

LEGISLATIVE COUNCIL BRIEF

Rating Ordinance

(Chapter 116)

RATING (EXEMPTION) ORDER 2025

INTRODUCTION

A At the meeting of the Executive Council on 26 February 2025, the Council ADVISED and the Chief Executive ORDERED that the Rating (Exemption) Order 2025 at **Annex A** should be made under section 36(2) of the Rating Ordinance (Cap. 116).

JUSTIFICATIONS

2. To relieve the financial burden on the general public and having regard to the Government's fiscal position, the 2025-26 Budget proposes to waive rates for the first quarter of 2025-26, subject to a cap of \$500 for each domestic and non-domestic tenement.

3. The proposed rates concession will benefit about 3.55 million properties liable to rates payment. About 12% of domestic ratepayers and 16% of non-domestic ratepayers will not need to pay any rates for the first quarter of 2025-26.

4. Section 36(2) of the Rating Ordinance provides that the Chief Executive in Council may, by order, declare any class of tenements, or parts thereof, or any part of Hong Kong to be exempted from the payment of rates wholly or in part. The Rating (Exemption) Order 2025 has been made by the Chief Executive in Council under this section to effect the proposed rates concession. The relevant order should take effect on 1 April 2025.

OTHER OPTIONS

5. An order made by the Chief Executive in Council under section 36(2) of the Rating Ordinance is needed for implementing the proposed rates concession. There is no other option.

THE ORDER

6. The provisions of the Rating (Exemption) Order 2025 are as follows –

- (a) **Section 1** provides that the Order comes into operation on 1 April 2025.
- (b) **Section 2** provides that the “concession period” means the period from 1 April 2025 to 30 June 2025.
- (a) **Section 3** provides that a tenement included in a valuation list in force will be exempted from the payment of rates up to the amount of \$500 for the concession period. The \$500 cap will be reduced proportionately if rates would otherwise be payable for only part of the concession period.

LEGISLATIVE TIMETABLE

7. The Order will be gazetted on 7 March 2025 and tabled at the Legislative Council on 19 March 2025 for negative vetting.

IMPLICATIONS OF THE PROPOSAL

8. The proposed rates concession will lead to revenue forgone of about \$1.7 billion¹.

9. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. The proposal will not affect the binding effect of the existing provisions of the Rating Ordinance and its subsidiary legislation. The economic and family implications of the proposal are at **Annex B**. The proposal has no productivity, environmental, gender or civil service implications, and no sustainability implications other than those set out in the economic implication paragraph in **Annex B**.

B

¹ The revenue forgone arising from the proposed rates concession to domestic and non-domestic tenements are around \$1.5 billion and \$0.2 billion respectively.

PUBLIC CONSULTATION

10. We have formulated the proposal after taking into account views received from legislators and other stakeholders during the Budget consultation process. Owing to the confidentiality of the Budget, we have not carried out prior consultation for the proposed measure.

PUBLICITY

11. We will issue a press release on 5 March 2025. A spokesperson will be available to answer media and public enquiries.

ENQUIRIES

12. Enquiries on this Brief can be directed to Miss Josephine TSANG, Principal Assistant Secretary for Financial Services and the Treasury (Treasury), at 2810 2370.

Financial Services and the Treasury Bureau
March 2025

Annex A

Rating (Exemption) Order 2025

Section 1

1

Rating (Exemption) Order 2025

(Made by the Chief Executive in Council under section 36(2) of the Rating Ordinance (Cap. 116))

1. Commencement

This Order comes into operation on 1 April 2025.

2. Interpretation

In this Order—

concession period (寬免期) means the period from 1 April 2025 to 30 June 2025.

3. Exemption from payment of rates

For the concession period, a tenement included in a valuation list in force is exempted from the payment of rates to the extent of an amount equal to the rates otherwise payable or \$500, whichever amount is less. If rates would otherwise be payable for only part of the concession period, the amount of \$500 is reduced proportionately.

Rating (Exemption) Order 2025

2

Clerk to the Executive Council

COUNCIL CHAMBER

2025

Explanatory Note

This Order exempts a tenement from the payment of rates up to a maximum of \$500 for the period from 1 April 2025 to 30 June 2025.

Economic and Family Implications of the Proposal

Economic Implications

The proposal will help reduce the financial burden of ratepayers and can stimulate the economy to a certain extent.

Family Implications

2. The proposal will help improve relevant ratepayers' capability to foster care of their family members.