

**HONG KONG BUDGET**

**2026-2027**

**Driving High-quality,  
Inclusive Growth with  
Innovation and Finance**



# CONTENT

Page 3

Introduction

Page 4

Tax measures for corporate taxpayers and businesses:

- International Tax: Update on Global and Domestic Minimum Tax, Crypto-Asset Reporting Framework and Tax Treaty Network
- Profits Tax Relief
- New and Enhanced Targeted Tax Measures for Specific Sectors and Activities

Page 19

Tax measures and relief for individual taxpayers:

- Salaries Tax Relief
- Adjustments to Tax Allowances and Deduction Ceilings
- Allowance to Eligible Social Security Recipients
- Extension of Elderly Health Care Voucher Pilot Reward Scheme

Page 27

Other tax measures

- Stamp Duty Changes
- Rates Concession
- First Registration Tax Concessions for Electric Vehicles



## Driving High-quality, Inclusive Growth with Innovation and Finance

On 25 February 2026, Financial Secretary Paul Chan delivered Hong Kong's 2026–27 Budget, highlighting the theme of “Driving High-quality, Inclusive Growth with Innovation and Finance.”

### Fiscal backdrop

Stronger economic activity and a more active capital market lifted revenue over the past year. Together with the reinforced fiscal consolidation programme, the Operating Account returned to surplus and, after bond issuance, the Consolidated Account also moved back to balance earlier than expected.

### Policy stance and near-term priorities

The Government maintains a focus on prudent resource management and expenditure discipline—strict control of operating expenditure, efficiency gains and measured revenue actions—to preserve stability while providing support within available means.

### Tax focus

This Budget sets out targeted items most relevant to taxpayers (subject to legislative amendments where applicable): one-off reductions for YOA 2025/26, adjustments to personal allowances from YOA 2026/27, and property-related stamp duty changes (raising AVD on residential transactions above HKD 100 million, relaxing Section 45 intra-group relief, and a REIT property-injection waiver), complemented by rates concessions and the Pillar Two revenue timeline from 2027–28.

**TAX MEASURES FOR CORPORATE  
TAXPAYERS AND BUSINESSES**



**International Tax:  
Update on Global and Domestic  
Minimum Tax, Crypto-Asset  
Reporting Framework and  
Tax Treaty Network**



## Update on Implementation of Global and Domestic Minimum Taxes

Hong Kong's Pillar Two law is now in force under the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025, implementing a 15% global minimum tax and the Hong Kong Minimum Top-up Tax (HKMTT) for in-scope MNE groups with annual consolidated revenue  $\geq$  EUR 750 million. The Income Inclusion Rule (IIR) and HKMTT apply to fiscal years beginning on/after 1 January 2025, while the Undertaxed Profits Rule (UTPR) will commence on a date to be specified by the Government.

To support compliance, the IRD's Pillar Two Portal (Phase 1 live 19 Jan 2026) enables Part 4AA entities to register, obtain group codes (Form IR1485) and e-file top-up tax notifications for periods beginning on/after 1 Jan 2025. Phase 2 will add return e-filing and e-assessments in Q4 2026.

Notifications are generally due within 6 months after fiscal year-end; returns are due within 15 months (18 months for the first transition year). In-scope entities are mandated to e-file profits tax returns from YOA 2025/26 (limited exceptions).

In the 2026-27 Budget, the Financial Secretary reaffirmed that the global minimum tax/HKMTT package is expected to generate about HKD 15 billion per annum from 2027-28, with no new rule changes announced this year.

### Note / Take-aways

Businesses within the scope of Pillar Two may wish to confirm their group threshold status and Hong Kong footprint, assess which entities qualify as Hong Kong constituent entities, and prepare for administrative obligations under the IRD's Pillar Two Portal. This includes obtaining the required group code, enabling BTP and e-cert access, and planning for the timely filing of top-up tax notifications and returns as Phase 2 of the Portal comes online. Entities may also review effective tax rate (ETR) modelling, safe-harbour eligibility and data readiness ahead of the 2027-28 revenue commencement, ensuring internal processes and governance can support accurate and compliant reporting once the new rules take full effect.





