
Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024

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A BILL

To

Amend the Inland Revenue Ordinance to increase the ceiling amounts for concessionary deductions allowable for home loan interest and domestic rents; to give effect to certain proposals in the Budget introduced by the Government for the 2024–2025 financial year concerning tax concessions and the introduction of two-tiered standard rates for salaries tax, provisional salaries tax and tax under personal assessment; and to provide for related matters.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title

This Ordinance may be cited as the Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Ordinance 2024.

2. Inland Revenue Ordinance amended

The Inland Revenue Ordinance (Cap. 112) is amended as set out in Parts 2, 3 and 4.

Part 2

Increasing Ceiling Amounts for Concessionary Deductions Allowable for Home Loan Interest and Domestic Rents

3. Section 26E amended (home loan interest)

(1) Section 26E(2)(a)—

Repeal

everything after “any year of assessment”

Substitute

“is to be the lesser of the paid amount and capped amount, where—

(i) the paid amount is—

(A) if the dwelling is used by the person exclusively as the person’s place of residence during the whole of that year of assessment—the amount of the home loan interest paid; or

(B) in any other case—such amount (whether representing the full amount of the home loan interest paid or any part of that full amount) as is reasonable in the circumstances; and

(ii) the capped amount is (regardless of whether the dwelling is used by the person exclusively as the person’s place of residence during the whole of that year of assessment)—

(A) if all of the conditions specified in subsection (2A) are met in relation to the

person—the aggregate of the HLI basic deduction ceiling amount and HLI additional deduction ceiling amount for that year of assessment; or

(B) in any other case—the HLI basic deduction ceiling amount for that year of assessment.”.

(2) Section 26E(2)(c)—

Repeal

everything after “purposes of” and before “be regarded”

Substitute

“this section, where a dwelling is held by a person otherwise than as a sole owner, the capped amount is to”.

(3) After section 26E(2)—

Add

“(2A) The following conditions are specified for the purposes of subsection (2)(a)(ii)(A)—

- (a) the person resides, during the year of assessment concerned, with a child of the person in Hong Kong for—
 - (i) a continuous period of not less than 6 months; or
 - (ii) a shorter period that the Commissioner considers reasonable in the circumstances;
- (b) the child—
 - (i) was born on or after 25 October 2023; and
 - (ii) is, at any time during that year of assessment, under the age of 18;

- (c) the paid amount is larger than the HLI basic deduction ceiling amount for that year of assessment;
 - (d) the person elects in writing in the person's claim for a deduction allowable under this section to use both an HLI basic deduction ceiling amount and an HLI additional deduction ceiling amount to determine the amount of deduction so allowable for that year of assessment.
- (2B) For the purposes of this section, an election under subsection (2A)(d) for a year of assessment applies to every home loan that is taken into account in determining the total amount of deduction allowable under this section for that year of assessment.”.
- (4) Section 26E(4)(c)—
- Repeal**
“not);”
- Substitute**
“not), regardless of whether any HLI additional deduction ceiling amount has been used to determine the amount of deduction for any of those 20 years;”.
- (5) Section 26E(5)—
- Repeal**
“the person shall be deemed to have”
- Substitute**
“unless the claim or nomination to which the deduction relates is subsequently regarded as not having been made under subsection (6)(b)(i) or section 26F(4)(b)(i), the person is to be regarded as having”.
- (6) After section 26E(5)—

Add

- “(5A) Without limiting subsection (4), an HLI increased deduction is not allowable to a person in respect of any home loan interest paid during a year of assessment if an increased deduction has been allowed (whether in respect of the same dwelling or domestic premises or in respect of any other dwelling or domestic premises) to the person for an aggregate of 19 years of assessment (whether continuous or not).
- (5B) For the purposes of subsection (5A), if a person makes an election under subsection (2A)(d) or section 26Y(5A)(d) (*subject election*) for a year of assessment and, as a result of the subject election, an increased deduction is taken into account in that year of assessment in ascertaining—
- (a) subject to paragraphs (b) and (c)—the net chargeable income of the person or the person’s spouse;
 - (b) where the person and the person’s spouse have made an election under section 10(2)—the aggregated net chargeable income of the person and the person’s spouse; or
 - (c) where the person or the person’s spouse, or the person and the person’s spouse, have made an election under section 41—the amount of the assessment made under section 42A(1) in respect of the person or the person’s spouse, or in respect of the person and the person’s spouse, unless the subject election is subsequently regarded as not having been made under subsection (6)(b) or section 26F(4)(b), 26YA(2)(a) or 26ZB(3)(b)(ii), the

person is to be regarded as having been allowed the deduction for that year of assessment.”.

