The 2023-24 Budget
Leaping Forward Steadily
Together We Bolster Prosperity
under Our New Vision

**Happy Hong Kong**

- Launch the “Happy Hong Kong” Campaign for the general public focusing on gourmet experiences, fun amusements and exciting ambience
- Launch a “Gourmet Marketplace” comprising large-scale food fairs in various districts in Hong Kong
- Organise a large scale sea-land carnival in summer with Victoria Harbour as the stage
- West Kowloon Cultural District Authority, Disneyland, Ocean Park, Cyberport, Science Park, Jockey Club, etc. will each hold themed activities

**Electronic Consumption Vouchers**

- Issue **$5,000** electronic consumption vouchers to each eligible Hong Kong permanent resident and new arrival aged 18 or above in two instalments
- Previously registered eligible persons: **$3,000** consumption vouchers will be disbursed in April, remaining **$2,000** vouchers will be disbursed in mid-year
- New eligible persons: vouchers will be disbursed in mid-year in two instalments upon registration
- Eligible persons who have come to live in Hong Kong through different admission schemes or to study in Hong Kong: **$2,500** vouchers will be disbursed

**Attracting Tourists and Enlivening The City’s Image**

- Over **$250 million** to be spent on mega events
- About **$300 million** reserved for staging more mega events, international meetings, incentive travels, conventions and exhibitions in Hong Kong
- Offer shopping and dining privileges to 1 million inbound visitors
- **$50 million** for stepping up the promotion and branding of Hong Kong
Supporting the General Public

- Reduce salaries tax and tax under personal assessment for the 2022/23 assessment year by **100%**, subject to a $6,000 ceiling
- Provide rates concession for domestic properties for the first two quarters of 2023/24, subject to a $1,000 ceiling per quarter
- Provide an extra **half-month** allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Working Family Allowance
- Extend the temporary special measures of the Public Transport Fare Subsidy Scheme for six months (to October 2023)
- Pay examination fees for school candidates sitting for the 2024 HKDSE Examination
- Grant each eligible residential electricity account a subsidy of $1,000
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- Grant each eligible residential electricity account a subsidy of $1,000
- Extend the current arrangement of distributing electricity charges relief of $50 a month to each account to end 2025
- From the 2023/24 assessment year, increase the basic child allowance and the additional child allowance for each child born during the year of assessment from $120,000 to $130,000

Supporting Enterprises

- Reduce profits tax for the assessment year 2022/23 by **100%**, subject to a $6,000 ceiling
- Provide rates concession for non-domestic properties for the first two quarters of 2023/24, subject to a ceiling of $1,000 per quarter
- Grant 50% rental fee concession to eligible tenants of government premises and short-term tenancies and waivers for 6 months
- Extend the application period of all guarantee products under the SME Financing Guarantee Scheme to March 2024
- Offer fully guaranteed loans for eligible passenger transport operators and licensed travel agents. To be launched in April this year
- Extend the Travel Agents Incentive Scheme to June 2023
- Injector $30 million into the Information Technology Development Matching Fund Scheme for Travel Agents to encourage the tourism sector to undergo upgrade and transformation
Digital Economy

- Conduct a feasibility study on the development of an Artificial Intelligence Supercomputing Centre
- $500 million earmarked to launch a Digital Transformation Support Pilot Programme, to assist SMEs in applying ready-to-use basic digital solutions
- $200 million to enhance the operation of the “iAM Smart” platform to improve user experience
- Propose to provide tax deduction for the spectrum utilisation fees paid by telecommunications network operators which successfully bid for radio spectrum

International GreenTech and GreenFi Centre

- Set up a Green Technology and Finance Development Committee to formulate an action agenda covering green technology, green finance, green standard certification, etc.
- Organise an International GreenTech Week

Attracting Enterprises and Talents

- Introduce a mechanism to provide facilitation for companies domiciled overseas for re-domiciliation to Hong Kong
- Introduce a new Capital Investment Entrant Scheme: applicants may reside and pursue development in Hong Kong after making investment at a certain amount in the local asset market, excluding property

