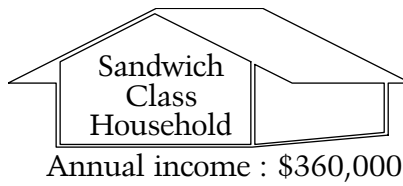
Single person with a dependent parent living with the taxpayer and having incurred mortgage interest of \$100,000 in 1998-99 for their residence



83%
saving!

Present tax : \$34,200
Proposed tax : \$5,790
Saving : \$28,410 (83%)

What you save !



Married couple with no children



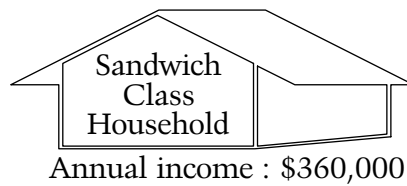
Present tax : \$21,200
Proposed tax : \$13,980
***Saving :* \$7,220 (34%)**

Married couple with no children and having incurred mortgage interest of \$100,000 in 1998-99 for their residence



Present tax : \$21,200
Proposed tax : \$1,330
***Saving :* \$19,870 (94%)**

What you save !



Married couple with 2 children

54%
saving!



Present tax : \$10,400
Proposed tax : \$4,830
***Saving :* \$5,570 (54%)**

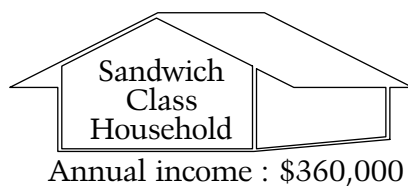
Married couple with 2 children and having incurred mortgage interest of \$100,000 in 1998-99 for their residence

No tax now!



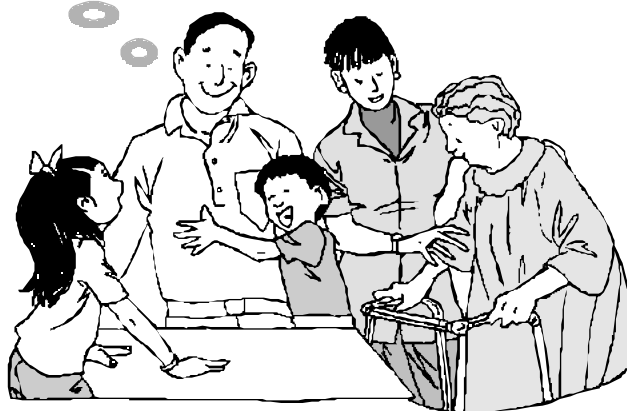
Present tax : \$10,400
Proposed tax : \$0
***Saving :* \$10,400 (100%)**

What you save !



Married couple with 2 children and having incurred an expense of \$60,000 in 1998-99 for a disabled dependent parent living in an elderly home

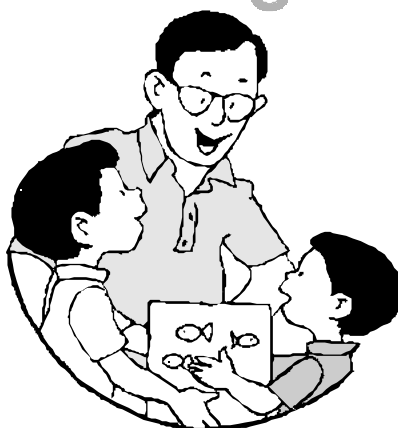
No tax now!



Present tax : \$2,520
Proposed tax : \$0
Saving : \$2,520 (100%)

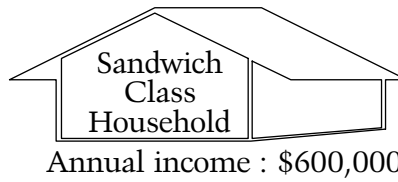
Single parent with 2 children

69%
saving!



Present tax : \$15,400
Proposed tax : \$4,830
Saving : \$10,570 (69%)

What you save !



Single person with a dependent parent living with the taxpayer



Present tax : \$82,200
Proposed tax : \$62,940
Saving : \$19,260 (23%)

Married couple with two children and two dependent parents living with the taxpayer



Present tax : \$44,400
Proposed tax : \$24,180
Saving : \$20,220 (46%)

**Annual income levels below which
no salaries tax is payable**

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	%
No dependent parent / grandparent			
Single	100,001	108,001	+8.0
Married	200,001	216,001	+8.0
Married + 1 child	227,001	246,001	+8.4
Married + 2 children	254,001	276,001	+8.7
Married + 3 children	268,001	291,001	+8.6
No dependent parent / grandparent and having incurred mortgage interest of \$100,000 for residence			
Single	100,001	208,001	+108.0
Married	200,001	316,001	+58.0
Married + 1 child	227,001	346,001	+52.4
Married + 2 children	254,001	376,001	+48.0
Married + 3 children	268,001	391,001	+45.9
Including two dependent parents / grandparents			
Single	154,001	168,001	+9.1
Married	254,001	276,001	+8.7
Married + 1 child	281,001	306,001	+8.9
Married + 2 children	308,001	336,001	+9.1
Married + 3 children	322,001	351,001	+9.0
Including two dependent parents / grandparents both living with the taxpayer			
Single	170,001	228,001	+34.1
Married	270,001	336,001	+24.4
Married + 1 child	297,001	366,001	+23.2
Married + 2 children	324,001	396,001	+22.2
Married + 3 children	338,001	411,001	+21.6
Having incurred an expense of \$60,000 for one dependent parent living in an elderly home			
Single	127,001	168,001	+32.3
Married	227,001	276,001	+21.6
Married + 1 child	254,001	306,001	+20.5
Married + 2 children	281,001	336,001	+19.6
Married + 3 children	295,001	351,001	+19.0

