

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)020

(Question Serial No. 2543)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

A) Please provide the details of the ad valorem stamp duty (AVD) collected in the past 3 years in the table below:

2014-15			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2015-16			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2016-17			
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Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

B) Please provide the information regarding the levy of AVD under Scale 1 and Scale 2 respectively after the introduction of the double stamp duty in the table below:

2014-15				
Consideration or value of the property (whichever is the higher)	Number of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	Number of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2015-16				
Consideration or value of the property (whichever is the higher)	Number of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	Number of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2016-17				
Consideration or value of	Number of	Average	Number of	Average

the property (whichever is the higher)	transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 8)

Reply:

A) Details on the ad valorem stamp duty (AVD) collected by the Inland Revenue Department (IRD) in the past three years are set out as follows:

2014-15			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property
\$2,000,000 or below	32 107	7,269	0.73%
\$2,000,001 to \$3,000,000	13 472	48,658	1.86%
\$3,000,001 to \$4,000,000	16 414	92,045	2.61%
\$4,000,001 to \$6,000,000	20 717	174,275	3.52%
\$6,000,001 to \$20,000,000	25 351	452,317	4.83%
\$20,000,001 or above	3 926	3,633,311	6.74%

2015-16			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property
\$2,000,000 or below	21 897	11,561	1.08%
\$2,000,001 to \$3,000,000	6 712	55,608	2.13%
\$3,000,001 to \$4,000,000	9 478	104,203	2.90%
\$4,000,001 to \$6,000,000	14 690	189,660	3.81%
\$6,000,001 to \$20,000,000	18 187	498,529	5.33%
\$20,000,001 or above	2 835	4,048,450	7.10%

2016-17(As at 28 February 2017)			
Consideration or value of the property	Number of cases	Average AVD	Average proportion of AVD paid over consideration

	(Note 1)	(\$) (Note 2)	of the property
\$2,000,000 or below	20 064	11,478	1.03%
\$2,000,001 to \$3,000,000	7 511	53,966	2.06%
\$3,000,001 to \$4,000,000	11 828	97,751	2.74%
\$4,000,001 to \$6,000,000	18 796	179,149	3.60%
\$6,000,001 to \$20,000,000	22 094	491,539	5.14%
\$20,000,001 or above	3 507	3,598,020	6.77%

Note 1 : Each instrument stamped is counted as one separate case.

Note 2 : The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument or the market value provided by the Rating and Valuation Department (RVD) (where no consideration was stated). The amount involved does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transaction), or partial refund (for acquisitions of residential properties followed by disposal of original ones, or acquisitions of properties for redevelopment).

B) The Stamp Duty (Amendment) (No.2) Ordinance 2014 (Amendment Ordinance) was published in the Gazette on 25 July 2014. Instruments dealing with immovable property executed and presented for stamping between 23 February 2013 and 24 July 2014 (transitional period) were originally subject to the previous rates as stipulated in the legislation at that time. As such, the Stamp Office had no record showing whether these instruments were to be subject to Scale 1 or Scale 2 rates. After gazettal of the Amendment Ordinance, the Stamp Office collected the additional stamp duty for all the instruments executed during the transitional period that were chargeable to AVD at Scale 1 rates, and processed applications for AVD that should be charged at Scale 2 rates. Having regard to this transitional arrangement and the constraints of the computer system involved, the Stamp Office cannot provide the breakdown by value band as set out in the question for property transactions carried out during the transitional period.