## Implementation of CARF and Amended CRS

The Government will amend the Inland Revenue Ordinance to implement the Crypto-Asset Reporting Framework (CARF) and the amended Common Reporting Standard (CRS) over the next two years, with an amendment bill to be introduced in the first half of 2026 to enhance tax transparency and combat cross-border evasion.

The implementation roadmap follows the Government's consultation launched in December 2025, with the plan aiming for legislative completion in 2026. Under the proposed timeline, data collection for CARF reporting would begin in 2027, with the first exchanges of information taking place in 2028.

### Note / Take-aways

Businesses should assess CARF applicability to their activities, including whether any operations may fall within the scope of a Reporting Crypto-Asset Service Provider (RCASP), and review data capture, onboarding and transaction-recording processes so that the required crypto-asset information can be recorded when data collection begins in 2027 and first exchanges commence in 2028.



## Expand Hong Kong's Comprehensive Avoidance of Double Taxation Agreements (CDTAs) Network

Hong Kong has now entered into 55 CDTAs, with recent additions including Jordan, Maldives, Norway and Rwanda. The Government intends to further expand the CDTA network, supporting cross-border business activities and enhancing Hong Kong's role in international commerce.

### Note / Take-aways

Businesses with cross-border operations may wish to monitor newly signed CDTAs and track their ratification and effective dates, as application periods may differ between Hong Kong's year of assessment and overseas calendar-year rules. Reviewing residency documentation, beneficial-ownership support and treaty-specific conditions will help ensure that reduced withholding tax rates and treaty relief can be applied smoothly as Hong Kong's CDTA network continues to expand.

**Profits Tax Relief**



## One-off Tax Reduction

For 2025/26, the Government has introduced a one-off 100% reduction of profits tax, capped at HK\$3,000 per business, with the ceiling increased from HK\$1,500 in the previous year. The reduction applies to the final tax payable, and the Inland Revenue Department will apply the concession automatically upon enactment of the legislation. Provisional tax for the year should still be paid as usual, with any excess to be adjusted when the final assessment is issued.

Hong Kong's profits tax rates remain unchanged under the two-tiered regime. Corporations continue to be taxed at 8.25% on the first HK\$2 million of assessable profits and 16.5% on profits above that level, while unincorporated businesses are taxed at 7.5% and 15% respectively.

### Note / Take-aways

Businesses should take this opportunity to review their overall financial strategies, considering both short-term relief and long-term fiscal planning. This could involve reassessing cash flow, profit margins and investment strategies.



**New and Enhanced Targeted Tax Measures  
for Specific Sectors and Activities**





## Refinements to Support IP Trading and Financing (subject to legislative amendments)

Hong Kong is stepping up efforts to strengthen its position as a regional intellectual property (IP) trading centre. The Government plans to refine the relevant tax regime and enhance the institutional framework, while nurturing specialised IP talent and leveraging the city's strengths in professional services. The aim is to promote IP trading and IP-backed financing, and to support broader economic development in sectors that rely heavily on innovation and intangible assets.

In addition, the Government is consulting the trade on tax deduction arrangements for capital expenditure incurred on purchasing IP or the rights to use IP, with an amendment bill scheduled for introduction this year. By reducing the cost of acquiring IP assets, the initiative is expected to encourage more IP-related transactions, support knowledge-intensive industries, and reinforce Hong Kong's role as a leading hub for IP trading in the region.

### Note / Take-aways

Businesses engaged in IP development, acquisition or licensing may review whether current group IP structures remain efficient under the forthcoming deduction regime. As the Government progresses the proposed tax deduction for capital expenditure on purchasing IP or rights-to-use IP, early assessment of ownership, transfer and licensing arrangements can help ensure future transactions are aligned with the updated framework.



## Enhancing Fund / Family-office Tax Regime (subject to legislative amendments)

Hong Kong continues to strengthen its position as a leading asset and wealth management centre. The Financial Secretary noted that Hong Kong now hosts over 3,300 single-family offices. To further enhance competitiveness, the Government will expand the scope of “fund” to cover specific funds-of-one, and recognise digital assets, precious metals and specified commodities as qualifying investments eligible for tax concessions. An amendment bill will be introduced in the first half of 2026, with the refinements intended to apply from the year of assessment 2025/26.