**Annual income levels below which
no salaries tax is payable**

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	%
Including one dependent parent / grandparent and having incurred an expense of \$30,000 in 1998-99 in attending a training course at an approved institution			
Single	147,001	168,001	+14.3
Married	247,001	276,001	+11.7
Married + 1 child	274,001	306,001	+11.7
Married + 2 children	301,001	336,001	+11.6
Married + 3 children	315,001	351,001	+11.4
Including one dependent parent / grandparent and living with the taxpayer and one disabled dependent brother / sister			
Single	187,001	258,001	+38.0
Married	287,001	366,001	+27.5
Married + 1 child	314,001	396,001	+26.1
Married + 2 children	341,001	426,001	+24.9
Married + 3 children	355,001	441,001	+24.2
Single parent with			
1 child	202,001	246,001	+21.8
2 children	229,001	276,001	+20.5
3 children	243,001	291,001	+19.8

**Annual income levels at which salaries
taxpayers enter the standard rate zone**

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	%
No dependent parent / grandparent			
Single	616,000	1,443,000	+134.3
Married	1,016,000	2,361,000	+132.4
Married + 1 child	1,124,000	2,616,000	+132.7
Married + 2 children	1,232,000	2,871,000	+133.0
Married + 3 children	1,288,000	2,998,500	+132.8
Including two dependent parents / grandparents			
Single	832,000	1,953,000	+134.7
Married	1,232,000	2,871,000	+133.0
Married + 1 child	1,340,000	3,126,000	+133.3
Married + 2 children	1,448,000	3,381,000	+133.5
Married + 3 children	1,504,000	3,508,500	+133.3
Including two dependent parents / grandparents both living with the taxpayer			
Single	896,000	2,643,000	+174.9
Married	1,296,000	3,381,000	+160.9
Married + 1 child	1,404,000	3,636,000	+159.0
Married + 2 children	1,512,000	3,891,000	+157.3
Married + 3 children	1,568,000	4,018,500	+156.3
Including one dependent parent / grandparent living with the taxpayer and one disabled dependent brother / sister			
Single	964,000	2,718,000	+182.0
Married	1,364,000	3,636,000	+166.6
Married + 1 child	1,472,000	3,891,000	+164.3
Married + 2 children	1,580,000	4,146,000	+162.4
Married + 3 children	1,636,000	4,273,500	+161.2
Single parent with			
1 child	1,024,000	2,616,000	+155.5
2 children	1,132,000	2,871,000	+153.6
3 children	1,188,000	2,998,500	+152.4

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Single person

(91)

Annual income	Present tax payable (Exemption level: \$100,000)		Proposed tax payable (Exemption level: \$108,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
108,000	160	0.1	-	-	160	100.0	All taxpayers earning less than \$1,443,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$108,000 will not be required to pay tax as a result of the increase in the basic allowance.
120,000	400	0.3	240	0.2	160	40.0	
132,000	760	0.6	480	0.4	280	36.8	
144,000	1,720	1.2	770	0.5	950	55.2	
156,000	2,680	1.7	1,610	1.0	1,070	39.9	
168,000	4,120	2.5	2,450	1.5	1,670	40.5	
180,000	5,800	3.2	3,390	1.9	2,410	41.6	
192,000	7,600	4.0	4,830	2.5	2,770	36.4	
204,000	10,000	4.9	6,270	3.1	3,730	37.3	
216,000	12,400	5.7	7,860	3.6	4,540	36.6	
(1) 224,000	14,000	6.3	9,220	4.1	4,780	34.1	
240,000	17,200	7.2	11,940	5.0	5,260	30.6	
264,000	22,000	8.3	16,020	6.1	5,980	27.2	
288,000	26,800	9.3	20,100	7.0	6,700	25.0	
312,000	31,600	10.1	24,180	7.8	7,420	23.5	
336,000	36,400	10.8	28,260	8.4	8,140	22.4	
(2) 360,000	41,200	11.4	32,340	9.0	8,860	21.5	
384,000	46,000	12.0	36,420	9.5	9,580	20.8	
408,000	50,800	12.5	40,500	9.9	10,300	20.3	
432,000	55,600	12.9	44,580	10.3	11,020	19.8	
456,000	60,400	13.2	48,660	10.7	11,740	19.4	
480,000	65,200	13.6	52,740	11.0	12,460	19.1	
504,000	70,000	13.9	56,820	11.3	13,180	18.8	
552,000	79,600	14.4	64,980	11.8	14,620	18.4	
600,000	89,200	14.9	73,140	12.2	16,060	18.0	
(3) 616,000	92,400	15.0	75,860	12.3	16,540	17.9	
624,000	93,600	15.0	77,220	12.4	16,380	17.5	
(4) 1,443,000	216,450	15.0	216,450	15.0	-	-	
1,464,000	219,600	15.0	219,600	15.0	-	-	Taxpayers earning \$1,443,000 or more will pay tax at the standard rate.

(1) Median income household

(2) Sandwich class household with annual income of \$360,000.

(3) Income level at which salaries taxpayers enter the standard rate zone at present.

