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By email  
(cb1@legco.gov.hk)

22 April 2025

Ms Joyce Kan  
Council Business Division  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms Kan,

**Bills Committee on Air Passenger Departure Tax (Amendment) Bill 2025  
Follow-up actions arising from the discussion at the meeting on 8 April 2025  
and the Government's response to the written submissions from the public**

We refer to your letter dated 8 April 2025. The Government's consolidated response to the follow-up actions mentioned in your letter and the written submissions received by the Bills Committee is set out below.

Increase in Air Passenger Departure Tax (APDT)

2. In the Budget delivered in February this year, the Financial Secretary (FS) put forward a reinforced fiscal consolidation programme, which focuses on strictly controlling Government expenditure, supplemented by increasing revenue, with a view to restoring fiscal balance in the Operating Account in a progressive manner within the current term of the Government. On increasing revenue, the Government's principle is to avoid introducing new taxes and to minimise the impact on the general public as far as practicable. Adhering to this principle, the FS announced in the Budget that the rate of APDT will be increased from \$120 to \$200 per passenger starting from the third quarter

of 2025-26. It is anticipated that government revenue will increase by about \$1.6 billion per year.

3. In response to the views that the increase in APDT is too high and lacks supporting data, we must emphasise that the Government has struck a balance between increasing revenue and minimising the impact on passengers when deciding to increase the APDT. Major considerations are as follows:

- (a) The APDT was last increased in 2003 from \$80 to \$120 per passenger. The current adjustment is raised after 22 years and its level is close to the cumulative inflation rate of about 64%<sup>1</sup> during the period. This is one of the Government's measures to address the fiscal deficit and to increase revenue;
- (b) The impact of the proposed increase on the overall cost of travelling of air passengers (including tourists) is minimal. According to the Hong Kong Tourism Board's Visitor Profile Report 2024, the per capita spending in Hong Kong (excluding air tickets) of visitors from the short haul markets (excluding the Mainland China) and the long haul markets are about \$6,200 and \$7,500 respectively. The proposed increase of \$80 only accounts for 1.3% and 1.1% of the overall travelling cost of the travellers, excluding the expenditure on air tickets. Similarly, the proposed increase of \$80 represents only a small portion of the overall cost of travelling incurred by Hong Kong people (including passengers of low-cost carriers);
- (c) The Airport Authority Hong Kong (AAHK) has imposed an Airport Construction Fee since 1 August 2016 as part of the financial arrangements for the three-runway system, which ranges from \$90 to \$180 per departing passenger. Transit/transfer passengers (including transit/transfer passengers who are exempted from paying APDT under the Air Passenger Departure Tax Ordinance (Cap. 140) (the Ordinance)) are also required to pay the relevant charge (ranging from \$70 to \$180). After the AAHK started to levy the Airport Construction Fee, the passenger throughput at the Hong Kong International Airport (HKIA) had a year-on-year increase of 3.3% and 2.5% in 2017 and 2018 respectively. As for the decrease in number of passengers between 2019 to 2022, it was mainly due to social incidents and the pandemic;
- (d) The Ordinance has already exempted direct transit passengers, connecting flight passengers and passengers who arrive at and depart from Hong Kong by aircraft on the same day from paying APDT. Therefore, the proposed increase will not affect these passengers;
- (e) When travellers choose an airport for their trips, apart from the price of air tickets, they will also take into account a number of factors, such as the airport's aviation network, flight frequency, land and sea transportation links, airport facilities, facilities surrounding the airport, travel efficiency, etc. In terms of aviation network, the HKIA is connected to about 90 international passenger destinations around the world, demonstrating its leading position in terms of air connectivity when compared to

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<sup>1</sup> The increase in Composite Consumer Price Index from 2004 to 2024.

neighbouring airports. The proposed increase of APDT should not provide a strong incentive for travellers to switch to other airports for travelling; and

- (f) Adjustment of APDT affects air passengers only. It is more acceptable when comparing with measures to increase government revenue that may affect the general public and businesses, such as raising salaries tax, profits tax, rates, etc.

4. Taking into account the above factors, we consider that increasing the APDT is an appropriate revenue measure and the proposed increase of \$80 is at a reasonable and affordable level.

