



Related Tax Rules of Guide to Tax Return – Individuals

Reference
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Return

Home Loan Interest

Part 8
8.4

- With effect from the year of assessment 1998/99, home loan interest paid is deductible from a person's assessable income under Salaries Tax or from a person's total income under Personal Assessment. A person chargeable to tax at the standard rate is also entitled to the deduction.
- Each taxpayer is entitled to claim the home loan interest basic deduction for 20 years of assessment (not necessarily consecutive).
- With effect from the year of assessment 2024/25, a taxpayer may be allowed additional deduction of home loan interest if the prescribed conditions are met. However, each taxpayer will only be allowed home loan interest additional deduction or domestic rents additional deduction for an aggregate of 19 years of assessment, whether continuous or not.
- Notwithstanding this, for home loan interest, the additional deduction should not be allowable to the taxpayer if home loan interest basic deduction has been allowed to the taxpayer for 20 years of assessment, regardless of whether any home loan interest additional deduction has been allowed to determine the amount of deduction for any of those 20 years.

(a) Qualifying Conditions

Home loan interest basic deduction

All of the following conditions must be satisfied before the deduction can be claimed and granted:

- You are the **owner** of the dwelling (as a sole owner, a joint tenant or tenant in common) and ownership is by reference to the registered owners of the property as shown in the record of the Land Registry;
- The dwelling is a separate rateable unit under the Rating Ordinance, i.e. it is situated in **Hong Kong**;
- The dwelling is wholly or partly used by you as your place of residence in the year of assessment (if the dwelling is partly used as the place of residence, the amount of interest deductible will be restricted accordingly);
- Home loan interest is paid by you during the year of assessment on a loan which was obtained for the acquisition of the dwelling;
- The loan is secured by a mortgage or charge over the dwelling or over any other property in Hong Kong; and
- The lender is the Government, a financial institution, a registered credit union, a licensed money lender, the Hong Kong Housing Society, your employer, or any organization or association approved by the Commissioner of Inland Revenue.



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Home loan interest additional deduction

Starting from the year of assessment 2024/25, the home loan interest additional deduction is allowable if all the following conditions are met:

- You reside, during the year of assessment concerned, with your child in Hong Kong for a continuous period of not less than 6 months; or a shorter period that the Commissioner of Inland Revenue considers reasonable;
- The child was born on or after 25 October 2023; and is, at any time during the year of assessment, under the age of 18;
- The amount of home loan interest paid is larger than the basic deduction ceiling amount for the relevant year of assessment;
- You elect in writing to use basic deduction ceiling amount and the additional deduction ceiling amount to determine the amount of home loan interest deduction.

(b) Amount of Deduction

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(i) Sole Ownership

If you are the sole owner of the dwelling, the amount deductible is the home loan interest ***actually paid*** by you in the year of assessment, subject to a maximum deduction for the year of assessment as specified. The maximum limit is \$100,000 for the years of assessment 2019/20 to 2023/24. Starting from the year of assessment 2024/25, the deduction ceiling for home loan interest is raised from \$100,000 to \$120,000 for the taxpayers who reside with their child and if the specified conditions are met.



Related information under — [Increasing ceiling amount for concessionary deductions allowable for home loan interest](https://www.ird.gov.hk/eng/tax/adc.htm)
the Department's web site (https://www.ird.gov.hk/eng/tax/adc.htm)

(ii) Part Ownership

If you are a joint tenant or tenant in common of the dwelling, the home loan interest is regarded as having been paid by the joint tenants ***in equal shares***, or by the tenants in common each ***in proportion to their share of ownership*** in the dwelling. The deductible amount is calculated accordingly. In each case, the maximum deduction is also similarly ***reduced***.



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(iii) The amount of home loan interest paid would be reduced proportionately in calculating the allowable deduction, if:-

- the loan was not wholly for acquisition of property, or
- the property was not wholly used as a place of residence, or
- the property was not wholly used for the full year as a place of residence.

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(iv) Re-mortgaged Loan

If the property was re-mortgaged to obtain additional funds for non-qualifying purposes, then no deduction is allowable for the interest paid on the additional loan amount.

(c) Principal Place of Residence

If you have more than one place of residence, you are only entitled to claim the deduction in respect of your principal place of residence. Likewise, where you and your spouse each has a dwelling separately, only one of you is entitled to claim the deduction in respect of the dwelling which you regard as *your principal* place of residence.

(d) Car Parking Space

For any car parking space which is in the same development as the dwelling and used by you, the home loan interest on the car parking space is also deductible provided that home loan interest in respect of the dwelling is also claimed for the same year of assessment.

(e) Revocation

Where the deduction has been taken into account in ascertaining your tax liability under Salaries Tax or Personal Assessment, any revocation of claim should be made in writing within 6 months after the date of the Commissioner's notification.

When you revoke your claim for deduction, the claim is regarded as not having been made. The year of assessment to which the revocation relates will not be regarded as having been allowed the deduction.

(f) Deduction for Married Persons

• Separate taxation

As the income of a married person and the person's spouse is assessed separately under Salaries Tax, they should claim the deduction separately in their respective tax returns.



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- **Joint assessment**

Where both of the married person and the person's spouse have assessable income chargeable to Salaries Tax and one of them has income less than the **total** of allowable home loan interest and basic allowance, the couple may elect joint assessment so that the relevant home loan interest would be deductible from their aggregate assessable income. Notwithstanding the couple have elected joint assessment if they wish to claim the deduction for home loan interest, they are still required to claim the deduction separately in their respective tax returns.

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- **Nomination of spouse to claim the deduction**

Where either a married person or the person's spouse, being the owner of the dwelling, has no salary income, rental income or profits chargeable to tax during the year of assessment, he/she may nominate the other spouse to claim the deduction. The owner (and not the other spouse) would be regarded as having been allowed the deduction for a year of assessment. If the owner has income chargeable to tax, he/she should not make the nomination but to elect for Joint Assessment or Personal Assessment jointly with spouse.

- **Personal Assessment**

Under Personal Assessment, the allowable home loan interest paid by a married person or the person's spouse is first deducted from the total income of the relevant spouse. Any part of the deduction not fully utilized would be set off against the other spouse's total income but any excess would not be carried forward to be set off against the relevant spouse's total income for future years. Notwithstanding the married couple have elected Personal Assessment if they wish to claim the deduction for home loan interest, they are still required to claim the deduction separately in their respective tax returns.



Related information under — [Departmental Interpretation and Practice Notes No.35 – Concessionary deductions: Sections 26E and 26F Home loan interest](http://www.ird.gov.hk/eng/ppr/dip.htm#a35)
the Department's web site (www.ird.gov.hk/eng/ppr/dip.htm#a35)