(4) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Single person, with two dependent parents / grandparents

Annual income	Present tax payable (Exemption level: \$154,000)		Proposed tax payable (Exemption level: \$168,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
168,000	280	0.2	-	-	280	100.0	All taxpayers earning less than \$1,953,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$168,000 will not be required to pay tax as a result of the increases in the basic and the dependent parent / grandparent allowances.
180,000	520	0.3	240	0.1	280	53.8	
192,000	1,240	0.6	480	0.3	760	61.3	
204,000	2,200	1.1	770	0.4	1,430	65.0	
216,000	3,280	1.5	1,610	0.7	1,670	50.9	
(1) 224,000	4,400	2.0	2,170	1.0	2,230	50.7	
240,000	6,640	2.8	3,390	1.4	3,250	48.9	
264,000	11,200	4.2	6,270	2.4	4,930	44.0	
288,000	16,000	5.6	9,900	3.4	6,100	38.1	
312,000	20,800	6.7	13,980	4.5	6,820	32.8	
336,000	25,600	7.6	18,060	5.4	7,540	29.5	
(2) 360,000	30,400	8.4	22,140	6.2	8,260	27.2	
384,000	35,200	9.2	26,220	6.8	8,980	25.5	Taxpayers earning more than \$168,000 but less than \$1,953,000 will have reduced tax liabilities as a result of the increases in the basic and the dependent parent / grandparent allowances and the revision of the marginal tax bands and rates.
408,000	40,000	9.8	30,300	7.4	9,700	24.3	
432,000	44,800	10.4	34,380	8.0	10,420	23.3	
456,000	49,600	10.9	38,460	8.4	11,140	22.5	
480,000	54,400	11.3	42,540	8.9	11,860	21.8	
504,000	59,200	11.7	46,620	9.3	12,580	21.3	
552,000	68,800	12.5	54,780	9.9	14,020	20.4	
600,000	78,400	13.1	62,940	10.5	15,460	19.7	
648,000	88,000	13.6	71,100	11.0	16,900	19.2	
696,000	97,600	14.0	79,260	11.4	18,340	18.8	
744,000	107,200	14.4	87,420	11.8	19,780	18.5	
792,000	116,800	14.7	95,580	12.1	21,220	18.2	
(3) 832,000	124,800	15.0	102,380	12.3	22,420	18.0	
840,000	126,000	15.0	103,740	12.4	22,260	17.7	
(4) 1,953,000	292,950	15.0	292,950	15.0	-	-	Taxpayers earning \$1,953,000 or more will pay tax at the standard rate.
1,968,000	295,200	15.0	295,200	15.0	-	-	

(1) Median income household

(2) Sandwich class household with annual income of \$360,000.

(3) Income level at which salaries taxpayers enter the standard rate zone at present.

(4) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Single person, with one dependent parent / grandparent living with the taxpayer and one disabled dependent brother / sister

Annual income	Present tax payable (Exemption level: \$187,000)		Proposed tax payable (Exemption level: \$258,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
216,000	580	0.3	-	-	580	100.0	All taxpayers earning less than \$2,718,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$258,000 will not be required to pay tax as a result of the increases in the basic, the dependent parent / grandparent, the additional dependent parent / grandparent, the disabled dependant and the dependent brother / sister allowances.
(1) 224,000	1,160	0.5	-	-	1160	100.0	
240,000	2,440	1.0	-	-	2,440	100.0	
264,000	5,380	2.0	120	<0.1	5,260	97.8	Taxpayers earning more than \$258,000 but less than \$2,718,000 will have reduced tax liabilities as a result of the increases in the basic, the dependent parent / grandparent, the additional dependent parent / grandparent, the disabled dependant and the dependent brother / sister allowances and the revision of the marginal tax bands and rates.
288,000	9,400	3.3	600	0.2	8,800	93.6	
312,000	14,200	4.6	2,030	0.7	12,170	85.7	
336,000	19,000	5.7	4,110	1.2	14,890	78.4	
(2) 360,000	23,800	6.6	6,990	1.9	16,810	70.6	
384,000	28,600	7.4	10,920	2.8	17,680	61.8	
408,000	33,400	8.2	15,000	3.7	18,400	55.1	
432,000	38,200	8.8	19,080	4.4	19,120	50.1	
456,000	43,000	9.4	23,160	5.1	19,840	46.1	
480,000	47,800	10.0	27,240	5.7	20,560	43.0	
504,000	52,600	10.4	31,320	6.2	21,280	40.5	
552,000	62,200	11.3	39,480	7.2	22,720	36.5	
600,000	71,800	12.0	47,640	7.9	24,160	33.6	
648,000	81,400	12.6	55,800	8.6	25,600	31.4	
696,000	91,000	13.1	63,960	9.2	27,040	29.7	
744,000	100,600	13.5	72,120	9.7	28,480	28.3	
792,000	110,200	13.9	80,280	10.1	29,920	27.2	
840,000	119,800	14.3	88,440	10.5	31,360	26.2	
888,000	129,400	14.6	96,600	10.9	32,800	25.3	
936,000	139,000	14.9	104,760	11.2	34,240	24.6	
(3) 964,000	144,600	15.0	109,520	11.4	35,080	24.3	
984,000	147,600	15.0	112,920	11.5	34,680	23.5	
(4) 2,718,000	407,700	15.0	407,700	15.0	-	-	Taxpayers earning \$2,718,000 or more will pay tax at the standard rate.
2,736,000	410,400	15.0	410,400	15.0	-	-	

(1) Median income household

(2) Sandwich class household with annual income of \$360,000.

(3) Income level at which salaries taxpayers enter the standard rate zone at present.

