

# The 2026-27 Budget

Driving High-quality,  
Inclusive Growth with  
Innovation and Finance



[www.budget.gov.hk/  
2026/eng/index.html](http://www.budget.gov.hk/2026/eng/index.html)

## Actively Align with the National 15th Five-Year Plan

- Contribute to the country's modernised industrial system and technological self-reliance
- Actively participate in the country's high-level two-way opening up
- Attract high-calibre international talent



## Driving Growth with Innovation and Technology (I&T)

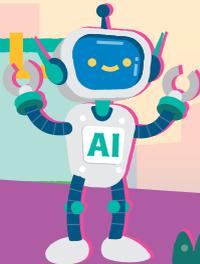
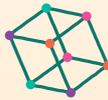
### Driving AI+ Development



- **Top-tier design:** establish **Committee on AI+ and Industry Development Strategy** to transform industries
- **AI empowering industries:** Hong Kong AI Research and Development Institute to operate in second half of year to support R&D and transformation of outcomes
- **Computing infrastructure:** take forward Sandy Ridge data facility cluster project
- **Enhancing AI literacy:**
  - ▶ **\$50** million to help public organisations, tech enterprises and tertiary institutions set up AI application courses, seminars and competitions
  - ▶ Tertiary institutions to organise more AI-related programmes
  - ▶ Employees Retraining Board to become **Upskill Hong Kong**, providing skill-based training, including AI application
- **Empowering public services:** **\$100** million to accelerate Government digital transformation with leading technologies
- Expanding AI training for civil servants
- **Data utilisation:** supporting more data-science analyses; new online interactive data service platform to be launched in March

### Life and Health Technology

- **International Clinical Trial Academy** to be established in 2027
- **\$500** million injection for **Chinese Medicine Development Fund** to support strategic research, training and international publicity





## Supporting Emerging Industries

- **Aerospace:** OASES to attract aerospace enterprises; HKEX to review listing requirements for aerospace enterprises
- **Microelectronics:** Hong Kong Investment Corporation (HKIC) and enterprises to establish Hong Kong RISC-V Alliance, forging collaboration among industries, academia and the investment sector
- Proactive push for R&D and applications in **embodied AI, quantum technology, new materials**, etc.
- **\$10 billion I&T Industry-Oriented Fund** to begin operation this year
- Review and enhance tax arrangements for R&D expenditures

## New Industrialisation

- **New Industrialisation Elite Enterprises Nurturing Scheme** to be launched this year, supporting high-growth enterprises
- **Around \$220 million** to establish **the first national manufacturing innovation centre** outside the Mainland

## Northern Metropolis for I&T

- **Public-private partnership:** tripartite co-operation of Government, developers and tech enterprises to channel land and corporate resources for industrial development and unleash land potential
- **Hetao Co-operation Zone Hong Kong Park:** **\$10 billion** to accelerate land development, provide infrastructure, establish venture fund, etc.
- **San Tin Technopole:** establish dedicated company and inject **\$10 billion** as initial capital
- **\$10 billion** to support initial operation of **Hung Shui Kiu Industry Park Company Limited**, beginning operation this year



## Patient Capital

- HKIC has invested in over **190** projects, with **10** investee companies listed and **20** preparing for listing. Attracting over **\$8** for every **\$1** invested



# Financial Empowerment

## Promoting Finance+

- **Offshore RMB market:** reduce transaction costs for RMB and other currency conversions; attract more RMB-denominated bond issuances in Hong Kong; explore formation of offshore RMB yield curve
- **Mutual Market Access:** expedite launch of Chinese Government Bond futures in Hong Kong, inclusion of real estate investment trusts (REITs) in mutual access, and inclusion of RMB trading counter under Southbound Stock Connect
- **Securities market reforms:** consult the market on revised requirements for weighted voting right structures, facilitating secondary listing of overseas issuers, and implementing T+1 settlement cycles. Enhance structured product-listing framework and regulatory regime for listed companies
- **Custodian platform:** study the establishment of one-stop multi-asset class post-trade securities infrastructure, covering Mainland and Hong Kong equity and debt securities



- **Asset and wealth management:** legislate this year to enhance family offices and fund tax regime, and enable REITs privatisation. Amend the law next year to provide stamp duty waiver for transferring non-residential properties into REITs seeking to list
- **Corporate treasury centres (CTCs):** relax criteria for stamp duty relief for intra-group transfer of assets. Applicable to instruments signed **from today** (25 Feb 2026). Announce in the year enhancement measures for CTCs, including additional tax incentives

