

EFFECT OF THE PROPOSED ONE-OFF REDUCTION OF SALARIES TAX, TAX UNDER PERSONAL ASSESSMENT AND PROFITS TAX

Year of Assessment 2018/19

Salaries tax and tax under personal assessment –
75% tax reduction subject to a cap at \$20,000 per case

Assessable income	No. of taxpayers	Average amount of tax reduction	Average % of tax reduced
\$200,000 and below	294 000	\$550	75%
\$200,001 to \$300,000	403 000	\$2,540	75%
\$300,001 to \$400,000	309 000	\$6,460	75%
\$400,001 to \$600,000	399 000	\$11,720	61%
\$600,001 to \$900,000	267 000	\$16,690	37%
Above \$900,000	236 000	\$19,780	8%
Total	1 908 000	—	—

Note: As at 31 December 2018, Hong Kong had a working population of 3.98 million.

Profits tax* –
75% tax reduction subject to a cap at \$20,000 per case

Assessable profits	No. of businesses [#]	Average amount of tax reduction	Average % of tax reduced
\$100,000 and below	47 000	\$2,940	75%
\$100,001 to \$200,000	17 000	\$12,220	74%
\$200,001 to \$300,000	12 000	\$17,210	60%
\$300,001 to \$400,000	8 000	\$19,630	48%
\$400,001 to \$600,000	11 000	\$20,000	35%
\$600,001 to \$900,000	9 000	\$20,000	24%
Above \$900,000	41 000	\$20,000	1%
Total	145 000	—	—

Note: As at 31 December 2018, there were about 1.27 million corporations and 260 000 unincorporated businesses in Hong Kong.

* The two-tiered profits tax rates regime has been implemented since year of assessment 2018/19. The profits tax rates for the first \$2 million assessable profits have been reduced to 8.25% for corporations and 7.5% for unincorporated businesses. The rates for assessable profits exceeding \$2 million are 16.5% for corporations and 15% for unincorporated businesses.

Including 110 000 corporations and 35 000 unincorporated businesses.