(4) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Married couple, with no children

(19)

Annual income	Present tax payable (Exemption level: \$200,000)		Proposed tax payable (Exemption level: \$216,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
216,000	320	0.1	-	-	320	100.0	All taxpayers earning less than \$2,361,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$216,000 will not be required to pay tax as a result of the increases in the married person's allowance.
(1) 224,000	480	0.2	160	0.1	320	66.7	Taxpayers earning more than \$216,000 but less than \$2,361,000 will have reduced tax liabilities as a result of the increase in the married person's allowance and the revision of the marginal tax bands and rates.
240,000	1,400	0.6	480	0.2	920	65.7	
264,000	3,560	1.3	1,610	0.6	1,950	54.8	
288,000	6,920	2.4	3,390	1.2	3,530	51.0	
312,000	11,600	3.7	6,270	2.0	5,330	45.9	
336,000	16,400	4.9	9,900	2.9	6,500	39.6	
(2) 360,000	21,200	5.9	13,980	3.9	7,220	34.1	
384,000	26,000	6.8	18,060	4.7	7,940	30.5	
408,000	30,800	7.5	22,140	5.4	8,660	28.1	
432,000	35,600	8.2	26,220	6.1	9,380	26.3	
456,000	40,400	8.9	30,300	6.6	10,100	25.0	
480,000	45,200	9.4	34,380	7.2	10,820	23.9	
504,000	50,000	9.9	38,460	7.6	11,540	23.1	
552,000	59,600	10.8	46,620	8.4	12,980	21.8	
600,000	69,200	11.5	54,780	9.1	14,420	20.8	
648,000	78,800	12.2	62,940	9.7	15,860	20.1	
696,000	88,400	12.7	71,100	10.2	17,300	19.6	
744,000	98,000	13.2	79,260	10.7	18,740	19.1	
792,000	107,600	13.6	87,420	11.0	20,180	18.8	
840,000	117,200	14.0	95,580	11.4	21,620	18.4	
888,000	126,800	14.3	103,740	11.7	23,060	18.2	
936,000	136,400	14.6	111,900	12.0	24,500	18.0	
984,000	146,000	14.8	120,060	12.2	25,940	17.8	
(3) 1,016,000	152,400	15.0	125,500	12.4	26,900	17.7	Taxpayers earning \$2,361,000 or more will pay tax at the standard rate.
1,032,000	154,800	15.0	128,220	12.4	26,580	17.2	
(4) 2,361,000	354,150	15.0	354,150	15.0	-	-	
2,400,000	360,000	15.0	360,000	15.0	-	-	

(1) Median income household

(2) Sandwich class household with annual income of \$360,000.

(3) Income level at which salaries taxpayers enter the standard rate zone at present.

(4) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Married couple, with two children

Annual income	Present tax payable (Exemption level: \$254,000)		Proposed tax payable (Exemption level: \$276,000)		Tax Saving		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
264,000	200	0.1	-	-	200	100.0	All taxpayers earning less than \$2,871,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$276,000 will not be required to pay tax as a result of the increases in the married person's and the child allowances.
288,000	920	0.3	240	0.1	680	73.9	
312,000	2,840	0.9	770	0.2	2,070	72.9	
336,000	6,080	1.8	2,450	0.7	3,630	59.7	
(1) 360,000	10,400	2.9	4,830	1.3	5,570	53.6	
384,000	15,200	4.0	7,860	2.0	7,340	48.3	
408,000	20,000	4.9	11,940	2.9	8,060	40.3	
432,000	24,800	5.7	16,020	3.7	8,780	35.4	
456,000	29,600	6.5	20,100	4.4	9,500	32.1	
480,000	34,400	7.2	24,180	5.0	10,220	29.7	
504,000	39,200	7.8	28,260	5.6	10,940	27.9	
552,000	48,800	8.8	36,420	6.6	12,380	25.4	
600,000	58,400	9.7	44,580	7.4	13,820	23.7	
648,000	68,000	10.5	52,740	8.1	15,260	22.4	
696,000	77,600	11.1	60,900	8.8	16,700	21.5	
744,000	87,200	11.7	69,060	9.3	18,140	20.8	
792,000	96,800	12.2	77,220	9.8	19,580	20.2	
840,000	106,400	12.7	85,380	10.2	21,020	19.8	
888,000	116,000	13.1	93,540	10.5	22,460	19.4	
936,000	125,600	13.4	101,700	10.9	23,900	19.0	
984,000	135,200	13.7	109,860	11.2	25,340	18.7	
1,032,000	144,800	14.0	118,020	11.4	26,780	18.5	
1,080,000	154,400	14.3	126,180	11.7	28,220	18.3	
1,176,000	173,600	14.8	142,500	12.1	31,100	17.9	
(2) 1,232,000	184,800	15.0	152,020	12.3	32,780	17.7	
1,272,000	190,800	15.0	158,820	12.5	31,980	16.8	
(3) 2,871,000	430,650	15.0	430,650	15.0	-	-	
2,880,000	432,000	15.0	432,000	15.0	-	-	Taxpayers earning \$2,871,000 or more will pay tax at the standard rate.

(1) Sandwich class household with annual income of \$360,000.

(2) Income level at which salaries taxpayers enter the standard rate zone at present.