Complementing these changes, the Government and the SFC will continue promoting the Real Estate Investment Trust (REIT) market—including seeking the early inclusion of REITs under mutual-market access. A bill will be brought forward in 2026 to facilitate privatisation and restructuring of REITs.

In addition, the Government will provide a stamp duty waiver for the transfer of non-residential properties into REITs seeking to list, with the relevant amendment bill to be introduced in the first half of 2027.

These measures aim to deepen market liquidity, broaden product diversity and strengthen Hong Kong’s position as a regional hub for listed real estate investment vehicles.

### Note / Take-aways

Businesses in the asset and wealth management sector may wish to review fund structures and investment classifications ahead of the expanded definition of “fund” and the inclusion of digital assets, precious metals and specified commodities as qualifying investments. Groups preparing new structures – including funds-of-one and family office vehicles – may consider aligning establishment or restructuring timelines with the 2025/26 effective date. Those involved in REIT management or real estate investment should monitor upcoming legislative amendments on REIT restructuring and stamp duty relief, and assess implications for transaction planning and market access.



## Enhancements and Concession for Eligible Commodities Traders (subject to legislative amendments)

Hong Kong will further align with national maritime strategy and elevate its status as an international maritime centre, including smart-port development and deeper logistics connectivity. Building on this direction, the Government will introduce an amendment bill in the first half of 2026 to enhance tax concession measures for the maritime service industry and to provide a half-rate tax concession to eligible commodities traders. These measures are intended to catalyse high value-added maritime services—such as ship management, finance, insurance and related professional services—by reducing operating frictions and sharpening Hong Kong’s regional competitiveness.

To reinforce the overall ecosystem, the Government will also bring forward legislative work to revamp ship registration arrangements (including a dual-registration option) and continue sector promotion through Hong Kong Maritime Week. Green-shipping initiatives—such as port dues concessions for green-fuel vessels, incentives for green Hong Kong-registered ships, and legislative steps to expand anchorages for green-fuel bunkering—complement the tax measures and support the sector’s transition.

### Note / Take-aways

Businesses in the maritime and trading sectors may wish to assess how the proposed enhancements to the maritime tax concession regime and the half-rate concession for eligible commodities traders could apply to their existing or planned operating models. This may involve reviewing the structure and location of trading, chartering or maritime services activities, and considering whether forthcoming changes provide opportunities to refine Hong Kong-based substance, booking flows or value-chain integration. As the amendment bill is expected in the first half of this year, companies may also monitor the final scope of the concession and confirm effective dates on enactment before adjusting tax provisioning or transaction timing.



## Attracting Strategic Enterprises and Investment Through Preferential Tax Measures (subject to legislation)

To attract strategic enterprises to establish operations in Hong Kong, the Government will introduce preferential tax rates of either a half-rate or 5%, supported by land grant arrangements and financial subsidies, with legislative amendments expected in 2026. The Government indicates that a preliminary framework has been formulated and will take into account factors such as an enterprise's industry and technology level, and its potential economic contributions and employment opportunities for Hong Kong. Further details will be set out in the forthcoming bill.

These measures aim to lower establishment costs, encourage high-potential enterprises to anchor in Hong Kong, and strengthen the city's role as a platform for investment and cross-boundary business activity.

### Note / Take-aways

Businesses considering Hong Kong for new or expanded regional operations may review potential eligibility against the Government's preliminary framework—including industry fit, technology level, and expected economic and employment contributions—and assess the indicative impact of the half-rate or 5% regime together with possible land grants and financial support. Ahead of the 2026 bill, early planning around investment structure, substance and timing can help align establishment or restructuring with the new framework once enacted.



## Exploring Tax Incentives for Eligible Institutions

Following the signing of a cooperation agreement with the Shanghai Gold Exchange earlier this year and the establishment of Hong Kong's central clearing system for gold, the Government will explore the introduction of tax incentives for eligible institutions conducting gold trading and settlement in Hong Kong. These measures aim to strengthen Hong Kong's role as an international gold-trading hub and deepen market participation by improving the operating environment for gold-related financial activities.

By enhancing infrastructure and considering targeted concessions, the initiative seeks to attract global market players, support the growth of gold-linked financial products and reinforce Hong Kong's position in the regional precious-metals value chain. Further details will be set out as the Government continues its engagement with the industry.

