The 2021-22
Budget
Highlights

Overcoming the Epidemic

Stimulating the Economy

Building a Liveable City

Public Finance

www.budget.gov.hk/
2021/eng/index.html
Support Enterprises

- Extend the application period of 100% guarantee low-interest loan for enterprises to the end of this year, raise loan ceiling to $6 million, extend repayment period and duration of principal moratorium
- Reduce profits tax for 2020-21 assessment year by 100%, subject to a $10,000 ceiling
- Provide rates concession for non-domestic properties in 2021-22, subject to a ceiling of $5,000 per quarter in first two quarters and $2,000 per quarter in remaining two quarters
- Waive business registration fees for 2021-22
- Continue to waive 75% of water and sewage charges of non-domestic households for 8 months, subject to a monthly ceiling of $20,000 and $12,500 respectively

Support Employment

- Launch the fourth tranche of Love Upgrading Special Scheme, provide more training options and online courses
- Plan to expand the scope of Continuing Education Fund to include online courses
- Allocate $6.6 billion to create around 30,000 time-limited jobs
Relieve People’s Hardship

Set Up a Special 100% Loan Guarantee for Individuals

- Provide an extra financing option for the unemployed
- Loan ceiling at $80,000. Application period of 6 months
- Interest rate fixed at 1% per annum. Maximum repayment period of 5 years
- Principal moratorium for the first 12 months. Offer reimbursement for interest paid after loans are repaid in full as scheduled

- Provide rates concession for domestic properties in 2021-22, subject to a ceiling of $1,500 per quarter in first two quarters and $1,000 per quarter in remaining two quarters
- Grant a subsidy of $1,000 to each residential electricity account
- Provide an extra half-month allowance of standard CSSA payment, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Working Family Allowance and Individual-based Work Incentive Transport Subsidy
- Pay examination fees for school candidates sitting for 2022 HKDSE Examination
- Earmark $1 billion to subsidise drainage repair works in over 3,000 old buildings

- Reduce salaries tax and tax under personal assessment for 2020-21 assessment year by 100%, subject to a $10,000 ceiling
Electronic Consumption Vouchers

Issue $5,000 electronic consumption vouchers in instalments to each eligible Hong Kong permanent resident and new arrival aged 18 or above to facilitate and stimulate local consumption.

- Provide electronic submission means for most government forms and licence applications by mid-2022.
- Provide e-payment options (including Faster Payment System) for making payments of most government bills and licences starting from mid-2022.
- Explore the development of the Hong Kong Legal Cloud.

Support Tourism

- Earmark $169 million to continue to take forward local cultural, heritage and creative tourism projects.
- Earmark $765 million to support Hong Kong Tourism Board (HKTB) in reviving the tourism industry.
- HKTB to conduct a comprehensive review of the positioning of Hong Kong’s tourism in the long run, formulate strategies to spur industry’s recovery.
- Consider reviving local group tours provided that public health can be safeguarded, allowing room for industry’s business operation.
- Discuss and work out Air Travel Bubble arrangement with suitable places.

Reviving the Economy

- Inject $1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales, increase funding ceiling per enterprise to $6 million and extend its geographical coverage in phases.
- Allocate $375 million to Hong Kong Trade Development Council (HKTDC) to enhance its capability to organise online activities and to proceed with digitalisation.
- Explore the use of HKTDC’s platforms to assist young business starters in promoting their original products.
- Develop the business version of the “iAM Smart” digital authentication platform.
Stimulating the Economy

Financial Services

• Issue no less than $24 billion of Silver Bond and no less than $15 billion of iBond this year. Lower the eligible age for Silver Bond subscription from 65 to 60

• Issue green bonds totalling $175.5 billion within the next 5 years, and plan to issue retail green bonds

• Roll out Green and Sustainable Finance Grant Scheme to subsidise expenses on bond issuance and external review services

• Strive for the launch of Southbound Trading of Bond Connect within this year, and enhance the domestic Central Moneymarkets Unit

• Provide subsidy for Real Estate Investment Trusts to list in Hong Kong

• Launch a Pilot Insurance-linked Securities Grant Scheme to subsidise issuance costs

• Provide subsidy for Open-ended Fund Companies to set up in or re-domicile to Hong Kong

• Review tax arrangements relevant to family office business

Innovation and Technology

• Earmark over $200 million to roll out “Knowing More About IT” Programme, subsidise primary schools to enhance students’ interests and knowledge in I&T and their applications through extra-curricular activities

• Regularise the pilot scheme which subsidises students studying science and technology in local universities to enrol in short-term I&T related internships

• Inject $9.5 billion into the Innovation and Technology Fund by two yearly instalments

• Hong Kong Monetary Authority to consider enhancing its Fintech Supervisory Sandbox to reduce time for launching innovative financial products in the market

• Press ahead with the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop

• Continue to implement the Science Park expansion and Cyberport 5 development
Cultural and Creative Industries

- Inject an additional $1 billion into the CreateSmart Initiative

Construction Industry

- Enhance the professional skills of mid-tier managers in the Government and uplift their project delivery capability
- Promote cost management culture to the industry
- Continue to promote the Modular Integrated Construction (MiC) method and digitalisation of public works