(3) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Married couple, with two children and two dependent parents / grandparents

Annual income	Present tax payable (Exemption level: \$308,000)		Proposed tax payable (Exemption level: \$336,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
336,000	560	0.2	-	-	560	100.0	All taxpayers earning less than \$3,381,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$336,000 will not be required to pay tax as a result of the increases in the married person's, the child and the dependent parent / grandparent allowances.
(1) 360,000	2,360	0.7	480	0.1	1,880	79.7	Taxpayers earning more than \$336,000 but less than \$3,381,000 will have reduced tax liabilities as a result of the increases in the married person's, the child and the dependent parent / grandparent allowances and the revision of the marginal tax bands and rates.
384,000	5,240	1.4	1,610	0.4	3,630	69.3	
408,000	9,200	2.3	3,390	0.8	5,810	63.2	
432,000	14,000	3.2	6,270	1.5	7,730	55.2	
456,000	18,800	4.1	9,900	2.2	8,900	47.3	
480,000	23,600	4.9	13,980	2.9	9,620	40.8	
504,000	28,400	5.6	18,060	3.6	10,340	36.4	
552,000	38,000	6.9	26,220	4.8	11,780	31.0	
600,000	47,600	7.9	34,380	5.7	13,220	27.8	
648,000	57,200	8.8	42,540	6.6	14,660	25.6	
696,000	66,800	9.6	50,700	7.3	16,100	24.1	
744,000	76,400	10.3	58,860	7.9	17,540	23.0	
792,000	86,000	10.9	67,020	8.5	18,980	22.1	
840,000	95,600	11.4	75,180	9.0	20,420	21.4	
888,000	105,200	11.8	83,340	9.4	21,860	20.8	
936,000	114,800	12.3	91,500	9.8	23,300	20.3	
984,000	124,400	12.6	99,660	10.1	24,740	19.9	
1,032,000	134,000	13.0	107,820	10.4	26,180	19.5	
1,080,000	143,600	13.3	115,980	10.7	27,620	19.2	
1,176,000	162,800	13.8	132,300	11.3	30,500	18.7	
1,272,000	182,000	14.3	148,620	11.7	33,380	18.3	
1,368,000	201,200	14.7	164,940	12.1	36,260	18.0	
(2) 1,448,000	217,200	15.0	178,540	12.3	38,660	17.8	
1,464,000	219,600	15.0	181,260	12.4	38,340	17.5	
(3) 3,381,000	507,150	15.0	507,150	15.0			Taxpayers earning \$3,381,000 or more will pay tax at the standard rate.
3,456,000	518,400	15.0	518,400	15.0			

(1) Sandwich class household with annual income of \$360,000.

(2) Income level at which salaries taxpayers enter the standard rate zone at present.

(3) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Married couple, with two children and two dependent parents / grandparents living with the taxpayer

Annual income	Present tax payable (Exemption level: \$324,000)		Proposed tax payable (Exemption level: \$396,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
336,000	240	0.1	-	-	240	100.0	All taxpayers earning less than \$3,891,000 will benefit from the concessions.
(1) 360,000	1,080	0.3	-	-	1,080	100.0	
384,000	3,000	0.8	-	-	3,000	100.0	
408,000	6,360	1.6	240	0.1	6,120	96.2	Taxpayers with incomes not exceeding \$396,000 will not be required to pay tax as a result of the increases in the married person's, the child, the dependent parent / grandparent and the additional dependent parent / grandparent allowances.
432,000	10,800	2.5	770	0.2	10,030	92.9	
456,000	15,600	3.4	2,450	0.5	13,150	84.3	
480,000	20,400	4.3	4,830	1.0	15,570	76.3	
504,000	25,200	5.0	7,860	1.6	17,340	68.8	
552,000	34,800	6.3	16,020	2.9	18,780	54.0	
600,000	44,400	7.4	24,180	4.0	20,220	45.5	
648,000	54,000	8.3	32,340	5.0	21,660	40.1	
696,000	63,600	9.1	40,500	5.8	23,100	36.3	
744,000	73,200	9.8	48,660	6.5	24,540	33.5	
792,000	82,800	10.5	56,820	7.2	25,980	31.4	
840,000	92,400	11.0	64,980	7.7	27,420	29.7	
888,000	102,000	11.5	73,140	8.2	28,860	28.3	
936,000	111,600	11.9	81,300	8.7	30,300	27.2	
984,000	121,200	12.3	89,460	9.1	31,740	26.2	
1,032,000	130,800	12.7	97,620	9.5	33,180	25.4	
1,080,000	140,400	13.0	105,780	9.8	34,620	24.7	
1,176,000	159,600	13.6	122,100	10.4	37,500	23.5	
1,272,000	178,800	14.1	138,420	10.9	40,380	22.6	
1,368,000	198,000	14.5	154,740	11.3	43,260	21.8	
1,464,000	217,200	14.8	171,060	11.7	46,140	21.2	Taxpayers earning more than \$396,000 but less than \$3,891,000 will have reduced tax liabilities as a result of the increases in the married person's, the child, the dependent parent / grandparent and the additional dependent parent / grandparent allowances and the revision of the marginal tax bands and rates.
(2) 1,512,000	226,800	15.0	179,220	11.9	47,580	21.0	
1,560,000	234,000	15.0	187,380	12.0	46,620	19.9	
(3) 3,891,000	583,650	15.0	583,650	15.0	-	-	Taxpayers earning \$3,891,000 or more will pay tax at the standard rate.
3,936,000	590,400	15.0	590,400	15.0	-	-	

(1) Sandwich class household with annual income of \$360,000.

(2) Income level at which salaries taxpayers enter the standard rate zone at present.