### Note / Take-aways

Businesses involved in gold trading, settlement or related financial services may wish to monitor the development of the proposed tax incentives and assess how eligibility criteria could align with existing or planned operations. As the framework evolves, reviewing licensing status, transaction flows, operational presence in Hong Kong and compliance arrangements can help prepare for potential opportunities under the new regime once details are announced.



## Enhancement Measures and Pre-approval Mechanism

The Government will strengthen Hong Kong's role as a base for CTCs and enhance the city's appeal as a platform for "bringing in and going global." A series of enhancement measures will be announced in the middle of this year, including additional tax incentives and flexibility for CTCs and their associated companies, and the introduction of a pre-approval mechanism to provide greater certainty for businesses planning treasury operations in Hong Kong. This may include adjustments to existing preferential tax rates, which currently sit at 8.25% for qualifying treasury activities

These measures are intended to improve the operating environment for regional liquidity management, funding, cash pooling and risk-management activities carried out from Hong Kong, and to support multinational groups in locating or expanding treasury functions in the city. Further details will be set out when the package is released.

### Note / Take-aways

The introduction of a pre-approval mechanism will provide greater tax certainty by allowing businesses to confirm their eligibility for CTC concessions upfront, moving away from the previous return-election approach and reducing the risk of future disputes with the Inland Revenue Department. In parallel, the planned additional flexibility for "associated companies" suggests that more complex group structures may benefit from the regime, supporting broader internal restructuring within multinational groups. Ahead of the enhancement package to be announced in mid-2026, businesses involved in treasury management may review their intercompany funding flows, cash-pooling arrangements and Hong Kong-based substance, so that applications can be prepared and sequenced promptly once the detailed framework is released.



## Review and Enhancement to Support Greater Bay Area (GBA) Collaboration

The Budget notes that deeper integration with the GBA creates opportunities for cross-boundary scientific collaboration, technology transfer and the development of emerging and future industries.

In this context, the Government will review and enhance tax arrangements for R&D expenditures, with the objective of better aligning Hong Kong's tax framework to collaboration models that operate across Hong Kong–Shenzhen.

This review sits alongside the Government's broader efforts to strengthen life-and-health R&D platforms, including clinical-trial collaboration in the Hetao Co-operation Zone, and is intended to support more effective cross-boundary R&D activity as proposals are developed.

### Note / Take-aways

Businesses undertaking cross-boundary R&D may review how their activities are structured as the Government moves to review and enhance R&D tax arrangements. While the Budget does not set out specific mechanics, closer alignment with GBA-based collaboration models could, once details are announced, help address practical issues commonly seen in joint or outsourced projects. Early assessment of governance, contracting, evidence trails and substance/control in Hong Kong can help ensure projects are well-positioned when proposals are released.

**TAX MEASURES AND RELIEFS FOR  
INDIVIDUAL TAXPAYERS**





## One-off Tax Reduction

For 2025/26, the Government has introduced a one-off 100% reduction of salaries tax and tax under personal assessment, capped at HK\$3,000 per case, with the ceiling increased from HK\$1,500 in the previous year. The reduction applies to the final tax payable, and the Inland Revenue Department will apply the concession automatically upon enactment of the legislation.

This tax relief aims to alleviate the financial burden on individual taxpayers, providing immediate relief by reducing their final tax payable for the year of assessment 2025/26. Individual taxpayers are advised to assess their financial situation promptly to take full advantage of the one-off tax relief for the year 2025/26.

Hong Kong's salaries tax rates are unchanged. The two-tiered standard-rate regime applies at 15% on the first HKD 5 million of net income and 16% on the remainder, while progressive rates continue to apply at 2%, 6%, 10%, 14% and 17% on net chargeable income (taxpayers pay the lower of progressive vs. standard-rate calculations).

## Reference – Salaries Tax Rates (unchanged rates; relief applied via final assessment for YOA 2025/26)

### Two-tiered Standard Rates

Net assessable income (before deduction of allowances)	Tax Rate
First HK\$5 million	15%
Remainder	16%

### Progressive tax rates

Net Chargeable Income	Tax Rate
First HK\$50,000	2%
Next HK\$50,000	6%
Next HK\$50,000	10%
Next HK\$50,000	14%
Remainder	17%

### Note / Take-aways

Individuals may wish to estimate their 2025/26 tax position incorporating the HK\$ 3,000 one-off reduction, confirm that provisional tax is paid on schedule (with set-off on assessment), and review available allowances and deductions to optimise their overall taxable income.

