

LEGISLATIVE COUNCIL BRIEF

Air Passenger Departure Tax Ordinance
(Chapter 140)

AIR PASSENGER DEPARTURE TAX (AMENDMENT) BILL 2025

INTRODUCTION

A At the meeting of the Executive Council on 26 February 2025, the Council ADVISED and the Chief Executive ORDERED that the Air Passenger Departure Tax (Amendment) Bill 2025 (“Amendment Bill”) at **Annex A** should be introduced into the Legislative Council (“LegCo”) for amending the Air Passenger Departure Tax Ordinance (Cap. 140) (“Ordinance”).

JUSTIFICATIONS

2. The Air Passenger Departure Tax (“APDT”) was first introduced in 1983 for increasing revenue. Under section 3(1) of the Ordinance, every passenger (excluding those exempted classes of passengers) intending to depart from Hong Kong by aircraft at the airport shall, before embarking on the aircraft, pay an APDT of the amount specified in the First Schedule¹. The APDT was last adjusted in 2003-04 from \$80 to \$120 per passenger. In 2024-25, the revenue from the APDT is estimated to be \$2.4 billion.

3. The 2025-26 Budget proposes increasing the APDT **from \$120 to \$200 per passenger** in 2025-26 to raise revenue. The proposed increase has taken into account the airport construction levy being charged by the Airport Authority Hong Kong (\$90/\$160 for economy class passengers and \$160/\$180 for business/first class passengers, depending on whether the flight is short or long haul). It should only have very mild impact on air passengers, including tourists.

¹ Certain classes of people are exempted from payment of APDT under the Ordinance, including passengers under 12 years of age, direct transit passengers, connecting flight passengers, passengers who arrive at and depart from Hong Kong by aircraft on the same day, passengers who arrive at the Hong Kong International Airport by a vehicle via the Hong Kong-Zhuhai-Macao Bridge or by a ship and subsequently depart from Hong Kong by aircraft and before the departure remain at all times within the restricted area, etc.

4. Having regard to the need for the airlines and helicopter company (collectively referred to as “operators”) to adjust their information technology systems and to allow sufficient time for publicity, we propose that the increased APDT takes effect on 1 October 2025. Passengers purchasing air tickets on or after 1 October 2025 will have to pay the APDT at the new rate of \$200.

Administration fee paid to operators

5. The operators have been collecting the APDT from air passengers on behalf of the Government. They also process applications for exemption and refund. In return, the Government pays an administration fee to the operators at an agreed percentage of the APDT received. The administration fee level is determined having regard to the costs incurred by the operators in the collection and refund processes of APDT. The existing rates, as agreed in 2004, are as follows:

Operators	Administration Fee Rate
Airlines (for normal passengers)	2.322%
Airlines (for sea-to-air and bridge-to-air passengers)	1%
Helicopter company ²	1.24%

In 2024-25, the administration fee is estimated to be about \$58 million.

6. Currently, the administration fee is borne by the Financial Services and the Treasury Bureau (“FSTB”). FSTB will budget for the relevant provision in preparing its Estimates every year. Under the existing arrangement, the operators will first deduct the administration fees from the APDT received and then remit the remaining sum to the Government’s designated bank account every month. Such sum will be credited to Government’s revenue account. As the Civil Aviation Department (“CAD”) is responsible for monitoring the collection of APDT from the operators (including vetting the returns from the operators and verifying the administration fee payable), FSTB will transfer the relevant provision to CAD so that they can credit a sum equivalent to the administration fee to the relevant revenue account. This arrangement is to satisfy the requirement of the Public Finance Ordinance (Cap. 2) (“PFO”) that any moneys raised or received for the purposes of the Government

² Under section 2 of the Ordinance, the definition of “aircraft” includes both fixed wing and rotary wing aircraft and “airport” includes the heliport at the Hong Kong-Macao Ferry Terminal. Hence, a passenger departing from Hong Kong from the Hong Kong-Macao Ferry Terminal via a helicopter shall pay APDT before departure.

shall form part of the general revenue, and that no expenditure shall be charged on the general revenue except as provided by or under the PFO or any other enactment.

7. We suggest taking this opportunity to streamline the above financial arrangement. We propose amending the Ordinance to empower the Financial Secretary to approve the operators to retain part of the APDT collected for offsetting the administration fees payable to them, and provide that the retained fees do not form part of the general revenue under section 3(1) of the PFO. There are similar arrangements under the Road Tunnels (Government) Ordinance (Cap. 368) and the Tsing Sha Control Area Ordinance (Cap. 594) in relation to administration fees paid to management contractors for toll collection, and the Waste Disposal Ordinance (Cap. 354) with respect to the fee paid to a waste disposal facility operator. With the proposed amendments, CAD will no longer need to credit the administration fees to the relevant revenue account and FSTB will not need to budget for this provision. CAD will continue to scrutinise the returns submitted by the operators to ensure the amount of administration fees deducted and the net amount of the APDT paid to the Government are accurate.