(3) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates
Married couple, with two children and one disabled dependent parent / grandparent living with the taxpayer

Annual income	Present tax payable (Exemption level: \$314,000)		Proposed tax payable (Exemption level: \$396,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
336,000	440	0.1	-	-	440	100.0	All taxpayers earning less than \$3,891,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$396,000 will not be required to pay tax as a result of the increases in the married person's, the child, the disabled dependant, the dependent parent / grandparent and the additional dependent parent / grandparent allowances.
(1) 360,000	1,880	0.5	-	-	1,880	100.0	
384,000	4,400	1.1	-	-	4,400	100.0	
408,000	8,000	2.0	240	0.1	7,760	97.0	Taxpayers earning more than \$396,000 but less than \$3,891,000 will have reduced tax liabilities as a result of the increases in the married person's, the child, the disabled dependant, the dependent parent / grandparent allowances and the additional parent / grandparent allowances and the revision of the marginal tax bands and rates.
432,000	12,800	3.0	770	0.2	12,030	94.0	
456,000	17,600	3.9	2,450	0.5	15,150	86.1	
480,000	22,400	4.7	4,830	1.0	17,570	78.4	
504,000	27,200	5.4	7,860	1.6	19,340	71.1	
552,000	36,800	6.7	16,020	2.9	20,780	56.5	
600,000	46,400	7.7	24,180	4.0	22,220	47.9	
648,000	56,000	8.6	32,340	5.0	23,660	42.3	
696,000	65,600	9.4	40,500	5.8	25,100	38.3	
744,000	75,200	10.1	48,660	6.5	26,540	35.3	
792,000	84,800	10.7	56,820	7.2	27,980	33.0	
840,000	94,400	11.2	64,980	7.7	29,420	31.2	
888,000	104,000	11.7	73,140	8.2	30,860	29.7	
936,000	113,600	12.1	81,300	8.7	32,300	28.4	
984,000	123,200	12.5	89,460	9.1	33,740	27.4	
1,032,000	132,800	12.9	97,620	9.5	35,180	26.5	
1,080,000	142,400	13.2	105,780	9.8	36,620	25.7	
1,176,000	161,600	13.7	122,100	10.4	39,500	24.4	
1,272,000	180,800	14.2	138,420	10.9	42,380	23.4	
1,368,000	200,000	14.6	154,740	11.3	45,260	22.6	
(2) 1,472,000	220,800	15.0	172,420	11.7	48,380	21.9	
1,512,000	226,800	15.0	179,220	11.9	47,580	21.0	
(3) 3,891,000	583,650	15.0	583,650	15.0	-	-	Taxpayers earning \$3,891,000 or more will pay tax at the standard rate.
3,936,000	590,400	15.0	590,400	15.0	-	-	

(1) Sandwich class household with annual income of \$360,000.

(2) Income level at which salaries taxpayers enter the standard rate zone at present.

(3) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Single parent, with two children

Annual income	Present tax payable (Exemption level: \$229,000)		Proposed tax payable (Exemption level: \$276,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
240,000	220	0.1	-	-	220	100.0	All taxpayers earning less than \$2,871,000 will benefit from the concessions. Taxpayers with incomes not exceeding \$276,000 will not be required to pay tax as a result of the increases in the basic, the child and the single parent allowances.
264,000	1,000	0.4	-	-	1,000	100.0	
288,000	2,920	1.0	240	0.1	2,680	91.8	
312,000	6,220	2.0	770	0.2	5,450	87.6	Taxpayers earning more than \$276,000 but less than \$2,871,000 will have reduced tax liabilities as a result of the increases in the basic, the child and the single parent allowances and the revision of the marginal tax bands and rates.
336,000	10,600	3.2	2,450	0.7	8,150	76.9	
(1) 360,000	15,400	4.3	4,830	1.3	10,570	68.6	
384,000	20,200	5.3	7,860	2.0	12,340	61.1	
408,000	25,000	6.1	11,940	2.9	13,060	52.2	
432,000	29,800	6.9	16,020	3.7	13,780	46.2	
456,000	34,600	7.6	20,100	4.4	14,500	41.9	
480,000	39,400	8.2	24,180	5.0	15,220	38.6	
504,000	44,200	8.8	28,260	5.6	15,940	36.1	
552,000	53,800	9.7	36,420	6.6	17,380	32.3	
600,000	63,400	10.6	44,580	7.4	18,820	29.7	
648,000	73,000	11.3	52,740	8.1	20,260	27.8	
696,000	82,600	11.9	60,900	8.8	21,700	26.3	
744,000	92,200	12.4	69,060	9.3	23,140	25.1	
792,000	101,800	12.9	77,220	9.8	24,580	24.1	
840,000	111,400	13.3	85,380	10.2	26,020	23.4	
888,000	121,000	13.6	93,540	10.5	27,460	22.7	
936,000	130,600	14.0	101,700	10.9	28,900	22.1	
984,000	140,200	14.2	109,860	11.2	30,340	21.6	
1,032,000	149,800	14.5	118,020	11.4	31,780	21.2	
1,080,000	159,400	14.8	126,180	11.7	33,220	20.8	
(2) 1,132,000	169,800	15.0	135,020	11.9	34,780	20.5	
1,176,000	176,400	15.0	142,500	12.1	33,900	19.2	
(3) 2,871,000	430,650	15.0	430,650	15.0	-	-	Taxpayers earning \$2,871,000 or more will pay tax at the standard rate.
2,880,000	432,000	15.0	432,000	15.0	-	-	

(1) Sandwich class household with annual income of \$360,000.

(2) Income level at which salaries taxpayers enter the standard rate zone at present.