Web3

- $50 million to expedite development of the Web3 ecosystem
- Set up a task force to advise on the sustainable development of the virtual asset industry

High Quality Development
Innovation and Technology

- $6 billion for universities and research institutes to set up thematic research centres related to life and health technology
- $3 billion earmarked to enhance basic research in frontier technology fields such as artificial intelligence and quantum technology
- Establish a Microelectronics Research and Development Institute to enhance collaboration among universities, R&D centres and the industry, expediting "1 to N" transformation
- Over $260 million reserved for Cyberport to nurture smart living start-ups
- HKSTPC will inject $400 million into its Corporate Venture Fund and inject an additional $110 million to launch the Co-acceleration Programme
- Conduct a feasibility study on setting up the second Advanced Manufacturing Centre

Finance

- Plan to issue no less than $50 billion of Silver Bond and $15 billion of retail green bonds in the next financial year
- Plan to earmark a certain proportion of the future issuances of Government green bonds and infrastructure bonds for priority investment by MPF funds
- Provide $100 million to InvestHK to attract more family offices to Hong Kong
- Explore use of Hong Kong’s Faster Payment System and Thailand’s PromptPay by visitors from the two places for local payment
- Review the development potential and prospects of tokenised bond issuance
- Extend the Pilot Insurance-linked Securities Grant Scheme for 2 years
- Continue to explore with the Mainland on expansion of mutual market access and enhancement arrangements
- Introduce a listing regime for advanced technology companies in the first quarter of 2023
- Put up specific reform recommendations on GEM for stakeholder consultation
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Aviation
• Press ahead with the “Airport City” development strategy
• Enhance the aircraft leasing preferential tax regime to attract aircraft leasing companies to establish presence in Hong Kong

Maritime
• Set up a task force to further promote the development of Hong Kong’s high-end maritime services and put forward an action plan
• $20 million reserved to expedite strategic studies and exchanges of the high-end maritime service industry, and expand the scale of the Hong Kong Maritime Week

Trade
• Provide an additional funding of $550 million to the Hong Kong Trade Development Council to assist enterprises in opening up markets
• Inject $500 million into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and expedite the processing of applications
• Allocate $100 million to the Hong Kong Productivity Council to strengthen assistance for SMEs in applying for government subsidies

Intellectual Property Trading
• Introduce a “patent box” tax incentive to encourage the I&T sector to create more patented inventions
• Provide additional $10 million to the Intellectual Property Department to employ and nurture patent examiners

Legal and Dispute Resolution Services
• Seek to implement the use of a common online mediation platform in the GBA

International Cultural Exchange
• Allocate more than $150 million to support Hong Kong artists in taking part in performances and productions in the GBA, and to organise the GBA Culture and Arts Festival in 2024
• Inject $500 million into the CreateSmart Initiative to support the creative industries
Talent Resources

• **Finance**: launch a Fintech internship scheme for post-secondary students, and extend the Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector for 3 years

• **Aviation**: increase the first year training places of the GBA Youth Aviation Industry Internship Programme to **450**

• **Maritime**: inject **$200 million** into the Maritime and Aviation Training Fund to support manpower training

• **Innovation and Technology**: additional **$300 million** to provide up to **$1 million** for each publicly funded secondary school to organise IT-related extra curricular activities

• **Construction Industry**: additional **$100 million** to provide on-the-job training allowance to trainees who have enrolled in construction related programmes

Northern Metropolis

• Make preparations for establishing a Northern Metropolis Co-ordination Office, and commence consultation on the development proposals and land use planning of San Tin Technopole

Land and Housing

• **12 residential sites** under the 2023/24 Land Sale Programme, railway property development, private development and redevelopment projects as well as the URA’s projects to provide about **20 000 units**; **3 commercial sites** and **3 industrial sites** to provide about **200 000 square metres of commercial floor area** and **170 000 square metres of industrial floor area** respectively

• Secure land for the production of no less than **72 000 private housing units** in the coming 5 years

• Public housing: identified sufficient land for the provision of about **360 000 public housing units**