### • Digital assets:

- ▶ CMU OmniClear to establish digital asset platform in the year to support issuance and settlement of digital bonds
- ▶ Establish licensing regime for digital-asset dealing and custodian service providers through legislation in the year



- **Gold trading:** explore tax concessions for eligible institutions conducting gold trading and settlement in Hong Kong

### • Financial inclusion:

- ▶ Amend the law next year to extend MPF “Full Portability” coverage to those employed before 1 May 2025
- ▶ Consult the public this year on optimising recovery of default MPF contributions from employers



# Diversified Development



## Trade Centre

- **Preferential policy packages:** including preferential arrangements on land grants, financial subsidies and tax incentives. Preferential tax rates at half rate or **5%**. Introduce amendment to tax law this year
- **Advisory Committee on Tax Policy:** gather views from commercial, industrial and professional sectors to support economic development with tax policies
- **Cross-sectoral professional services platform** to support enterprises in going global
- **\$100** million to attract international, large-scale exhibitions with new elements

## Intellectual Property Trading

- Tax deduction arrangements for capital expenditure in purchasing intellectual property: introduce legislation this year
- **\$28** million for Hong Kong Technology and Innovation Support Centre to provide patent evaluation and implement a **2-year Pilot Patent Valuation Support Scheme**
- **\$52** million for Intellectual Property Academy on **2-year** pilot



## Aviation, Shipping, Logistics

- **Future Innovative Logistics Acceleration Scheme** to be launched this year to enhance interconnectivity of logistics data
- Introduce legislation this year to enhance tax-concession measures for maritime services industry, provide half-rate tax concession to eligible commodities traders, revamp existing ship registration arrangements, extend current arrangements under Air Transhipment Cargo Exemption Scheme, etc.
- Provide port dues concessions for green vessels and offer incentives for green vessels registered in Hong Kong; **\$34** million expenditure



## Culture, Sports and Tourism

- **\$1.66** billion for Hong Kong Tourism Board in 2026-27 to enhance Hong Kong's tourist appeal
- Additional **\$1** billion for **Built Heritage Conservation Fund** to enrich city culture
- **\$200** million to launch pilot **NM Urban-rural Integration Fund** supporting rural tourism projects
- **\$1.2** billion into the sports portion of Arts and Sport Development Fund to support sports development
- Secure **5**-year collaboration with Art Basel



## Green Development

- Earmark resources to launch **5-year waste reduction and recycling plan** from 2026-27
- Explore the establishment of a Hong Kong-based Green Technology Projects Accelerator with Mainland and multilateral financial institutions



- **Electric commercial vehicles, electric motorcycles and electric motor tricycles:** first registration tax (FRT) waived in full, to 31 March 2028
- **Private electric cars:** current FRT concession arrangement to lapse by end March this year

## Education and Talent

- **\$10** billion loan to support campus development in the NM University Town
- Reserve land and resources for developing a new medical school and integrated medical teaching and research hospital in Ngau Tam Mei
- **\$65** million to provide additional government-funded training places for construction professionals
- Extend **Programme to Enhance Talent Training for the Insurance Sector** to March 2029



# Caring for the People



## Support Measures

- Rates concession for domestic properties for the **first 2 quarters** of 2026-27, subject to a **\$500** ceiling per quarter
- Rates concession for non-domestic properties **first 2 quarters** of 2026-27, subject to a **\$500** ceiling per quarter
- Reduction in salaries tax and tax under personal assessment for the assessment year 2025-26 by **100%**, subject to a **\$3,000** ceiling
- Reduction in profit tax for the assessment year 2025-26 by **100%**, subject to a **\$3,000** ceiling
- Extra **1 month** allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements for Working Family Allowance



## Supporting Local Enterprises

- **BUD Fund:** injection of **\$200** million
- Raise funding ceiling for each Easy BUD application to **\$150,000**
- Pilot scheme by HKECIC to support SMEs in exporting to higher-risk markets
- Waive fees of certificates issued by Centre for Food Safety for food product export for **2 years**. Introduce a new unified brand for local agricultural and fisheries products