(3) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

Effect of the increase in allowances and the revision of the marginal tax bands and rates

Single parent, with one child and one dependent parent / grandparent living with the taxpayer

Annual income	Present tax payable (Exemption level: \$237,000)		Proposed tax payable (Exemption level: \$306,000)		Tax Saving (A) - (B)		Remarks
	Amount (A)	Effective rate	Amount (B)	Effective rate			
(\$)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
264,000	540	0.2	-	-	540	100.0	All taxpayers earning less than \$3,126,000 will benefit from the concessions.
288,000	2,280	0.8	-	-	2,280	100.0	
312,000	5,100	1.6	120	< 0.1	4,980	97.6	
336,000	9,000	2.7	600	0.2	8,400	93.3	Taxpayers with incomes not exceeding \$306,000 will not be required to pay tax as a result of the increases in the basic, the child, the single parent, the dependent parent / grandparent and the additional dependent parent / grandparent allowances.
(1) 360,000	13,800	3.8	2,030	0.6	11,770	85.3	
384,000	18,600	4.8	4,110	1.1	14,490	77.9	
408,000	23,400	5.7	6,990	1.7	16,410	70.1	
432,000	28,200	6.5	10,920	2.5	17,280	61.3	
456,000	33,000	7.2	15,000	3.3	18,000	54.5	
480,000	37,800	7.9	19,080	4.0	18,720	49.5	
504,000	42,600	8.5	23,160	4.6	19,440	45.6	
552,000	52,200	9.5	31,320	5.7	20,880	40.0	
600,000	61,800	10.3	39,480	6.6	22,320	36.1	
648,000	71,400	11.0	47,640	7.4	23,760	33.3	
696,000	81,000	11.6	55,800	8.0	25,200	31.1	
744,000	90,600	12.2	63,960	8.6	26,640	29.4	
792,000	100,200	12.7	72,120	9.1	28,080	28.0	
840,000	109,800	13.1	80,280	9.6	29,520	26.9	
888,000	119,400	13.4	88,440	10.0	30,960	25.9	
936,000	129,000	13.8	96,600	10.3	32,400	25.1	
984,000	138,600	14.1	104,760	10.6	33,840	24.4	
1,032,000	148,200	14.4	112,920	10.9	35,280	23.8	
1,080,000	157,800	14.6	121,080	11.2	36,720	23.3	Taxpayers earning more than \$306,000 but less than \$3,126,000 will have reduced tax liabilities as a result of the increases in the basic, the child, the single parent, the dependent parent / grandparent and the additional dependent parent / grandparent allowances and the revision of the marginal tax bands and rates.
(2) 1,164,000	174,600	15.0	135,360	11.6	39,240	22.5	
1,176,000	176,400	15.0	137,400	11.7	39,000	22.1	
(3) 3,126,000	468,900	15.0	468,900	15.0	-	-	Taxpayers earning \$3,126,000 or more will pay tax at the standard rate.
3,168,000	475,200	15.0	475,200	15.0	-	-	

(1) Sandwich class household with annual income of \$360,000.

(2) Income level at which salaries taxpayers enter the standard rate zone at present.

(3) Income level at which salaries taxpayers enter the standard rate zone after the 1998-99 Budget.

ESTATE DUTY

Comparison of present and proposed rates of estate duty (subject to marginal relief)

<i>Estate value</i>	<i>Present</i>	<i>Proposed</i>
Up to \$7,000,000	No duty	No duty
\$7,000,001 to \$7,500,000	6%	No duty
\$7,500,001 to \$8,500,000	6%	5%
\$8,500,001 to \$9,000,000	12%	5%
\$9,000,001 to \$10,000,000	12%	10%
\$10,000,001 to \$10,500,000	18%	10%
Over \$10,500,000	18%	15%

ADJUSTMENTS TO DUTY RATES OF FUEL, TOBACCO, AND METHYL ALCOHOL

Fuel

	<i>Present rate</i> (\$ per litre)	<i>Proposed rate</i> (\$ per litre)
Aircraft spirit	6.14	6.51
Light diesel oil	2.89	3.06
Motor spirit (leaded petrol)	6.82	7.23
Motor spirit (unleaded petrol)	6.06	6.42

Tobacco

	<i>Present rate</i> (\$ per 1,000 sticks)	<i>Proposed rate</i> (\$ per 1,000 sticks)
Cigarettes	723	766
	(\$ per Kg)	(\$ per Kg)
Cigars	930	986
Chinese prepared tobacco	177	188
All other manufactured tobacco except tobacco intended for the manufacture of cigarettes	875	928

Methyl Alcohol

	<i>Present rate</i> (\$ per 100 litres)	<i>Proposed rate</i> (\$ per 100 litres)
Methyl alcohol and any admixture containing methyl alcohol	792.0	840.0
In addition, for every 1% by which the alcoholic strength by volume exceeds 30%	26.5	28.1

RATES PERCENTAGE CHARGES

	<i>Percentage Charge for 1997-98</i>	<i>Proposed Percentage Charge for 1998-99 only</i>
Urban Council Area		
General Rates for Hong Kong and Kowloon (including New Kowloon)	2.40%	1.90%
Urban Council Rates	2.60%	2.60%
Overall	<u>5.00%</u>	<u>4.50%</u>

	<i>Percentage Charge for 1997-98</i>	<i>Proposed Percentage Charge for 1998-99 only</i>
Regional Council Area		
General Rates for the New Territories	0.80%	0.30%
Regional Council Rates	4.20%	4.20%
Overall	<u>5.00%</u>	<u>4.50%</u>

Note : In 1999-2000 the rates percentage charges will revert to the levels for 1997-98 unless a resolution is passed under the Rating Ordinance to further amend the percentage charges.

