

FACT SHEET

Major sources of Government revenue⁽¹⁾ (Revised on 25 September 2012)

Items	2009-2010 (in HK\$ billion)	Percentage	2010-2011 (in HK\$ billion)	Percentage
Profits tax⁽²⁾ (2011-2012 tax rates: corporations: 16.5% unincorporated businesses: 15%)	76.6	29.6%	93.2	32.1%
Stamp duties (2011-2012 tax rates: Sale or transfer of property ⁽³⁾ : 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) The Government proposed in the 2012-2013 Budget to reduce profits tax, salaries tax and tax under personal assessment for 2011-2012 by 75%, subject to a ceiling of HK\$12,000 per case. The proposal was passed at the Council meeting on 12 July 2012.
- (3) 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	41.2	15.9%	44.3	15.3%
Personal assessment ⁽⁴⁾	3.7	1.4%	3.9	1.3%
Other revenues	31.1	12.1%	31.1	10.7%
Investment income and interest	17.9	6.9%	17.8	6.1%

Note: (4) 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.

Major sources of Government revenue (cont'd)

Items	2009-2010 (in HK\$ billion)	Percentage	2010-2011 (in HK\$ billion)	Percentage
Betting duty (2011-2012 tax rates: Horse races bets: 72.5% – 75% 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 ⁽⁵⁾	10.5	4.1%	11.4	3.9%
Rates (2011-2012 tax rate: 5% of the rateable annual rent of landed property)	10.0	3.9%	9.0	3.1%
Duties (Four groups of commodities: tobacco, certain types of hydrocarbon oil, alcoholic beverages and certain alcoholic products)	6.5	2.5%	7.5	2.6%
Government rents (2011-2012 tax rate: 3% of the rateable value of landed property)	5.9	2.3%	6.3	2.2%
Total	258.6	100%	290.3	100%

Note: (5) In the 2012-2013 Budget, the Government proposed to waive the business registration fees for one year, with the waiver period between 1 April 2012 and 31 March 2013. The Government also proposed to halve the charges for import and export declarations and the proposal was implemented with effect from 1 August 2012.

References

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3. *Speech by the Financial Secretary: The 2012-13 Budget*. (2012) Hong Kong, Government Logistics Department.
4. The Government of the Hong Kong Special Administrative Region. (2010) *Press Release: Special stamp duty to curb speculation in residential properties*. Available from: <http://www.info.gov.hk/gia/general/201011/19/P201011190294.htm> [Accessed September 2012].
5. The Treasury. (2010) *Accounts of the Government for the year ended 31 March 2010*. Hong Kong, Government Logistics Department.
6. The Treasury. (2011) *Accounts of the Government for the year ended 31 March 2011*. Hong Kong, Government Logistics Department.

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