OTHER OPTIONS

8. The proposals can only be implemented by amending the Ordinance. There is no other option.

THE AMENDMENT BILL

9. The main provisions of the Amendment Bill are as follows –

- (a) **Clause 1** sets out the short title and provides for commencement.
- (b) **Clause 4** amends section 10 of the Ordinance to provide that—
 - (i) the Financial Secretary may approve an operator to retain a part of the APDT collected by the operator for offsetting the administration fee payable to the operator; and
 - (ii) the part of the APDT that an operator is approved to retain does not form part of the general revenue for the purposes of section 3(1) of the PFO.

- (c) **Clause 3** consequentially amends section 7 of the Ordinance to provide that the Director-General of Civil Aviation must take into account any amount of APDT that an operator is approved to retain in assessing the amount of APDT due by the operator.
- (d) **Clause 5** amends the First Schedule to the Ordinance to increase the APDT from \$120 to \$200.

LEGISLATIVE TIMETABLE

10. The legislative timetable is as follows –

Publication in the Gazette	7 March 2025
First Reading and commencement of Second Reading debate	19 March 2025
Resumption of Second Reading debate, committee stage and Third Reading	To be notified

11. We aim to increase the APDT with effect from 1 October 2025. For the proposed sections to streamline the financial arrangement, they will take effect from the day on which the Amendment Ordinance as passed by LegCo is published in the Gazette.

IMPLICATIONS OF THE PROPOSAL

12. The proposed increase in the APDT will bring in an additional revenue of about \$1.6 billion annually³. The economic implications of the proposal is at **Annex B**.

B

13. 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 Ordinance. It has no civil service, environmental, family, gender, productivity or sustainability implications.

³ The estimation is based on the projected taxable air passengers in 2024-25 of about 20 million.

PUBLIC CONSULTATION

14. We have formulated the proposal of increasing the APDT after considering the views received from legislators and other stakeholders during the Budget consultations. Various political parties and stakeholders offered this suggestion to the Government. Owing to the confidentiality of the Budget, we have not carried out prior consultation for the proposed measure.

PUBLICITY

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

ENQUIRIES

16. 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

A BILL To

Amend the Air Passenger Departure Tax Ordinance to provide that the part of air passenger departure tax approved to be retained by aircraft operators to offset the collection fee payable to them does not form part of the general revenue; to increase the air passenger departure tax; and to provide for related matters.

Enacted by the Legislative Council.

1. Short title and commencement

- (1) This Ordinance may be cited as the Air Passenger Departure Tax (Amendment) Ordinance 2025.
- (2) Subject to subsection (3), this Ordinance comes into operation on the day on which it is published in the Gazette.
- (3) Section 5 comes into operation on 1 October 2025.

2. Air Passenger Departure Tax Ordinance amended

The Air Passenger Departure Tax Ordinance (Cap. 140) is amended as set out in sections 3, 4 and 5.

3. Section 7 amended (assessment and payment of tax)

After section 7(2)—

Add

- “(2A) Also, in assessing the amount of the tax under subsection (1), the Director must take into account any amount of the tax that the operator is approved to retain under section 10(2).”.

4. Section 10 amended (collection fee)

Section 10—

Repeal subsection (2)

Substitute

- “(2) The Financial Secretary may approve an operator to retain any part of the tax collected by the operator to offset the fee payable to the operator under subsection (1).
- (3) The part of the tax that an operator is approved to retain under subsection (2) does not form part of the general revenue for the purposes of section 3(1) of the Public Finance Ordinance (Cap. 2).”.

5. First Schedule amended (air passenger departure tax)

First Schedule, item 1—

Repeal

“\$120”

Substitute

“\$200”.

Explanatory Memorandum

The object of this Bill is to amend the Air Passenger Departure Tax Ordinance (Cap. 140) (*Ordinance*) to—

- (a) provide that the part of air passenger departure tax approved to be retained by aircraft operators to offset the collection fee payable to them does not form part of the general revenue; and
 - (b) increase the air passenger departure tax.
- 2. Clause 1 sets out the short title and provides for commencement.
- 3. Clause 4 amends section 10 of the Ordinance to provide that—
 - (a) the Financial Secretary may approve an aircraft operator to retain any part of the air passenger departure tax collected by the operator to offset the collection fee payable to the operator; and
 - (b) the part of air passenger departure tax that an aircraft operator is approved to retain does not form part of the general revenue for the purposes of section 3(1) of the Public Finance Ordinance (Cap. 2).
- 4. Clause 3 consequentially amends section 7 of the Ordinance to provide that the Director-General of Civil Aviation must take into account any amount of the air passenger departure tax that an aircraft operator is approved to retain in assessing the amount of the air passenger departure tax due by the operator.
- 5. Clause 5 amends the First Schedule to the Ordinance to increase the air passenger departure tax from \$120 to \$200.

Economic Implications of the Proposal

Economic Implications

While the proposed increase in the APDT will slightly increase the cost of travelling of the general public and travellers departing from Hong Kong by air, it should only have limited impact on the public's desire to travel, as well as tourists' desire to travel to Hong Kong and their related spending. The impact to the Hong Kong economy or the tourism industry should therefore be minimal.