Air Cargo Sector

- With the expansion of the existing express air cargo terminal, the commissioning of a new premium logistics centre and the Three Runway System, annual cargo handling capacity of Hong Kong International Airport (HKIA) is expected to increase to some 9 million tonnes in 2024
- Explore measures to facilitate trans-shipment through Hong Kong, so as to maintain Hong Kong’s competitive edge as an international air cargo hub
- Redevelop the Air Mail Centre at HKIA to become operational by end 2027 at the earliest

5G

- Continue to support the development of 5G networks and applications
- Commence progressively the operation of the first batch of about 20 R&D laboratories under the “InnoHK Research Clusters” in the first quarter of this year

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Building a Liveable City

Green City
- Announce Hong Kong’s first roadmap on the popularisation of electric vehicles, measures include ceasing the new registration of fuel-propelled private cars in 2035 or earlier.
- Complete updated Clean Air Plan for Hong Kong by mid-2021.
- Earmark $1 billion to install small-scale renewable energy systems at government buildings and infrastructure.
- Earmark $150 million to conduct energy audits and install energy-saving appliances, free of charge, for social welfare NGOs.
- Inject $1 billion into Recycling Fund and extend the application period to 2027.

Relieve Traffic Congestion
- Increase the rate of each tax band for the first registration tax for private cars (including electric-private cars) by 15% and the vehicle licence fee by 30%.
- Transport Department to continue the studies on “Congestion Charging” and the Electric Road Pricing Pilot Scheme in Central.

Quality Living
- Earmark $500 million to enhance facilities in country parks.
- Earmark $55 million to enhance hiking trails in country parks.
- Earmark around $300 million to implement a five-year plan for upgrading football pitches.
- Continue to implement harbourfront enhancement works.
Strengthen Healthcare System

- Allocate $147 million to enhance mental health services
- Continue to work with universities to upgrade and increase healthcare-related teaching facilities
- Commence operation of 2 District Health Centres in the coming two years, and set up “DHC Expresses” in another 11 districts within this year
- Press ahead with implementing the first 10-year Hospital Development Plan (HDP) and the planning of the second 10-year HDP

Caring and Inclusion

- Elderly services: provide about 8,800 residential care places and about 2,800 subsidised day care service places in the coming few years
- Rehabilitation services: increase the number of places for on-site pre-school rehabilitation services to 10,000 in 2022/23 school year
- Inject $1.1 billion into Lotteries Fund to ensure that feasibility studies for much-needed social welfare development projects can proceed as scheduled
• Potential land supply of 2021-22 Land Sale Programme, railway property development projects and private development/redevelopment projects expected to provide about 16,500 units. Another 3 commercial sites estimated to provide floor area of about 480,000 sqm

• New development area projects and other development projects under planning expected to provide a total of over 860 hectares of brownfield sites in the New Territories which can be redeveloped for housing and other land use

• Examine the feasibility of rezoning 5 commercial sites in Kowloon East for residential use, which are expected to provide about 5,800 private housing units in total

• Review about 40 “Government, Institution or Community” sites with joint use potential and put forward development proposals this year

• Introduce a pilot scheme in this quarter for charging land premium at “standard rates” to encourage redevelopment of industrial buildings

**Housing Supply**

• Public housing: Estimated production in the five-year period from 2020-21 is about 101,400 units, comprising over 70,000 public rental housing/Green Form Subsidised Home Ownership Scheme units, and over 30,000 subsidised sale units

• Private housing: Estimated average annual production in the five-year period from 2021 is more than 18,000 units
2021-22
Total government revenue and expenditure

Total government revenue $591.1B
The above revenue items have not included the estimated proceeds from issuance of green bonds amounting to $35.1 billion in 2021-22.
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2020-21 financial year: Estimated deficit of $257.6 billion

2021-22 financial year: Estimated deficit of $101.6 billion, equivalent to 3.6% of GDP, mainly due to counter-cyclical fiscal measures and continued increase in recurrent expenditure

2022-23 to 2025-26 financial years: Deficit for four consecutive years is expected, mainly due to rises in government expenditure outpacing increases in government revenue (especially recurrent expenditure)

Government expenditure should enter a consolidation period. Long-term financial commitments should be commensurate with the increase in revenue

Maintain the development and vibrancy of our economy, and identify new areas of growth for increasing revenue

Facing the Challenge

Reduce Expenditure

- Zero growth in the civil service establishment in 2021-22
- Trim government recurrent expenditure by 1% in 2022-23 without affecting livelihood-related spending. About $3.9 billion savings is expected

Increase Revenue

- Raise the rate of Stamp Duty on Stock Transfers, from the current 0.1% to 0.13% of the consideration or value of each transaction payable by buyers and sellers respectively
- Not the appropriate time to revise rates of profits tax and salaries tax. Government to continue reviewing and make adjustments at a suitable time
- Not the appropriate time to introduce new taxes. Government will carry out related research and make preparation for discussion and consensus-building at a suitable time

Issue green bonds to fund green projects and increase Government’s fiscal space

Review the rating system to explore room for improvement