



2020/2021

HONG KONG BUDGET

Key Measures

**KENNETH
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Hong Kong Budget 2020/2021

Key measures

The Financial Secretary of the Hong Kong Special Administrative Region Government, Mr Paul Chan released the 2020-21 Budget on 26 February 2020.

Looking back in 2019, GDP growth was -1.2% while the GP growth forecast for 2020 is -1.5 to 0.5%. The focus of this year Budget is on supporting enterprises, safeguarding jobs, stimulating the economy and relieving people's burden. Key initiatives to develop and diversify the economy include:

Support Enterprises

- \$10,000 cash payout to Hong Kong permanent residents aged 18 or above
- Introduce a concessionary low-interest loan with 100% guarantee for enterprises, which will be open for application for six months. Maximum loan of \$2 million with repayment period up to three years. Moratorium on principle repayment for first six months
- Reduce profits tax for 2019-20 assessment year by 100% subject to a \$20,000 ceiling

- Waive business registration fees for 2020-21
- Waive registration fees for company annual returns for two years

Financial Services

- Launch a \$1 billion pilot scheme for fixed-rate mortgages to help reduce risks of interest rate volatility for homebuyers
 - Issue inflation-linked retail bonds and Silver Bonds totalling not less than \$13 billion
 - Issue green bonds totalling \$66 billion in next 5 years

Innovation and Technology

- Earmark \$3 billion to take forward Phase 2 of the Science Park Expansion Programme
 - Explore the establishment of a third InnoHK research cluster
 - Increase the grant ceiling under the Technology Voucher Programme to \$600,000 and raise the Government's funding ratio to 75%
 - Inject \$345 million for a pilot subsidy scheme to encourage the logistics industry to enhance productivity through the application of technology

Tourism

- Additional funding of over \$700 million for the Hong Kong Tourism Board to step up external promotion after the epidemic

Trade

- Additional funding of \$150 million for the Hong Kong Trade Development Council to assist Hong Kong enterprises in exploring business opportunities

Professional Services

- Earmark about \$450 million to implement the “Vision 2030 for Rule of Law” project to strengthen the Hong Kong community’s understanding of the concept of the rule of law and its implementation

Cultural and Creative Industries

- Additional \$900 million to the Art Development Matching Grants Scheme to further promote sponsorship of culture and arts from all sectors

Nurture Talents

- Expand the Researcher Programme and Postdoctoral Hub to cover all technology companies conducting R&D activities in Hong Kong

For the sources of above and for more details of the Budget and tax related measures, please visit:

<https://www.budget.gov.hk/2020>

<https://www.ird.gov.hk>

<https://www.investhk.gov.hk>

About Kenneth Chau & Co.

Kenneth Chau & Co, based in Hong Kong since 1960, have built reputation and professional expertise through a team of Certified Public Accountants and Certified Tax Advisers. Our professional team combines many years of expertise in the areas of Audit, Taxation, and Corporate Secretarial & Advisory services.

Kenneth Chau & Co. is a member firm of MGI Worldwide.

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