## Higher Allowances and Enhanced Support for Families (from YOA 2026/27)

The Government proposed to adjust a range of allowances and deduction ceilings from the year of assessment 2026/27, reflecting its commitment to ease the financial burden on individuals and families:

- Increasing the **basic allowance and single parent allowance** from \$132,000 to \$145,000, and the **married person's allowance** from \$264,000 to \$290,000;
- increasing the **child allowance and additional child allowance** from \$130,000 to \$140,000;
- Increasing the **allowance for maintaining a dependent parent or grandparent aged 60 or above** from \$50,000 to \$55,000. The same increase applies to the **additional allowance for taxpayers residing with these parents or grandparents**;
- Increasing the **allowance for maintaining a dependent parent or grandparent aged 55 to 59** from \$25,000 to \$27,500. The same increase applies to the **additional allowance for taxpayers residing with these parents or grandparents**; and
- Raising the **deduction ceiling for elderly residential care expenses** from \$100,000 to \$110,000 for taxpayers whose parents or grandparents are admitted to eligible residential care homes.

Together, these changes aim to strengthen support for families, caregivers and households facing rising living and care costs.

### Note / Take-aways

Individuals may wish to estimate their 2026/27 tax liabilities using the updated allowances and deduction ceilings, to better plan cash flow and fully benefit from the enhanced reliefs. Taxpayers supporting children, parents or grandparents may especially benefit from reviewing their filing positions to optimise utilisation of the revised thresholds.





## Extension of Additional Child Allowance for Newborns

The Government will extend the period for claiming the additional child allowance for newborns from one year to two years, as announced in the 2025 Policy Address to support fertility.

Starting from the year of assessment 2026/27, taxpayers may claim the additional child allowance twice in the first two years following the child's birth. Based on the proposed child allowance of \$140,000, eligible taxpayers may claim \$280,000 in each of those two years.

This measure applies to all children under the age of two by the end of the year of assessment – in other words, all children born on or after 1 April 2025. The Inland Revenue Department has published further FAQs to guide taxpayers on eligibility and timing.

### Note / Take-aways

Taxpayers expecting a child on or after 1 April 2025 may factor the extended two-year additional allowance into forward tax planning. Families may review their filing approach – including whether personal assessment or spouse-by-spouse filing yields a better outcome – to fully utilise the enlarged deduction over the extended claim period.

# Adjustments to Tax Allowances and Deduction Ceilings

Comparison of Current Amounts and Adjusted Levels from YOA 2026/27 (subject to legislation)

The following tables provide an overview of the main allowances and deduction ceilings, showing the current levels and the adjusted amounts proposed to take effect from the year of assessment 2026/27 (highlighted in yellow for those with proposed changes).

Salaries Tax - Personal tax allowances		
Year of Assessment	2025/26	2026/27
	HK\$	HK\$
<b>Basic Allowance</b>	132,000	145,000
<b>Married Person's Allowance</b>	264,000	290,000
<b>Child Allowance (For each of the 1st to 9th child)</b>	130,000	140,000
<b>Additional Child Allowance (for each child)</b>	130,000	140,000
<b>Dependent Brother or Sister Allowance (For each dependent)</b>	37,500	37,500
<b>Dependent Parent and Dependent Grandparent Allowance (For each dependent)</b>		
- aged 60 or above; or or is eligible to claim an allowance under the Government's Disability	50,000	55,000
- aged 55 or above but below 60	25,000	27,500
<b>Additional Dependent Parent and Dependent Grandparent Allowance</b>		
- aged 60 or above; or or is eligible to claim an allowance under the Government's Disability	50,000	55,000
- aged 55 or above but below 60	25,000	27,500
<b>Single Parent Allowance</b>	132,000	145,000
<b>Personal Disability Allowance</b>	75,000	75,000
<b>Disabled Dependant Allowance (For each dependent)</b>	75,000	75,000



# Adjustments to Tax Allowances and Deduction Ceilings

Comparison of Current Amounts and Adjusted Levels from YOA 2026/27 (subject to legislation) (continued)

