

# 2025/26 Budget highlights

## Economic indicators

	2024	2025 Forecast	2026 to 2029 Medium range forecast
Increase in real GDP	2.5%	2% to 3%	Average 2.9% per annum
Underlying inflation rate	1.1%	1.5%	Average 2.5% per annum

## Consolidated budget forecast

2024/25 Original forecast	2024/25 Revised forecast	2025/26 Forecast	2029/30 Forecast
Deficit of HKD48.1 billion	Deficit of HKD87.2 billion consisting of: <ul style="list-style-type: none"> <li>• HKD73.1 billion deficit on operating account</li> <li>• HKD122.1 billion deficit on capital account</li> <li>• HKD130 billion of proceeds from issuance of government bonds</li> <li>• HKD22.1 billion of repayment of government bonds</li> </ul>	Deficit of HKD67 billion consisting of: <ul style="list-style-type: none"> <li>• HKD3.1 billion deficit on operating account</li> <li>• HKD159.8 billion deficit on capital account</li> <li>• HKD150 billion of proceeds from issuance of government bonds</li> <li>• HKD54.1 billion of repayment of government bonds</li> </ul>	Surplus of HKD25 billion consisting of: <ul style="list-style-type: none"> <li>• HKD55.8 billion surplus on operating account</li> <li>• HKD87.6 billion deficit on capital account</li> <li>• HKD190 billion of proceeds from issuance of government bonds</li> <li>• HKD133.2 billion of repayment of government bonds</li> </ul>

By the end of 2029/30, the government projects fiscal reserves of approximately HKD579.1 billion (equivalent to 8 months of government expenditure).

## Operating expenditure forecast

2024/25	2025/26	2029/30
HKD599.9 billion	HKD624.2 billion	HKD682.3 billion

Total public expenditure is 26.1% of GDP for 2025/26, and will be kept at around 24.2% of the GDP during the five-year period up to 2029/30.

## Profits tax

- The two-tiered profits tax rates for corporations (8.25%/16.5%) and unincorporated businesses (7.5%/15%) remain unchanged.
- Propose to review the relevant tax deduction arrangements for various expenditures related to intellectual property (IP), including the lump sum licensing fees for acquiring the rights to use IP, and related expenses incurred on purchase of IP or the rights to use IP from associates.
- Formulate proposals to enhance the preferential tax regimes for funds, single family offices and carried interest, including expanding the scope of 'fund' under the tax exemption regime, increasing the types of qualifying transactions eligible for tax concessions for funds and single family offices, and enhancing the tax concession arrangement on the distribution of carried interest.
- Propose to provide half-rate tax concession to eligible commodity traders, with the expectation of introducing the bill into the Legislative Council in the first half of 2026.
- Propose to enhance the tax measures for the maritime industry, including introduction of tax deduction on ship acquisition cost for ship lessors under an operating lease.



- Continue to take forward the implementation of the 15% global minimum tax and Hong Kong minimum top-up tax on large multinational enterprise groups under the Organisation for Economic Co-operation and Development's proposal to address base erosion and profit shifting, starting from 2025. The legislative proposal was submitted to the Legislative Council in January 2025.

### Salaries tax

- No change in the two-tiered standard rates regime for salaries tax and tax under personal assessment: First HKD5 million to be taxed at 15% and the remainder at 16%.
- No change in the progressive tax rates and the marginal tax bands.

### Stamp duty

- The maximum value of properties chargeable to a stamp duty of HKD100 will be raised from HKD3 million to HKD4 million with immediate effect.

### Proposed one-off measures

- Waive 100% of profits tax for 2024/25, subject to a ceiling of HKD1,500.
- Waive 100% of salaries tax and tax under personal assessment for 2024/25, subject to a ceiling of HKD1,500.
- Provide rates concession for domestic and non-domestic properties for the first quarter of 2025/26, subject to a ceiling of HKD500 for each rateable property.
- Provide extra half-month allowance of standard Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance.

### Other key proposals

- Propose to provide duty exemption for green methanol used for bunkering.
- Inject HKD1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales Fund and Export Marketing and Trade and Industrial Organisation Support Fund to help SMEs boost their competitiveness.
- Set aside HKD1 billion to establish the Hong Kong Artificial Intelligence Research and Development Institute to promote the application of research outcomes.
- Earmark HKD100 million to provide funding of up to HKD250,000 each on a one-to-two matching basis to enterprises to support the Pilot Manufacturing and Production Line Upgrade Support Scheme.
- Allocate HKD1,235 million to the Hong Kong Tourism Board to pursue the 'tourism is everywhere' concept and implement Development Blueprint for Hong Kong's Tourism Industry 2.0.
- Set aside HKD215 million to install the port community system for the development of smart port.
- Set aside HKD15 million for the work of the Centre of Excellence for Major Project Leaders over the next two years to support the professional development of the construction industry.
- Earmark HKD470 million for subsidising franchised bus operators to purchase 600 electric buses and HKD135 million for subsidising the taxi trade to purchase 3,000 electric taxis.
- Earmark HKD3.7 billion to expediate the Phase 1 infrastructure and public facilities of Hong Kong Park in the Hetao Co-operation Zone.
- Launch a HKD300 million subsidy scheme in the middle of the year to encourage the industry to install fast chargers across the city.
- Allocate an additional funding of HKD180 million to increase the number of residential recycling bins or food waste-collection facilities across the city to support green development.
- The 2025/26 Land Sale Programme will comprise 8 residential sites, and there will also be railway property development projects, projects undertaken by the Urban Renewal Authority as well as private development and redevelopment projects.