## Adjustments to Tax Allowances and Deduction Ceilings

	At Present	From 2026-27 Year of Assessment
Basic allowance	\$132,000	\$145,000
Single parent allowance	\$132,000	\$145,000
Married person's allowance	\$264,000	\$290,000
Child allowance Note: Same increases for additional allowance for the first two years after childbirth*	\$130,000	\$140,000
Dependent parent/ grandparent allowances Note: Same increases for additional allowance for residing with dependent parent/grandparent	For dependent parent/grandparent aged 60 or above, or parent/grandparent eligible in receipt of disability allowance	
	\$50,000	\$55,000
	For dependent parent/grandparent aged 55 to 59	
	\$25,000	\$27,500
Deduction ceiling for elderly residential care expenses	\$100,000	\$110,000

\* Announced in the 2025 Policy Address, and subject to passage of relevant legislation.





## Supporting Work Following the Tai Po Fire

- **\$4 billion** to support long-term housing arrangements for those affected
- **\$300 million** injection to URA to launch **enhanced "Smart Tender"** and provide subsidies for using the services
- **\$3 billion** to support new subsidy scheme for **Operation Building Bright 2.0**
- **\$1 billion** to extend **Lift Modernisation Subsidy Scheme**



## Caring for the Community

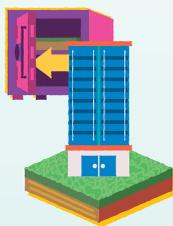
- **Elderly Health Care Voucher Pilot Reward Scheme:** extended to end-2028. Accumulate voucher spending of **\$1,000** on specific primary healthcare services in the same year and receive a **\$500** voucher reward. **\$1 billion** expenditure
- In 2026-27:
  - ▶ Residential Care Service Vouchers for the Elderly increased to **7 000**, involving annual expenditure of **\$1.97 billion**
  - ▶ Community Care Service Vouchers for the Elderly increased to **16 000**, with annual expenditure of **\$1.2 billion**
- **3 600** short-term internship placements in government departments and public bodies for tertiary students
- New **media thematic internship programme** in the Mainland for young people
- **\$60 million** to continue **HYAB Funding Scheme for International Youth Exchange**
- **450** additional places for day, residential and pre-school rehabilitation services in 2026-27, involving an expenditure over **\$100 million**
- **\$260 million** to provide bridging and support services for primary school children receiving **On-site Pre-school Rehabilitation Services**
- **Re-employment Allowance Pilot Scheme:** provision increased to over **\$220 million** in 2026-27



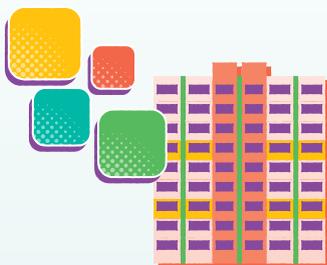
# Land, Housing and Infrastructure

## Land

- **About 22 000** units from the 2026-27 Land Sale Programme ( **9** residential sites), railway property developments, URA projects and private development and redevelopment projects
- Sell land prudently on a quarterly basis, ensuring stable market development
- **No** general commercial sites to be put on sale **in the coming year**
- HKIC to collaborate with regional and international long-term capital to direct capital flow towards quality commercial property projects supporting Hong Kong's industrial positioning
- **3** post-secondary student hostel sites to be made available for land sale, subject to market response



- Conduct public consultation on dedicated legislation for NM and submit legislation in mid-2026
- Impose time limits on approval process for large-scale, private development projects in NM

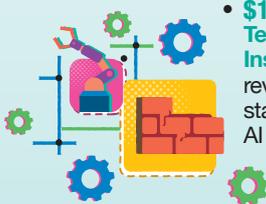


## Housing

- **Public housing:** total housing supply at **196 000** units in the coming **5** years
- **Private housing:** completion of **about 17 000** private residential units annually in the coming **5** years. Expected first-hand, private residential unit supply to be **about 104 000** units over the next **3-4** years

## Infrastructure

- **\$1** billion injection into the **Construction Innovation and Technology Fund** to promote I&T's industry-wide application
- **\$100** million for **Building Technology Research Institute** to support studies reviewing construction standards and exploring AI applications