Salaries Tax - Deductions (Maximum Limits)		
Year of Assessment	2025/26	2026/27
	HK\$	HK\$
Expenses of Self-Education	100,000	100,000
Elderly Residential Care Expenses	100,000	110,000
Home Loan Interest		
- Basic	100,000	100,000
- Additional	20,000	20,000
Mandatory Contributions to Recognized Retirement Schemes	18,000	18,000
Qualifying Premiums Paid under Voluntary Health Insurance Scheme Policy (For each insured person)	8,000	8,000
Qualifying Annuity Premiums and Tax Deductible MPF Voluntary Contributions	60,000	60,000
Domestic Rents Deduction		
- Basic	100,000	100,000
- Additional	20,000	20,000
Approved charitable donations	35%	35%
Expenses on Assisted Reproductive Services	100,000	100,000





## One-off Payment to Eligible Social Security Recipients

Recognising the financial pressure faced by certain individuals, the Hong Kong Government will continue its commitment by providing a one-off allowance to eligible social security recipients in the 2026-27 budget.

This allowance will be equivalent to one month's standard rate payment for recipients of Comprehensive Social Security Assistance (CSSA), Old Age Allowance, Old Age Living Allowance, and Disability Allowance. Similarly, individuals receiving the Working Family Allowance will also benefit from this measure.

This initiative aims to provide immediate financial relief to those in need, helping them cope with rising living costs and economic uncertainties.

Additionally, this allowance will be non-taxable, ensuring that recipients receive the full benefit without any imposing any additional fiscal burdens.

### Note / Take-aways

To qualify for the allowance, individuals must be receiving one of the designated social security benefits at the time of payment disbursement. Eligible recipients do not need to submit a separate application, as payments will be processed automatically based on existing welfare records.

For the individuals who are not currently enrolled in these programs, they should review their eligibility and apply for the relevant social security scheme promptly to ensure they receive the allowance.



## Extended Pilot and Primary-care Spending Incentive

The Government will extend the Elderly Health Care Voucher Pilot Reward Scheme by two years to end-2028. Under the arrangement, elderly persons who accumulate voucher spending of HK\$1,000 or above within the same year on specified primary healthcare (PHC) services—such as health examinations and chronic-disease management—will receive a HK\$500 voucher reward. The measure is designed to deepen the use of PHC services in the community.

### Note / Take-aways

Elderly users (and caregivers) may wish to plan PHC visits earlier in the year and track voucher spending to reach the HK\$1,000 annual threshold—for example, by scheduling check-ups or chronic-care follow-ups with PHC providers designated for the scheme—so that the HK\$500 reward can be unlocked and reserved for future use.

**OTHER TAX MEASURES**



## Increasing the Stamp Duty Rate for Residential Property with Value Above \$100 Million

The Government proposed to increase the ad valorem stamp duty rate for residential properties with value above \$100 million from 4.25% to 6.5%. The new rates apply to any instrument executed on or after 26 February 2026 for the sale and purchase or transfer of residential property.

Reference – Comparison of Present and Proposed Ad Valorem Stamp Duty Rate for Residential Properties (marginal relief not yet included)

Amount or value of consideration (whichever is the higher)	Rates	
	Present	Proposed
Up to \$4,000,000	\$100	\$100
\$4,000,001 to \$4,500,000	1.50%	1.50%
\$4,500,001 to \$6,000,000	2.25%	2.25%
\$6,000,001 to \$9,000,000	3.00%	3.00%
\$9,000,001 to \$20,000,000	3.75%	3.75%
\$20,000,001 to \$100,000,000	4.25%	4.25%
\$100,000,001 or above	4.25%	6.50%

### Note / Take-aways

Parties may wish to obtain appropriate valuation support where a property's value is close to the HK\$ 100 million threshold, given the IRD's ability to review and determine the market value for stamping purposes. Ensuring that valuations, comparables and supporting documentation are in place at the time of execution can help provide clarity on whether the 6.5% AVD rate applies and assist with smoother stamping and post-transaction compliance.



## Waiver for Transfers of Non-residential Properties into REITs Seeking a Hong Kong Listing (subject to legislative amendments)

The Government will provide a stamp duty waiver for the transfer of non-residential properties (e.g., offices, malls, industrial assets, logistics centres) into REITs seeking a Hong Kong listing, subject to conditions to be set out in legislation.

