

FACT SHEET

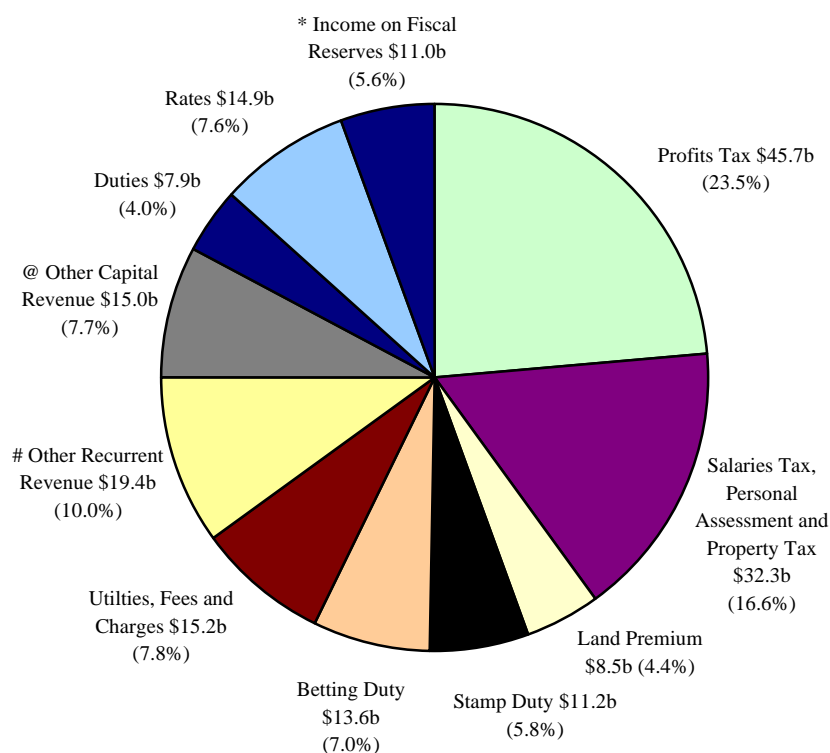
Major Sources of Government Revenue

(as at 10 September 2002)

Item	Description
Profits tax	Profits tax is charged only on profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong. Profits of unincorporated businesses are taxed at 15% whereas profits of corporations are taxed at 16%.
Salaries tax	Salaries tax is charged on emoluments arising in or derived from Hong Kong. Tax payable is calculated on a sliding scale which varies from 2% to 17% on HK\$35,000 segments of income after deduction of allowances. However, the overall effective rate is restricted to a maximum of 15% of income before the deduction of personal or other allowances.
Property tax	Property tax is charged on the owner of land or buildings in Hong Kong at the standard rate of 15% on the actual rent received, less an allowance of 20% for repairs and maintenance. Property owned by a corporation carrying on business in Hong Kong is exempted from property tax but the profits derived from the ownership are chargeable to profits tax.
Stamp duty	Fixed and ad valorem duties are imposed on different classes of documents relating to assignments of immovable property, leases and share transfers.
Betting duty	Betting duty is imposed on bets on authorized totalisators and the proceeds of Mark Six Lottery. The rate of duty is 12% on standard bets, 19% on exotic bets and 25% on the Mark Six Lottery.
Estate duty	Estate duty is imposed on estates valued at over HK\$7.5 million, at levels ranging from 5% to a maximum of 15%.
Hotel accommodation tax	Hotel accommodation tax of 3% is imposed on hotels and guest houses.
Duties	Duties are levied on four groups of commodities irrespective of whether they are imported or locally manufactured. The four groups of commodities are: (a) tobacco; (b) certain types of hydrocarbon oil; (c) alcoholic beverages; and (d) certain alcoholic products.
Rates	Rates are levied on landed properties at a percentage of the assessed rateable value which is the annual rent at which the property might reasonably be expected to let. In 2002/2003, the rates percentage charge is 5%.
Government rent	Government rent is payable for new land leases or upon extension of non-renewable land leases. This annual rent is levied at 3% of the rateable value of property.
Other revenues	Other revenues arise from land transactions, taxes on the first registration of motor vehicles, fines, forfeitures and penalties, royalties and concessions, yields from properties and investments, reimbursements and contributions, government utilities, and from fees and charges for the provision of a wide range of goods and services.

Sources of Government Revenue 2001/2002

Total: HK\$194.7 billion



b: HK\$ Billion

* Including \$1.5b classified under "Other Capital Revenue", total investment income on fiscal reserves amounts to \$12.5b

Other Recurrent Revenue -

1. Income from Properties and Investments (\$8.0 b)
2. Loans, Reimbursements and Others (\$4.1 b)
3. Motor Vehicle First Registration Tax (\$3.4 b)
4. Royalties and Concessions (\$1.8 b)
5. Fines, Forfeitures and Penalties (\$1.1 b)
6. Air Passenger Departure Tax (\$0.8 b)
7. Hotel Accommodation Tax (\$0.2 b)

@ Other Capital Revenue -

1. Loan Fund (\$5.0 b)
2. Capital Investment Fund (\$2.7 b)
3. Capital Works Reserve Fund (\$1.2 b)
4. Estate Duty (\$1.2 b)
5. Civil Service Pension Reserve Fund and Disaster Relief Fund (\$0.3 b)
6. Innovation and Technology Fund (\$0.1b)
7. Recovery from Housing Authority (\$4.0b)
8. Repayment of Loans and Advances (\$0.4b)
9. Taxi Concessions and Other Receipts (\$0.1 b)

Reference

1. Web site of the Government of Hong Kong Special Administrative Region at <http://www.info.gov.hk>.

Prepared by Elyssa WONG and CHEUNG Wai-lam

Updated by Anita NG

10 September 2002

Tel: 2869 9479

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