

Examples

Example 1

Mr. Chan is single. In the year 2023/24, the salary income of Mr. Chan was \$230,000. He was eligible to claim deduction for tax deductible MPF voluntary contributions (TVC) of \$30,000. Mr. Chan had paid 2023/24 provisional salaries tax of \$1,000.

Before Implementation of Budget Proposals

	2023/24 Final Salaries Tax (\$)	2024/25 Provisional Salaries Tax (\$)	Total Salaries Tax Payable (\$)
Income	230,000	230,000	
<u>Less: TVC</u>	<u>30,000</u>	<u>30,000</u>	
Net income	200,000	200,000	
<u>Less: Basic Allowance</u>	<u>132,000</u>	<u>132,000</u>	
Net Chargeable Income	<u>68,000</u>	<u>68,000</u>	
Tax charged	2,080	2,080	
<u>Less: 2023/24 Provisional tax paid</u>	<u>1,000</u>	—	
Balance payable	<u>1,080</u>	<u>2,080</u>	<u>3,160</u>

After Implementation of Budget Proposals

	2023/24 Final Salaries Tax (\$)	2024/25 Provisional Salaries Tax (\$)	Total Salaries Tax Payable (\$)
Income	230,000	230,000	
<u>Less: TVC</u>	<u>30,000</u>	<u>30,000</u>	
Net income	200,000	200,000	
<u>Less: Basic Allowance</u>	<u>132,000</u>	<u>132,000</u>	
Net Chargeable Income	<u>68,000</u>	<u>68,000</u>	
Tax thereon	2,080		
<u>Less: 100% Tax Reduction</u>	<u>2,080</u>		
Tax charged	0	2,080	
<u>Less: 2023/24 Provisional tax paid</u>	<u>1,000</u>	—	
Balance payable / (repayable)	<u>(1,000)</u>	<u>2,080</u>	<u>1,080</u>

Note:

There will be a one-off reduction of 100% of the 2023/24 final salaries tax subject to a ceiling of \$3,000 per case.

The tax savings for Mr. Chan resulting from the 2023/24 tax reduction will be \$2,080. His salaries tax bill will be reduced from \$3,160 to \$1,080.

Example 2

Mr. Wong is married. In the year 2023/24, the salary income of Mr. Wong and Mrs. Wong were \$580,000 and \$60,000 respectively. Mr. Wong had paid (a) qualifying premiums of \$8,000 under a Voluntary Health Insurance Scheme (VHIS) policy; and (b) 2023/24 provisional salaries tax of \$10,000. The couple elected for joint assessment under salaries tax.

Before Implementation of Budget Proposals

	2023/24 Final Salaries Tax (\$)	2024/25 Provisional Salaries Tax (\$)	Total Salaries Tax Payable (\$)
Income: Mr. Wong	580,000	580,000	
Mrs. Wong	<u>60,000</u>	<u>60,000</u>	
	640,000	640,000	
<u>Less: VHIS</u>	<u>8,000</u>	<u>8,000</u>	
Net income	632,000	632,000	
<u>Less: Married Person's Allowance</u>	<u>264,000</u>	<u>264,000</u>	
Net Chargeable Income	<u>368,000</u>	<u>368,000</u>	
Tax charged	44,560	44,560	
<u>Less: 2023/24 Provisional tax paid</u>	<u>10,000</u>	_____	
Balance payable	<u>34,560</u>	<u>44,560</u>	<u>79,120</u>

After Implementation of Budget Proposals

	2023/24 Final Salaries Tax (\$)	2024/25 Provisional Salaries Tax (\$)	Total Salaries Tax Payable (\$)
Income: Mr. Wong	580,000	580,000	
Mrs. Wong	<u>60,000</u>	<u>60,000</u>	
	640,000	640,000	
<u>Less: VHIS</u>	<u>8,000</u>	<u>8,000</u>	
Net income	632,000	632,000	
<u>Less: Married Person's Allowance</u>	<u>264,000</u>	<u>264,000</u>	
Net Chargeable Income	<u>368,000</u>	<u>368,000</u>	
Tax thereon	44,560	44,560	
<u>Less: 100% Tax Reduction, capped at</u>	<u>3,000</u>		
Tax charged	41,560		
<u>Less: 2023/24 Provisional tax paid</u>	<u>10,000</u>	_____	
Balance payable	<u>31,560</u>	<u>44,560</u>	<u>76,120</u>

Note:

There will be a one-off reduction of 100% of the 2023/24 final salaries tax subject to a ceiling of \$3,000 per case.