(7) After section 26E(6)(a)—

Add

“(ab) For the purposes of paragraph (a), when revoking a claim, a person may revoke—

(i) if the amount of the deduction concerned was determined using only an HLI basic deduction ceiling amount—the claim in respect of the whole of the deduction; or

(ii) if the amount of the deduction concerned was determined using both an HLI basic deduction ceiling amount and an HLI additional deduction ceiling amount—

(A) the claim in respect of the whole of the deduction; or

(B) the claim to the extent that the deduction relates to the HLI additional deduction ceiling amount.”.

(8) Section 26E(6)(b)—

Repeal

everything after “paragraph”

Substitute

“(a)—

(i) if the claim is revoked in respect of the whole of the deduction—the claim and (if applicable) the election under subsection (2A)(d) to which the deduction relates (*specified election*) are to be regarded as not having been made; or

- (ii) if the claim is revoked to the extent that the deduction relates to the HLI additional deduction ceiling amount—
 - (A) the claim and specified election are to be regarded as not having been made; and
 - (B) the person is to be regarded as having claimed a deduction under this section, the amount of which is determined using only the HLI basic deduction ceiling amount.”.
- (9) Section 26E(6A), after “subsection (6)”—

Add

“(whether in respect of the whole of a claim or part of a claim)”.

- (10) Section 26E(9)—

Add in alphabetical order

“*capped amount* (上限款額)—see subsection (2)(a)(ii);

child (子女), in relation to a person—

- (a) means a child of the person or of the person’s spouse or former spouse, whether or not the child was born in wedlock; and
- (b) includes the adopted or step child of either or both of the following—
 - (i) the person;
 - (ii) the person’s spouse or former spouse;

domestic premises (住宅處所) has the meaning given by section 26W(1);

DR increased deduction (住宅租金經提高的扣除) has the meaning given by section 26ZA(2);

HLI additional deduction ceiling amount (居貸利息額外扣除限額), in relation to a deduction allowable under this section in respect of any home loan interest paid during a year of assessment, means the amount specified in Part 2 of Schedule 3D for that year of assessment;

HLI basic deduction ceiling amount (居貸利息基本扣除限額), in relation to a deduction allowable under this section in respect of any home loan interest paid during a year of assessment, means the amount specified in Part 1 of Schedule 3D for that year of assessment;

HLI increased deduction (居貸利息經提高的扣除) means a deduction allowable under this section, the amount of which is determined using both an HLI basic deduction ceiling amount and an HLI additional deduction ceiling amount;

increased deduction (經提高的扣除) means—

- (a) a DR increased deduction; or
- (b) an HLI increased deduction;

paid amount (已付款額)—see subsection (2)(a)(i);”.

4. Section 26F amended (nomination for purposes of section 26E)

(1) Section 26F(2)—

Repeal paragraph (b)

Substitute

“(b) subject to subsection (4)(b)—

- (i) the person but not the spouse is, for the purposes of section 26E(4)(c) and (d), to be regarded as having been allowed the deduction

under section 26E for that year of assessment;
and

- (ii) without limiting subparagraph (i), if the deduction is an HLI increased deduction, the person but not the spouse is, for the purposes of section 26E(5A), also to be regarded as having been allowed the deduction under section 26E for that year of assessment.”.

- (2) After section 26F(4)(a)—

Add

“(ab) For the purposes of paragraph (a), when revoking a nomination, a person may revoke—

- (i) if the amount of the deduction concerned was determined using only an HLI basic deduction ceiling amount—the nomination in respect of the whole of the deduction; or
- (ii) if the amount of the deduction concerned was determined using both an HLI basic deduction ceiling amount and an HLI additional deduction ceiling amount—

(A) the nomination in respect of the whole of the deduction; or

(B) the nomination to the extent that the deduction relates to the HLI additional deduction ceiling amount.”.

- (3) Section 26F(4)(b)—

Repeal

everything after “paragraph”

Substitute

“(a)—

- (i) if the nomination is revoked in respect of the whole of the deduction—the nomination, claim and (if applicable) the election under section 26E(2A)(d) to which the deduction relates (*specified election*) are to be regarded as not having been made; or
- (ii) if the nomination is revoked to the extent that the deduction relates to the HLI additional deduction ceiling amount—
 - (A) the nomination, claim and specified election are to be regarded as not having been made; and
 - (B) the person is to be regarded as having nominated the person’s spouse under this section to claim a deduction under section 26E, the amount of which is determined using only the HLI basic deduction ceiling amount.”.

(4) After section 26F(4)—

Add

“(5) In this section—

HLI additional deduction ceiling amount (居貸利息額外扣除限額) has the meaning given by section 26E(9);

HLI basic deduction ceiling amount (居貸利息基本扣除限額) has the meaning given by section 26E(9);

HLI increased deduction (居貸利息經提高的扣除) has the meaning given by section 26E(9).”.