EFFECT IN 1998-99 OF REDUCING RATES CHARGE FROM 5% TO 4.5% ON MAIN PROPERTY CLASSES

<i>Property Type</i>	1998-99		
	<i>Average Decrease in Rates Payment</i>		<i>Average Rates Payment</i>
	<i>\$ per month</i>	<i>%</i>	<i>\$ per month</i>
Small Domestic Premises ⁽¹⁾ (Private)	34	9.4	327
Medium Domestic Premises ⁽¹⁾ (Private)	74	8.7	780
Large Domestic Premises ⁽¹⁾ (Private)	95	5.0	1,818
Public Domestic Premises ⁽²⁾	20	10.0	179
All Domestic Premises⁽³⁾	30	8.2	336
Shops and Commercial Premises	167	8.8	1,739
Offices	188	9.3	1,827
Industrial Premises ⁽⁴⁾	111	10.0	999
All Non-domestic Premises⁽⁵⁾	153	8.3	1,684
All Properties	49	8.3	540

(1) Domestic units are classified by relation to saleable areas as below :

Small domestic	up to 69.9 m ²	(up to 752 sq.ft.)
Medium domestic	70 m ² to 99.9 m ²	(753 sq.ft. - 1 075 sq.ft.)
Large domestic	100 m ² and over	(1 076 sq.ft. and above)

(2) Including Housing Authority and Housing Society rental units

(3) Including car parking spaces

(4) Including factories and storage premises

(5) Including miscellaneous premises such as hotels, cinemas, petrol filling stations, schools, car parking spaces

ECONOMIC PERFORMANCE IN 1997

1. Estimated growth rates of the GDP and its expenditure components and rates of increase in the main price indicators in 1996 :

- (i) Growth rates in real terms of :

	(%)	(%)
Private consumption expenditure		7.3
Government consumption expenditure		2.8
Gross domestic fixed capital formation		12.8
transfer costs of land and buildings	32.8	
building and construction	2.3	
real estate developers' margin	20.7	
machinery and equipment	15.6	
Total exports of goods		6.1
domestic exports	2.0	
re-exports	6.8	
Imports of goods		7.1
Exports of services		-0.1
Imports of services		5.0
Gross domestic product (GDP)		5.2
<i>Per capita GDP</i>		2.1
<i>Per capita GDP at current prices</i>	HK\$204,100 (US\$26,400)	

- (ii) Rates of increase in :

Composited Consumer Price Index	5.8
Consumer Price Index (A)	5.7
GDP deflator	5.9

2. Performance of domestic exports and re-exports

(i) Annual growth rates in real terms of :

	<i>Domestic exports</i>	<i>Re-exports</i>
	(%)	(%)
1995	2	14
1996	-8	14
1997	2	8

(ii) Shares of domestic exports and re-exports in the value of total exports :

	<i>Domestic exports</i>	<i>Re-exports</i>
	(%)	(%)
1992	25	75
1993	21	79
1994	19	81
1995	17	83
1996	15	85
1997	15	85

3. Annual growth rates in real terms of retained imports :

	Retained imports			
	<i>Total</i>	<i>Foodstuffs and consumer goods</i>	<i>Raw materials and semi-manufactures</i>	<i>Capital goods</i>
	(%)	(%)	(%)	(%)
1995	13	3	15	23
1996	-2	-8	*	1
1997	8	7	7	21

* Less than 0.5%.

4. Hong Kong's visible and invisible trade balance in 1996 :

	<i>\$Billion</i>
Domestic exports	211
Re-exports	1,245
Total exports	1,456
Imports*	1,619
Visible trade balance	-164
Invisible trade balance #	113
Balance on visible and invisible trade combined #	-51

* Including an estimate of imports of gold for industrial use.

Preliminary estimate.

5. Unemployment and underemployment rates :

	<i>Unemployment rate</i>	<i>Underemployment rate</i>
	(%)	(%)
1995	3.2	2.1
1996	2.8	1.7
1997	2.2	1.2

6. Annual rates of increase in the Consumer Price Indices :

	<i>CPI(A)</i>	<i>CPI(B)</i>	<i>Hang Seng CPI</i>	<i>Composite CPI</i>
	(%)	(%)	(%)	(%)
1995	9.1	8.7	9.2	9.6
1996	6.3	6.0	6.4	6.6
1997	5.8	5.7	5.8	6.1

Figures for 1996 and 1997 are 1994/95-based and figures for 1995 are 1989/90-based.

ECONOMIC PROSPECTS FOR 1998

Forecast growth rates of the GDP and its expenditure components and rates of increase in the main price indicators in 1998:

(i) Growth rates in real terms of :

	(%)	(%)
Private consumption expenditure		3
Government consumption expenditure		4
Gross domestic fixed capital formation		2.5
transfer costs of land and buildings	-35	
building and construction	-1.1	
real estate developers' margin	6	
machinery and equipment	7	
Total exports of goods		4.8
domestic exports	1	
re-exports	5.5	
Imports of goods		4.1
Exports of services		3.5
Imports of services		1.3
Gross domestic product (GDP)		3.5
<i>Per capita GDP</i>		<i>1.0</i>
<i>Per capita GDP at current prices</i>	<i>HK\$212,200</i>	
	<i>(US\$27,200)</i>	

(ii) Rates of increase in :

Composite Consumer Price Index	5
Consumer Price Index (A)	4.5
GDP deflator	3