

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

Year of Assessment 2019/20

Salaries tax and tax under personal assessment-
100% 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 | 319 000 | \$740 | 100% |
| \$200,001 to \$300,000 | 436 000 | \$3,420 | 100% |
| \$300,001 to \$400,000 | 313 000 | \$8,450 | 97% |
| \$400,001 to \$600,000 | 394 000 | \$13,380 | 67% |
| \$600,001 to \$900,000 | 258 000 | \$17,560 | 38% |
| Above \$900,000 | 230 000 | \$20,000 | 8% |
| Total | 1 950 000 | — | — |

Note: As at 31 December 2019, Hong Kong had a working population of 3.94 million.

Profits tax-
100% 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 | 42 000 | \$3,480 | 100% |
| \$100,001 to \$200,000 | 16 000 | \$15,450 | 94% |
| \$200,001 to \$300,000 | 10 000 | \$19,600 | 74% |
| \$300,001 to \$400,000 | 8 000 | \$20,000 | 55% |
| \$400,001 to \$600,000 | 10 000 | \$20,000 | 40% |
| \$600,001 to \$900,000 | 10 000 | \$20,000 | 27% |
| Above \$900,000 | 45 000 | \$20,000 | 1% |
| Total | 141 000 | — | — |

Note: As at 31 December 2019, there were about 1.27 million corporations and 260 000 unincorporated businesses in Hong Kong.

[#] Including 108 000 corporations and 33 000 unincorporated businesses.