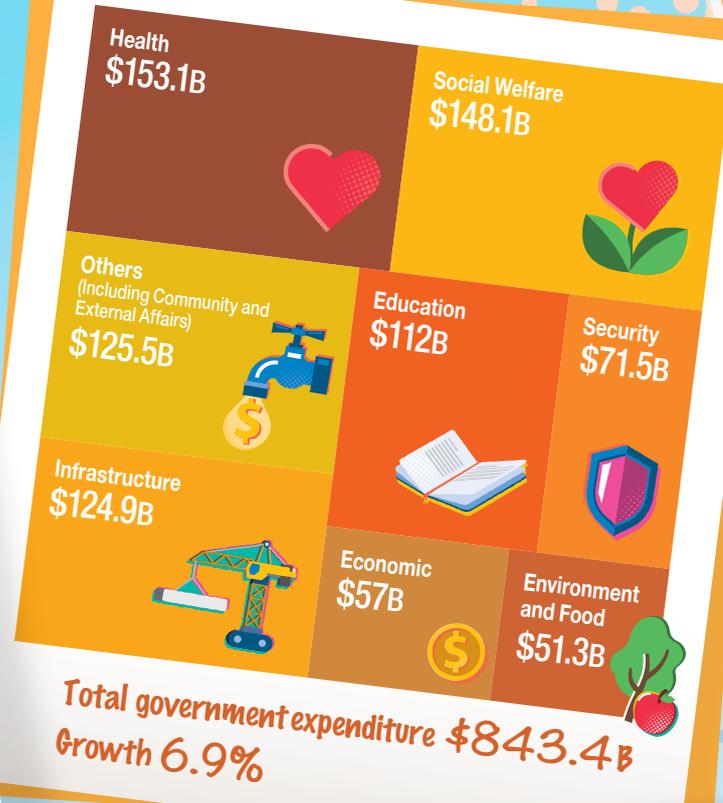


# Public Finance

## 2026-27 Total Government Revenue and Expenditure



Total government revenue **\$765.2B**  
Growth **11.1%**



Total government expenditure **\$843.4B**  
Growth **6.9%**

The above revenue and expenditure items have not included the estimated proceeds from issuance and repayment of government bonds, amounting to **\$160 billion** and **\$59.7 billion**, respectively, in 2026-27

## Economy



- **2025-26:** forecast consolidated surplus of **\$2.9 billion**. Fiscal reserves are forecast to be **\$657.2 billion** by end March 2026
- **2026-27:** forecast consolidated surplus of **\$22.1 billion**
- Fiscal reserves are estimated to be **\$733.7 billion** by end-March 2031



## Strictly Containing Operating Expenditure Growth

- **Reduction of recurrent government expenditure:** CSSA, Social Security Allowance and statutory expenditure will not be affected. Government's recurrent expenditure will be cut by **2%** in both 2026-27 and 2027-28, delivering savings of **\$7.8 billion** and **\$15.6 billion** respectively compared to 2025-26
- **Civil service establishment:** a cumulative reduction of over **10 000** posts in this term of Government
- **Civil service pay adjustment:** Pay Trend Survey to be done in accordance with the established mechanism and submitted to Chief Executive-in-Council for consideration



## Increasing Revenue

- **Implement BEPS 2.0 by OECD:** expected to bring in additional tax revenue of **\$15 billion** annually for the Government, starting from 2027-28
- Adjust stamp duty on residential properties valued over **\$100 million** from 4.25% to **6.5%**, with retrospective effect from 26 Feb 2026

Ad valorem stamp-duty rate on residential properties after adjustment	
Amount or value of the consideration (whichever is higher)	Rates
Up to \$100,000,000	Same as existing arrangements
\$100,000,001-\$109,574,470	\$4,250,000 + 30% of excess over \$100,000,000
\$109,574,471 and above	6.5%

## Capital Works Expenditure

- 2026-27 capital works expenditure is estimated to be **about \$128 billion**. Annual capital works expenditure from 2027-28 to 2030-31 will remain at a similar level
- Issue bonds worth **\$160 billion** to **\$220 billion** every year from 2026-27 to 2030-31. About half to be used for re-financing short-term debts
- Issue more long-term bonds to reduce short-term re-financing needs
- Ratio of government debt to GDP in 2026-27 to 2030-31 will be **14.4%** to **19.9%**, much lower than those of most advanced economies



- Proceeds from bond issuance will **not** be used for funding government recurrent expenditure, but only for infrastructure investment
- Transfer **\$150 billion** of Exchange Fund to the Capital Works Reserve Fund in the coming **2** years to support the NM and other infrastructure projects