Regarding property transaction (residential and non-residential) instruments executed after the transitional period, the number of cases chargeable to Scale 1 and Scale 2 rates and the average amount of AVD collected are set out below:

2014-15 (from 25 July 2014 to 31 March 2015)				
Consideration or value of the property	Transactions charged with AVD at Scale 1 rates (i.e. double stamp duty rates)		Transactions charged with AVD at Scale 2 rates (i.e. the original AVD rates)	
	Number of transactions involved (Note 1)	Average amount of AVD levied (\$) (Note 2)	Number of transactions involved	Average amount of AVD levied (\$) (Note 1 and Note 3)
\$2,000,000 or below	13 908	13,099	4 010	119
\$2,000,001 to	3 291	78,972	3 873	37,561

\$3,000,000				
\$3,000,001 to \$4,000,000	3 034	159,236	6 784	77,783
\$4,000,001 to \$6,000,000	3 759	321,601	9 289	144,562
\$6,000,001 to \$20,000,000	6 581	754,546	9 593	329,520
\$20,000,001 or above	1 481	4,771,650	859	1,699,706

2015-16				
Consideration or value of the property	Transactions charged with AVD at Scale 1 rates (i.e. double stamp duty rates)		Transactions charged with AVD at Scale 2 rates (i.e. the original AVD rates)	
	Number of transactions involved (Note 1)	Average amount of AVD levied (\$) (Note 2)	Number of transactions involved	Average amount of AVD levied (\$) (Note 1 and Note 3)
\$2,000,000 or below	17 303	14,599	4 594	117
\$2,000,001 to \$3,000,000	3 131	76,144	3 581	37,654
\$3,000,001 to \$4,000,000	3 075	156,343	6 403	79,163
\$4,000,001 to \$6,000,000	4 403	293,426	10 287	145,246
\$6,000,001 to \$20,000,000	7 583	726,797	10 604	335,293
\$20,000,001 or above	1 665	5,553,806	1 170	1,906,213

2016-17(as at 28 February 2017)				
Consideration or value of the property	Transactions charged with AVD at Scale 1 rates (i.e. double stamp duty rates)		Transactions charged with AVD at Scale 2 rates (i.e. the original AVD rates)	
	Number of transactions involved (Note 1 and Note 4)	Average amount of AVD levied (\$) (Note 2 and Note 4)	Number of transactions involved	Average amount of AVD levied (\$) (Note 1 and Note 3)
\$2,000,000 or below	15 376	14,939	4 688	126
\$2,000,001 to \$3,000,000	3 187	75,931	4 324	37,777
\$3,000,001 to \$4,000,000	3 044	153,692	8 784	78,365
\$4,000,001 to \$6,000,000	4 222	294,643	14 574	145,691
\$6,000,001 to \$20,000,000	8 030	750,056	14 064	343,936

\$20,000,001 or above	1 829	5,158,501	1 678	1,897,114
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Note 1: Each instrument stamped is counted as one separate case.

Note 2: The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument or the market value provided by RVD (where no consideration was stated). The amount involved does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transaction), or partial refund (for acquisitions of residential properties followed by disposal of original ones, or acquisitions of properties for redevelopment).

Note 3: The above transactions include some cases where residential property and non-residential property were acquired under a single instrument. The relevant instrument concerned was partly charged with stamp duty at Scale 2 rates in respect of the residential property and partly at Scale 1 rates in respect of the non-residential property. These cases are categorized as “transactions charged with stamp duty at Scale 2 rates” for the purpose of compiling the above details.

Note 4: The Government introduced a new round of demand-side management measure to increase the AVD rate for residential property transactions to a flat rate of 15% with effect from 5 November 2016. To implement the measure, the Government has introduced the Stamp Duty (Amendment) Bill 2017 (Amendment Bill) into the Legislative Council (LegCo). The 2016-17 figures may include the cases which are subject to AVD at the new flat rate. Nevertheless, since the Amendment Bill is pending passage by the LegCo, the amounts of stamp duty shown in the above table only reflect AVD collected at the existing Scale 1 rates (but not the new flat rate of 15%). IRD will record all the residential property transactions between 5 November 2016 and the date on which the Stamp Duty Amendment Ordinance (after passage of the Amendment Bill) is published in the Gazette, which have been stamped with AVD at the existing Scale 1 rates. Demand notes for the payment of additional stamp duty (i.e. difference between AVD computed at 15% and AVD at the existing Scale 1 rates) will be issued to the duty payers after the gazettal of the Stamp Duty Amendment Ordinance.