

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

政府總部
運輸及房屋局
香港九龍何文田佛光街33號



Government Secretariat
Transport and Housing Bureau
33 Fat Kwong Street, Ho Man Tin, Kowloon, Hong Kong

本局檔號 Our Ref. () in HDCR4-3/PH/1-10/0-1 Pt.31
來函檔號 Your Ref.

電話 TEL. 2761 5117
傳真 FAX. 2761 7444

12 April 2017

Mr Desmond LAM
Clerk to Bills Committee on
Stamp Duty (Amendment) Bill 2017
Council Business Division 1
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr LAM,

**Tightening up of exemption arrangement
under the New Residential Stamp Duty regime**

I am writing to draw attention of Members of the Bills Committee to the Government's announcement yesterday on the tightening up of exemption arrangement for Hong Kong permanent residents (HKPRs) under the New Residential Stamp Duty (NRSD) regime.

Stamp duty has all along been charged on an instrument basis. Under the existing exemption arrangement, acquisition of residential property under a single instrument, irrespective of the number of residential property involved, is exempted from the NRSD rate of 15% and is only subject to the lower ad valorem stamp duty (AVD) rates at Scale 2 if the buyer concerned is a HKPR acting on his/her own behalf and is not a beneficial owner of any other residential property in Hong Kong at the time of acquisition.

During the scrutiny of the Stamp Duty (Amendment) Bill 2017, both Members and the public have expressed concern over the recent increase in transactions involving acquisition of multiple residential properties under a single instrument. Some considered that such acquisition demonstrated clear investment intent and should not be exempted from NRSD.


While acquisition of multiple residential properties under a single instrument still constitutes a small percentage of the total residential property transactions according to statistics provided by the Inland Revenue Department (IRD), we note that there is an increasing trend of these cases since the introduction of NRSD in November 2016. To prevent local investors from making use of the exemption arrangement for HKPRs to avoid the payment of NRSD, thereby undermining the effectiveness of NRSD, the Government decided to tighten up the relevant exemption arrangement with effect from 12 April 2017.

The Government will introduce legislative amendments, to the effect that acquisition of a single residential property under a single instrument by a HKPR who is acting on his/her own behalf and is not a beneficial owner of any other residential property in Hong Kong at the time of acquisition will continue to be exempted from the NRSD rate of 15%, and will only be subject to lower AVD rates at Scale 2. However, if a HKPR-buyer acquires more than one residential property under a single instrument, the transaction concerned will no longer be exempted, and will be subject to the NRSD rate of 15%.

To cater for the genuine self-use needs of HKPR-buyers, we propose that a "single residential property" includes: a residential unit acquired together with a car parking space; two adjacent residential units with the partitioning walls between the units demolished to form a single unit as shown on the approved building plans; a residential unit with roof situated immediately above the unit; and a residential unit with adjacent garden. In determining whether the property concerned is a "single residential property", IRD will consider individual circumstances and take into account relevant documents, including building plan, deed of mutual covenant, occupation permit, etc.

We believe that tightening up of exemption arrangement for HKPRs in respect of acquisition of multiple properties under a single instrument helps address the Members' concern. Should you need further details, please feel free to contact the undersigned at 2761 5117.

Yours sincerely,



(Joyce KOK)

for Secretary for Transport and Housing