An amendment bill is expected in the first half of 2027 to provide a dedicated framework for listing-stage property injections. The waiver is intended to reduce transaction frictions and support the development of Hong Kong's REIT market.

### Note / Take-aways

Early coordination of valuation, title and regulatory timetables with listing milestones can help streamline execution when the waiver becomes available.



## Relaxing the Criteria for Stamp Duty Relief in Respect of Intra-group Transfers

The Government proposed to relax the criteria for intra-group stamp duty relief under Section 45 of the Stamp Duty Ordinance to expand eligibility for corporate restructurings. The proposal (i) expands the scope of eligible “associated bodies corporate” to include bodies corporate without issued or allotted share capital (for example, limited liability partnerships with separate legal personality), and (ii) reduces the association threshold from 90% to 75%. The enhanced regime applies to instruments executed on or after 25 February 2026, with legislation to follow.

For the purpose of the 75% association test, a body corporate will be deemed to have an associating interest in another body corporate if it holds at least 75% direct or indirect beneficial interest (by reference to issued share capital or ownership interest, as applicable) or controls at least 75% of the voting rights in that body corporate.

Before the amendment ordinance is enacted, duty payers may submit adjudication requests for instruments that satisfy the conditions under the enhanced regime. The Stamp Office will decide on the relief after enactment; up-front stamp duty payment is not required in these cases. Application procedures for Section 45 relief remain as set out in the IRD’s Intra-Group Relief stamping notes.

These changes are intended to reduce frictional costs for group reorganisations and align Hong Kong’s framework more closely with practical group structures, particularly where minority interests or non-share-capital entities are present in the chain.

### Note / Take-aways

Groups planning intra-group transfers of Hong Kong immovable property or Hong Kong stocks may wish to review ownership chains, voting rights and entity classifications in light of the enhanced Section 45 relief – including eligibility for bodies corporate without issued share capital and the reduced association threshold of 75% under the proposed regime. For instruments executed on or after 25 February 2026, businesses may consider using the adjudication route where the enhanced conditions appear to be met, allowing the Stamp Office to confirm relief post-enactment without up-front duty.



## Extending Rates Concession for Domestic and Non-domestic Properties

In the 2026-27 Budget, the Hong Kong Government has announced a rates concession for both domestic and non-domestic properties for the first two quarters of 2026/27. The concession will be capped at HK\$500 per rateable property. The measure offers short-term relief to property owners and occupiers amid ongoing economic pressures.

### Note / Take-aways

Prospective buyers and investors should continue to prioritize long-term investment strategies, focusing on the overall value and growth potential of properties rather than relying on short-term concessions.



# First Registration Tax (FRT) Concessions for Electric Vehicles (EV)

## Commercial EV FRT Waiver Extended to 31 March 2028; Electric Private-car Concessions Ending 31 March 2026

The Government will continue to fully waive the FRT for electric commercial vehicles, electric motorcycles and electric motor tricycles until 31 March 2028, providing certainty for fleet operators and supporting Hong Kong's broader transition to cleaner transport.

For electric private cars (e-PCs), the existing FRT concessions – including the “One-for-One Replacement” scheme, with a current cap of HK\$172,500 – will end on 31 March 2026. Applications for first registration submitted on or after 1 April 2026 will not be eligible for the concession. A one-off transitional arrangement applies where an e-PC was ordered on or before 25 February 2026, or shipment to Hong Kong for the owner's personal use had already been arranged; in such cases, the concession may still be granted if the complete first-registration application is lodged by 24 February 2027.

These arrangements reflect the Government's intention to prioritise commercial adoption of electric vehicles while allowing time for private-car buyers with firm orders to complete registration under the existing concession structure.

### Note / Take-aways

Given the expected increase in applications ahead of the 31 March 2026 cut-off, prospective buyers of electric private cars may wish to take early steps to finalise purchase and registration arrangements, as processing times at the Transport Department may lengthen during the peak period. For businesses, the continuation of the commercial EV FRT waiver until 31 March 2028 provides a clearer window to assess vehicle needs and consider a phased transition to electric commercial vehicles.



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