5. There are views that the increase in APDT should be reduced, implemented by phases or deferred; or that APDT should be adjusted based on ticket classes, flying distances or the type of airlines (e.g. low cost carriers). As mentioned in paragraph 3 above, we consider the current rate of increase reasonable and therefore have no intention to adjust it, nor will we increase APDT in phases or defer the increase. Moreover, the existing practice of charging APDT at a flat rate for each passenger is simple and easy to understand. We have no plan to change the system.

6. Regarding whether the Government will review the rate of APDT after the fiscal position has improved or include a sunset clause in the Air Passenger Departure Tax (Amendment) Bill 2025, we will continue to follow the existing mechanism and formulate appropriate public finance measures, having regard to the latest economic, social, tax competitiveness and fiscal conditions, etc. when formulating the Budget each year.

To study measures to attract travellers to transfer through Hong Kong so as to consolidate Hong Kong's position as an international aviation hub

7. Since the announcement of the proposed increase in APDT, the Government has been liaising with stakeholders, including the AAHK and major airlines, to gauge their views on the proposed increase. While we consider that the proposed increase in APDT will only have minimal impact on air passengers, we understand their concern that the increase may affect the desire of certain transfer passengers who need to stay overnight to use the HKIA. Therefore, we have already announced at the meeting on 8 April that we plan to relax one of the exemption criteria under the Ordinance from requiring passengers to arrive in Hong Kong and depart from Hong Kong by aircraft on the same day, to allowing passengers to depart from Hong Kong by aircraft on the next calendar day (i.e. a maximum of 48 hours). This proposal is more generous than the exemption provided for air passengers departing within 24 hours in some neighbouring regions (such as Singapore, Tokyo and Seoul). It will help attract more transfer passengers to use the HKIA, maintain Hong Kong's status as an international aviation hub, and encourage transfer passengers to stay and spend money in Hong Kong, thereby boosting the economy. We will introduce the relevant subsidiary legislation into the Legislative Council within two to three months, endeavouring to implement the proposal on 1 October 2025.



8. There are views that more transfer passengers should be exempted from paying APDT, including extending the existing exemption criteria to cover transfer passengers arriving at Hong Kong through land and sea boundary control points, so as to attract more air passengers, especially those from the Greater Bay Area (GBA), to make use of the HKIA for transfer and stay and spend money in Hong Kong. We will discuss the relevant exemption arrangements with the Transport and Logistics Bureau and the AAHK with a view to enhancing the competitiveness of the HKIA and further strengthening its position as an international aviation hub. Similar to the considerations for other tax concessions, we will take into account a number of factors, including the relevant policy objectives, implementation details, impact on government revenue, fairness, etc. At this stage, we will first implement the proposal of relaxing the exemption to the next calendar day so that more transfer passengers can benefit as soon as possible.

9. Moreover, the Government and AAHK will continue to implement measures to attract passengers to use HKIA. We will adopt a more forward-looking perspective in developing and expanding the aviation network, which includes supporting HKIA to strengthen its services on major routes; and planning in advance for civil aviation co-operation with the current major routes and countries along the Belt and Road with potential so as to negotiate and enhance air services agreements and strengthen aviation services with these regions. We are also committed to developing intermodal transport networks. Measures include setting up city terminals at more strategic locations in the GBA; enhancing the "Fly-Via-Zhuhai-HK" direct passenger service; and completing by phases the automated car parks on the Hong Kong Port Island of the Hong Kong-Zhuhai-Macao Bridge for use by transit passengers or inbound visitors from Guangdong and Macao. Meanwhile, we will press ahead with the development of the expanded Airport City, under which the Airport Island as well as the land and waters in its vicinity will be utilised for the development of a new highlight project with the aviation industry as its focal point, encompassing high-end commercial, art, tourism and leisure activities. The project will attract business and leisure travellers from our Country (including the GBA) and all over the world to stay, transit or transfer in Hong Kong, thereby enhancing Hong Kong's role as a link between our Country and the rest of the world in the areas of commerce and trade, culture, tourism, etc. The above measures will help enhance the strengths and competitiveness of HKIA as an aviation hub.

Yours sincerely,



(Miss Josephine TSANG)

for Secretary for Financial Services and the Treasury

c.c.

Transport and Logistics Bureau  
Civil Aviation Department  
Department of Justice

(Attn: Mr Matthew Chui)  
(Attn: Ms Eileen Yuen)  
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