

FACT SHEET

Major sources of Government revenue⁽¹⁾

Items	2009-2010 (in HK\$ billion)	Percentage	2010-2011 (in HK\$ billion)	Percentage
Profits tax (2010-2011 tax rates: corporations: 16.5% unincorporated businesses: 15%)	76.6	29.6%	93.2	32.1%
Stamp duties (2010-2011 tax rates: Sale or transfer of property ⁽²⁾ : HK\$100 – 4.25%, depending on the amount of the transaction Lease of property: 0.25% of the yearly rent if the term of a lease does not exceed a year Transfer of stock: 0.1% of the amount of the stock traded)	42.4	16.4%	51.0	17.6%

Notes: (1) Government revenue refers to the revenue collection under the General Revenue Account. It does not cover the following funds – Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund, which are established by resolutions of the Legislative Council for specific purposes.

(2) Starting from 20 November 2010, on top of the current ad valorem property transaction stamp duty, the Government has introduced a special stamp duty on residential properties to curb speculation. The special stamp duty has three levels of regressive rates for different holding periods: (a) 15% if the property has been held for six months or less; (b) 10% if the property has been held for more than six months but for 12 months or less; and (c) 5% if the property has been held for more than 12 months but for 24 months or less.

Major sources of Government revenue (cont'd)

Items		2009-2010 (in HK\$ billion)	Percentage	2010-2011 (in HK\$ billion)	Percentage
Salaries tax	(2010-2011 tax rates: 2% – 12% on the first three HK\$40,000 segments of net income (i.e. income less deductions and allowances) and 17% on the remaining net income Standard tax rate: 15%)	41.2	15.9%	44.3	15.3%
Personal assessment⁽³⁾		3.7	1.4%	3.9	1.3%
Other revenues	(Categories include property tax, income from properties, loans and reimbursements)	26.3	10.2%	24.4	8.4%
	(Motor vehicle first registration tax ⁽⁴⁾)	4.8	1.9%	6.7	2.3%
Investment income and interest		17.9	6.9%	17.8	6.1%

Notes: (3) If individual taxpayers elect for personal assessment, the Inland Revenue Department will aggregate the assessable income under salaries tax, profits tax and property tax, and make adjustments for the deductions. The balance, if any, will be taxed at the same rates as those used for salaries tax. As such, personal assessment may reduce the tax payable by individual taxpayers who have to pay profits tax and/or property tax.

(4) The Government proposed in the 2011-2012 Budget to increase the rate of each tax band for the first registration tax for private cars by about 15%. The first registration tax for other types of vehicles and the concession for electric vehicles and environment-friendly petrol private cars would be kept unchanged. In response to the feedback from Legislative Council Members and the public, the Government amended its original proposal in May 2011 by exempting the private cars on order before the *Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011* came into effect from paying the first registration tax under the new tax rates. In addition, the tax concession for environment-friendly petrol private cars would be enhanced. The measures in the original proposal and subsequent amendment were passed at the Council meeting on 15 June 2011.

Major sources of Government revenue (cont'd)

Items	2009-2010 (in HK\$ billion)	Percentage	2010-2011 (in HK\$ billion)	Percentage
Betting duty (2010-2011 tax rates: Horse races bets: 72.5% – 75.0% on the net stake receipts Mark Six Lottery: 25% on the amount of proceeds Football matches bets: 50% on the net stake receipts)	12.8	4.9%	14.8	5.1%
Fees and charges	10.5	4.1%	11.4	3.9%
Rates (2010-2011 tax rate: 5% of the rateable annual rent of landed property)	10.0	3.9%	9.0	3.1%
Government rents (2010-2011 tax rate: 3% of the rateable value of landed property)	5.9	2.3%	6.3	2.2%
Duties (tobacco ⁽⁵⁾)	3.4	1.3%	4.2	1.5%
(certain types of hydrocarbon oil, alcoholic beverages and certain alcoholic products)	3.1	1.2%	3.3	1.1%
Total	258.6	100%	290.3	100%

Note: (5) The Government proposed in the 2011-2012 Budget to increase the duty on cigarette and other tobacco products (namely cigars, Chinese prepared tobacco and all other manufactured tobacco except tobacco intended for the manufacture of cigarettes) by 41.5%. The proposal was implemented with effect from 23 February 2011.

References

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