The tax savings for the couple resulting from the 2023/24 tax reduction will be \$3,000. Their salaries tax bill will be reduced from \$79,120 to \$76,120.

Example 3

Mr. Lee is married. His wife is a housewife. The couple has a 5-year old child. In the year 2023/24, the salary income of Mr. Lee was \$6,500,000. He was eligible to claim the deduction for domestic rents of \$90,000 in respect of a qualifying tenancy for the year from 1 April 2023 to 31 March 2024. Mr. Lee had paid 2023/24 provisional salaries tax of \$500,000.

Before Implementation of Budget Proposals

	2023/24 Final <u>Salaries Tax (\$)</u>	2024/25 Provisional <u>Salaries Tax (\$)</u>	Total Salaries Tax <u>Payable (\$)</u>
Income	6,500,000	6,500,000	
<u>Less: Domestic rents</u>	<u>90,000</u>	<u>90,000</u>	
Net income	6,410,000	6,410,000	
<u>Less: Married Person's Allowance</u>	<u>264,000</u>	<u>264,000</u>	
<u>Child Allowance</u>	<u>130,000</u>	<u>130,000</u>	
Net Chargeable Income	<u>6,016,000</u>	<u>6,016,000</u>	
 Tax at progressive rates			
First \$50,000 @ 2%	1,000	1,000	
Next \$50,000 @ 6%	3,000	3,000	
Next \$50,000 @ 10%	5,000	5,000	
Next \$50,000 @ 14%	7,000	7,000	
Remainder \$5,816,000 @17%	<u>988,720</u>	<u>988,720</u>	
Tax charged at progressive rates*	<u>1,004,720</u>	<u>1,004,720</u>	<u>2,009,440</u>
 Tax at standard rate on net income			
\$6,410,000 @15%	961,500	961,500	
<u>Less: 2023/24 Provisional tax paid</u>	<u>500,000</u>	<u> </u>	
Balance payable	<u>461,500</u>	<u>961,500</u>	<u>1,423,000</u>

*Tax at progressive rates is not applied as the tax amount will be higher.

After Implementation of Budget Proposals

	2023/24 Final <u>Salaries Tax (\$)</u>	2024/25 Provisional <u>Salaries Tax (\$)</u>	Total Salaries Tax <u>Payable (\$)</u>
Income	6,500,000	6,500,000	
<u>Less: Domestic rents</u>	<u>90,000</u>	<u>90,000</u>	
Net income	6,410,000	6,410,000	
<u>Less: Married Person's Allowance</u>	<u>264,000</u>	<u>264,000</u>	
Child Allowance	<u>130,000</u>	<u>130,000</u>	
Net Chargeable Income	<u>6,016,000</u>	<u>6,016,000</u>	
Tax at progressive rates			
First \$50,000 @ 2%	1,000	1,000	
Next \$50,000 @ 6%	3,000	3,000	
Next \$50,000 @ 10%	5,000	5,000	
Next \$50,000 @ 14%	7,000	7,000	
Remainder \$5,816,000 @17%	<u>988,720</u>	<u>988,720</u>	
	1,004,720	1,004,720	
<u>Less: 100% Tax Reduction, capped at ⁽¹⁾</u>	<u>3,000</u>		
Tax charged at progressive rates*	<u>1,001,720</u>	<u>1,004,720</u>	<u>2,006,440</u>
Tax at standard rate on net income			
\$6,410,000 @ 15%	961,500		
Tax at two-tiered standard rates ⁽²⁾			
First \$5,000,000 @ 15%		750,000	
Remainder \$1,410,000 @ 16%		<u>225,600</u>	
	961,500	975,600	
<u>Less: 100% Tax Reduction, capped at ⁽¹⁾</u>	<u>3,000</u>		
Tax charged	958,500		
<u>Less: 2023/24 Provisional tax paid</u>	<u>500,000</u>		
Balance payable	<u>458,500</u>	<u>975,600</u>	<u>1,434,100</u>

*Tax at progressive rates is not applied as the tax amount will be higher.