• Private housing: completion of private residential units to average over **19 000 units** annually in the 5 years from 2023 onwards. The expected first-hand private residential unit supply for the next 3 to 4 years is about **105 000 units**

Application of Innovation and Technology in the Construction Industry

• **$75 million** for conducting studies on establishing the Building Testing and Research Institute, constructing an advanced construction industry building, and strengthening the supply chain of Modular Integrated Construction (MiC) modules

Development of the Agriculture and Fisheries Industry

• Work hand in hand with the industry to formulate a blueprint for the sustainable development of agriculture and fisheries
**Examples**

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Green City
- $200 million earmarked for commencing trials of hydrogen fuel cell electric double-deck buses and heavy vehicles
- Set aside $350 million for subsidising in-harbour ferry operators to construct and test electric ferries and related charging facilities
- Put in place a 100% guarantee loan scheme for the taxi trade as an incentive to switch to battery electric taxis
- An additional $62 million for food waste collection to cover more premises, and extending the food waste collection trial scheme for public rental housing estates

Healthcare
- Set aside sufficient financial resources to launch the Chronic Disease Co-Care Pilot Scheme and enhance the Elderly Health Care Voucher Scheme in accordance with the Primary Healthcare Blueprint
- Inject an additional $500 million into the Chinese Medicine Development Fund
- Tobacco control: increase the duty on cigarettes by 60 cents per stick, and duty on other tobacco products by the same proportion, with immediate effect

Youth Development
- Examine the provision of a suitable venue for urban sports enjoyed by youths such as sport climbing and skateboarding
- Launch a pilot project on vocational and professional education and training for secondary school students, and launch the Diploma of Applied Education Programme on a regular basis

Caring and Inclusion
- Women’s development: set aside $100 million to strengthen support for women’s development
- Enhance support for pre-school children with special needs: allocate an additional annual recurrent expenditure of about $170 million to regularise Tier 1 Support Services
- Regularise certain schemes to support the elderly and carers, involving a recurrent expenditure of more than $1.3 billion
- Encourage employment of elderly employees: increase the tax deduction for the Mandatory Provident Fund voluntary contributions made by employers for their employees aged 65 or above, from 100% to 200%
- Residential care homes for the elderly and persons with disabilities: provide incentives to encourage the market to provide more quality private residential care homes
- Waive water fee deposit and charge for providing separate water meter installed in eligible subdivided units
2023-24
Total government revenue and expenditure

Total government expenditure $761B

Environment and Food $46.6B
Economic $70.5B
Security $66B
Infrastructure $88.7B
Health $124.8B
Others (Including Support, Community and External Affairs and Housing) $120.7B
Social Welfare $129B
Education $114.7B

Total government revenue $642.4B

The revenue items listed have not included the estimated proceeds from issuance of bonds amounting to $65 billion in 2023-24.

Economy

Profits Tax $170B
Land Premium $85B
Stamp Duties $85B
Salaries Tax $83B
Investment Income $66.4B
Other Revenue $153B

2023-24
Total government expenditure
Recurrent Expenditure $560.2B

GDP growth in real terms
Headline inflation
Underlying inflation

2022 performance -3.5% 1.9% 1.7%
2023 forecast 3.5% to 5.5% 2.9% 2.5%
Public Finance

- **2022/23:** consolidated deficit is forecast to be $139.8 billion and fiscal reserves are forecast to be $817.3 billion by end March 2023
- **2023/24:** a forecast deficit of $54.4 billion
- **2024/25 to 2027/28:** fiscal surplus is forecast with fiscal reserves estimated at $983.7 billion by the end of March 2028
- Profits tax and salaries tax rates to remain unchanged this year

- Impose an annual special football betting duty of $2.4 billion on the Hong Kong Jockey Club (HKJC) for 5 years starting from 2023/24. HKJC has undertaken not to reduce its commitment to local charities
- Further expand the scope of the Government Green Bond Programme to cover sustainable finance projects, and set up an Infrastructure Bond Scheme to better manage the cash flow needs of major infrastructure projects
- Adhere to the fiscal discipline of keeping expenditure within the limits of revenue. Proceeds from bond issuance will not be used for funding recurrent expenditure