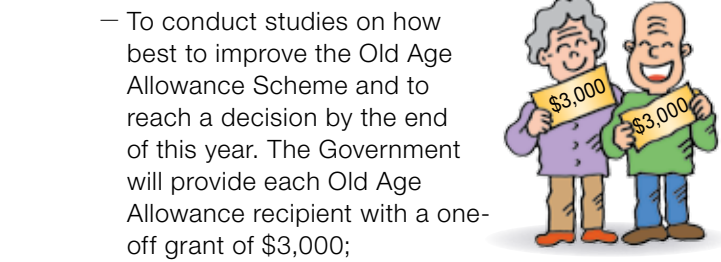


- To exempt the duties on wine, beer and all other alcoholic beverages except spirits with immediate effect.
- To study the site location for Container Terminal 10.
- To offer a reduction in the First Registration Tax for environment-friendly commercial vehicles.
- To offer a more concessionary profits tax reduction for capital expenditure on environment-friendly machinery and equipment.
- To provide a one-off grant of \$18 billion for the establishment of a Research Endowment Fund.

Improving People's Livelihood and Supporting Disadvantaged Groups

- To allocate \$4.3 billion to inject into each domestic electricity account a subsidy of \$1,800.

- To inject \$1 billion into the Samaritan Fund so as to relieve the financial burden on needy patients.
 - To support and take care of the elderly in need:
- To earmark \$200 million to help elderly people without family support improve their home environment;
 - To earmark \$1 billion as a subsidy for the elderly in need to carry out maintenance or safety improvement works for their self-occupied properties;



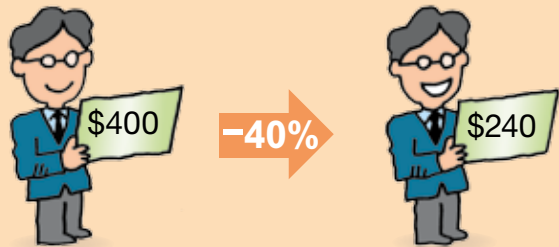
Leaving Wealth with the People and Sharing the Fruits of Prosperity

- To lower the standard rate of salaries tax and personal assessment tax by one percentage point to 15%. This is reversion to the 2002-03 level and will cost the Government \$960 million a year.
- To offer a one-off rebate of 75% of salaries tax and tax under personal assessment assessed for 2007-08, subject to a ceiling of \$25,000. This will cost the Government \$12.4 billion.
- To raise the basic personal allowance and single parent allowance from \$100,000 to \$108,000 and to increase the married person's allowance from \$200,000 to \$216,000. All the major allowances will revert to their 2002-03 levels. The child allowance, allowance for dependent parent/ grandparent will be even higher than the 2002-03 levels. All these will cost the Government \$1.31 billion.

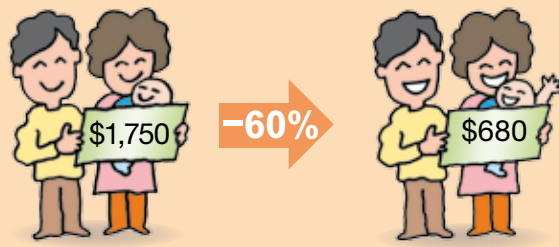
	Basic personal allowance/ Single parent allowance	Married person's allowance
Old	\$100,000	\$200,000
New	\$108,000	\$216,000

- To widen tax bands from \$35,000 to \$40,000, making them wider than those in 2002-03. This will cost the Government \$1 billion.

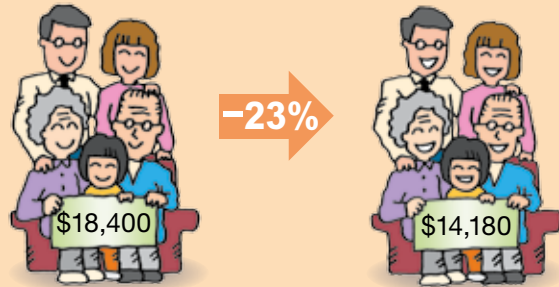
Single person with an annual salary of \$120,000



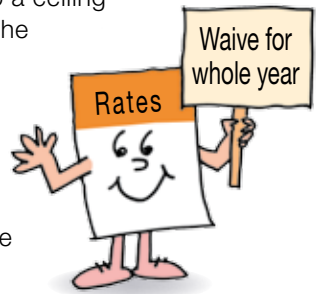
Married couple with one child with an annual salary of \$300,000



Married couple with one child and two dependent parents with an annual salary of \$480,000

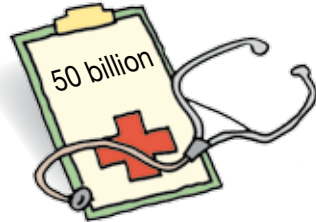


- To lower the profits tax rate by one percentage point to 16.5%. This will cost the Government \$4.4 billion a year.
- To offer a one-off rebate of 75% of profits tax for 2007-08, subject to a ceiling of \$25,000. This will cost the Government \$1.73 billion.
- To waive business registration fees for 2008-09. This will cost the Government \$1.6 billion.
- To offer a one-off rebate of 75% of property tax for 2007-08, subject to a ceiling of \$25,000. This will cost the Government \$680 million.
- To waive rates for 2008-09, subject to a ceiling of \$5,000 per quarter for each rateable tenement. This will cost the Government \$11.2 billion.



Providing for the Future

- To earmark \$8.5 billion to provide people earning not more than \$10,000 a month with a one-off injection of \$6,000 into their MPF accounts.
- To earmark \$50 billion from the fiscal reserves to promote healthcare reform.



2008-09

Budget Highlights