Note:

- (1) There will be a one-off reduction of 100% of the 2023/24 final salaries tax subject to a ceiling of \$3,000 per case.
- (2) 2024/25 provisional salaries tax will be calculated at two-tiered standard rates. The first \$5,000,000 of net income (before deduction of allowances) will be subject to the standard rate of 15% and the remainder will be subject to the standard rate of 16%.

The total tax increment for Mr. Lee resulting from the 2023/24 tax reduction and implementation of two-tiered standard rates in 2024/25 will be \$11,100. His salaries tax bill will be increased from \$1,423,000 to \$1,434,100.

Example 4

Mr. Ho is married. The incomes reported in the 2023/24 tax returns of Mr. and Mrs. Ho are as below. Mr. Ho was eligible to claim the deduction for qualifying annuity premiums of \$60,000 and Dependent Parent Allowance in respect of his father (aged 63). Mr. Ho did not reside with his father. Both Mr. Ho and Mrs. Ho elected to have their incomes assessed under Personal Assessment. They have not paid any provisional tax for 2023/24.

	Mr. Ho	Mrs. Ho
	(\$)	(\$)
Salaries	320,000	190,000
Rental income	5,000	11,000

Before Implementation of Budget Proposals

Salaries tax

	Mr. Ho	Mrs. Ho
	(\$)	(\$)
Income	320,000	190,000
<u>Less: Qualifying Annuity Premiums</u>	<u>60,000</u>	-
Net income	260,000	190,000
<u>Less: Basic Allowance</u>	<u>132,000</u>	<u>132,000</u>
Dependent Parent Allowance	<u>50,000</u>	-
Net Chargeable Income	<u>78,000</u>	<u>58,000</u>
Tax payable	<u>2,680</u>	<u>1,480</u>

Property tax

	Mr. Ho	Mrs. Ho
	(\$)	(\$)
Net Assessable Value (\$5,000 x 80% / \$11,000 x 80%)	<u>4,000</u>	<u>8,800</u>
Tax payable (\$4,000 x 15% / \$8,800 x 15%)	<u>600</u>	<u>1,320</u>

Total tax payable under schedular basis

	Mr. Ho	Mrs. Ho	Total
	(\$)	(\$)	(\$)
Salaries tax	2,680	1,480	4,160
Property tax	600	1,320	1,920
Total tax payable	<u>3,280</u>	<u>2,800</u>	<u>6,080</u>

If Mr. Ho and Mrs. Ho elect for Personal Assessment jointly

	Mr. Ho	Mrs. Ho	Total
	(\$)	(\$)	(\$)
Salaries income	320,000	190,000	510,000
Net Assessable Value	<u>4,000</u>	<u>8,800</u>	<u>12,800</u>
Total income	324,000	198,800	522,800
<u>Less: Qualifying Annuity Premiums</u>	<u>60,000</u>	-	<u>60,000</u>
Reduced total income	<u>264,000</u>	<u>198,800</u>	462,800
<u>Less: Married Person's Allowance</u>			264,000
Dependent Parent Allowance			<u>50,000</u>
Net Chargeable Income			<u>148,800</u>
Total tax payable*	<u>5,066</u>	<u>3,814</u>	<u>8,880</u>

* It is not advantageous for Mr. Ho and Mrs. Ho to elect for personal assessment jointly. By making that election, the total tax payable by the couple will be increased from \$6,080 to \$8,880.

If Mr. Ho and Mrs. Ho elect for Personal Assessment separately

	Mr. Ho (\$)	Mrs. Ho (\$)
Salaries income	320,000	190,000
Net Assessable Value	<u>4,000</u>	<u>8,800</u>
Total income	324,000	198,800
<u>Less: Qualifying Annuity Premiums</u>	<u>60,000</u>	<u>-</u>
Reduced total income	264,000	198,800
<u>Less: Basic Allowance</u>	<u>132,000</u>	<u>132,000</u>
Dependent Parent Allowance	<u>50,000</u>	<u>-</u>
Net Chargeable Income	<u>82,000</u>	<u>66,800</u>
Tax payable*	<u>2,920</u>	<u>2,008</u>

* It is advantageous for Mr. Ho and Mrs. Ho to elect for personal assessment separately as their tax payable will be reduced from \$3,280 to \$2,920 and from \$2,800 to \$2,008 respectively.

After Implementation of Budget Proposals

Salaries tax

	Mr. Ho (\$)	Mrs. Ho (\$)
Income	320,000	190,000
<u>Less: Qualifying Annuity Premiums</u>	<u>60,000</u>	<u>-</u>
Net income	260,000	190,000
<u>Less: Basic Allowance</u>	<u>132,000</u>	<u>132,000</u>
Dependent Parent Allowance	<u>50,000</u>	<u>-</u>
Net Chargeable Income	<u>78,000</u>	<u>58,000</u>
Tax thereon	2,680	1,480
<u>Less: 100% Tax Reduction ⁽¹⁾</u>	<u>2,680</u>	<u>1,480</u>
Tax payable	<u>0</u>	<u>0</u>

Property tax

	Mr. Ho (\$)	Mrs. Ho (\$)
Net Assessable Value (\$5,000 x 80% / \$11,000 x 80%)	<u>4,000</u>	<u>8,800</u>
Tax payable (\$4,000 x 15% / \$8,800 x 15%)	<u>600</u>	<u>1,320</u>

Total tax payable under schedular basis

	Mr. Ho (\$)	Mrs. Ho (\$)	Total (\$)
Salaries tax	0	0	0
Property tax	<u>600</u>	<u>1,320</u>	<u>1,920</u>
Total tax payable	<u>600</u>	<u>1,320</u>	<u>1,920</u>

Note:

(1) There will be a one-off reduction of 100% of the 2023/24 final salaries tax subject to a ceiling of \$3,000 per case.

If Mr. Ho and Mrs. Ho elect for Personal Assessment jointly

	Mr. Ho (\$)	Mrs. Ho (\$)	Total (\$)
Salaries income	320,000	190,000	510,000
Net Assessable Value	<u>4,000</u>	<u>8,800</u>	<u>12,800</u>
Total income	324,000	198,800	522,800
<u>Less: Qualifying Annuity Premiums</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Reduced total income	<u>264,000</u>	<u>198,800</u>	462,800
<u>Less: Married Person's Allowance</u> <u>Dependent Parent Allowance</u>			264,000 <u>50,000</u>
Net Chargeable Income			<u>148,800</u>
Tax thereon			8,880
<u>Less: 100% Tax Reduction, capped at ⁽¹⁾</u>			<u>3,000</u>
Total tax payable*	<u>3,355</u>	<u>2,525</u>	<u>5,880</u>

* It is not advantageous for Mr. Ho and Mrs. Ho to elect for personal assessment jointly. By making that election, the total tax payable by the couple will be increased from \$1,920 to \$5,880.

If Mr. Ho and Mrs. Ho elect for Personal Assessment separately

	Mr. Ho (\$)	Mrs. Ho (\$)
Salaries income	320,000	190,000
Net Assessable Value	<u>4,000</u>	<u>8,800</u>
Total income	324,000	198,800
<u>Less: Qualifying Annuity Premiums</u>	<u>60,000</u>	<u>-</u>
Reduced total income	264,000	198,800
<u>Less: Basic Allowance</u> <u>Dependent Parent Allowance</u>	132,000 <u>50,000</u>	132,000 <u>-</u>
Net Chargeable Income	<u>82,000</u>	<u>66,800</u>
Tax thereon	2,920	2,008
<u>Less: 100% Tax Reduction ⁽¹⁾</u>	<u>2,920</u>	<u>2,008</u>
Tax payable*	<u>0</u>	<u>0</u>

* It is advantageous for Mr. Ho and Mrs. Ho to elect for personal assessment separately as their tax payable will be reduced from \$600 and \$1,320 to nil respectively.

For the couple as a whole, the tax savings resulting from 2024-25 Budget Proposals will be \$4,928 as their total tax payable will be reduced from \$4,928 to nil.

	Mr. Ho (\$)	Mrs. Ho (\$)	Total (\$)
Tax payable before implementation of Budget Proposals	2,920	2,008	4,928
Tax payable after implementation of Budget Proposals	<u>0</u>	<u>0</u>	<u>0</u>
Tax savings	<u>2,920</u>	<u>2,008</u>	<u>4,928</u>