5. Section 26W amended (interpretation)

Section 26W(1)—

Add in alphabetical order

“*child* (子女), in relation to a person—

- (a) means a child of the person or of the person’s spouse or former spouse, whether or not the child was born in wedlock; and
- (b) includes the adopted or step child of either or both of the following—
 - (i) the person;
 - (ii) the person’s spouse or former spouse;

DR additional deduction ceiling amount (住宅租金額外扣除限額)—see section 26Y(7A);

DR basic deduction ceiling amount (住宅租金基本扣除限額)—see section 26Y(7);”.

6. Section 26Y amended (amount of deduction)

- (1) Section 26Y(1)—

Repeal the definition of *deduction ceiling*.

- (2) Section 26Y(5)—

Repeal

“is—”

Substitute

“is to be the lesser of—”.

- (3) Section 26Y(5)(a)—

Repeal

“or”

Substitute

“and”.

- (4) Section 26Y(5)—

Repeal everything after paragraph (a)

Substitute

“(b) an amount equal to—

- (i) if all of the conditions specified in subsection (5A) are met in relation to the person—the aggregate of the DR basic deduction ceiling amount and DR additional deduction ceiling amount for the tenancy for the period; or
- (ii) in any other case—the DR basic deduction ceiling amount for the tenancy for the period.”.

(5) After section 26Y(5)—

Add

“(5A) The following conditions are specified for the purposes of subsections (5)(b)(i) and (9)(c)—

- (a) the person resides, during the year of assessment concerned, with a child of the person in Hong Kong for—
 - (i) a continuous period of not less than 6 months; or
 - (ii) a shorter period that the Commissioner considers reasonable in the circumstances;
- (b) the child—
 - (i) was born on or after 25 October 2023; and
 - (ii) is, at any time during that year of assessment, under the age of 18;
- (c) the qualifying rental amount concerned is larger than the DR basic deduction ceiling amount concerned;

- (d) the person elects in writing in the person's claim for a deduction allowable under section 26X to use both a DR basic deduction ceiling amount and a DR additional deduction ceiling amount to determine the amount of deduction so allowable for that year of assessment.
- (5B) For the purposes of this section, an election under subsection (5A)(d) for a year of assessment applies to every qualifying tenancy that is taken into account in determining the total amount of deduction allowable under section 26X for that year of assessment.”.
- (6) Section 26Y(7)—
- Repeal**
“deduction ceiling” (wherever appearing)
- Substitute**
“DR basic deduction ceiling amount”.
- (7) Section 26Y(7), before “Schedule 3G”—
- Add**
“Part 1 of”.
- (8) After section 26Y(7)—
- Add**
“(7A) For the purposes of subsection (5) and subject to subsections (8) and (9), the DR additional deduction ceiling amount for a qualifying tenancy for a specified period is an amount calculated in accordance with the following formula—

$$A = B \times \frac{C}{12} \div D$$

- where:
- A means the DR additional deduction ceiling amount;
 - B means the amount specified in Part 2 of Schedule 3G for the year of assessment concerned;
 - C means the number of months (and pro rata for an incomplete month) during which the contractual period of the tenancy overlaps with the specified period;
 - D means the number of tenants under the tenancy.”.

(9) Section 26Y(8)(a)—

Repeal

“and”.

(10) Section 26Y(8)(b)—

Repeal

“deduction ceiling”

Substitute

“DR basic deduction ceiling amount”.

(11) Section 26Y(8)(b)—

Repeal the full stop

Substitute

“; and”.

(12) After section 26Y(8)(b)—

Add

“(c) (if applicable) for determining the DR additional deduction ceiling amount for the tenancy for a particular period, the amount calculated under subsection (7A) is to be multiplied by 2.”.

(13) After section 26Y(8)—

Add

“(9) For the purposes of subsection (5), if—

- (a) the person is married;
- (b) either the person or the person’s spouse (but not both) makes an election under subsection (5A)(d); and
- (c) the conditions specified in subsection (5A)(a), (b) and (c) are met in relation to the person or spouse making the election,

for determining the DR additional deduction ceiling amount concerned, the amount calculated under subsection (7A) is to be divided by 2.”.

7. Section 26YA added

After section 26Y—

Add

“26YA. Revocation of election under section 26Y(5A)(d)

- (1) If, when making a claim for a deduction allowable under section 26X, a person makes an election under section 26Y(5A)(d), that election may only be revoked by the person by written notice to the Commissioner within 6 months after the date on which the deduction is allowed to the person under section 26X.

- (2) If an election under section 26Y(5A)(d) is revoked under subsection (1)—
 - (a) the election is to be regarded as not having been made; and
 - (b) for the purposes of this Division and any additional assessment under section 60(1), section 26Y is to apply to determine the amount of deduction allowable under section 26X as if the claim were made without the election.
- (3) If a person revokes an election under subsection (1) after 6 years from the expiry of the year of assessment to which the election relates, an assessor may, within 2 years after the revocation, make an additional assessment of the tax payable in consequence of the revocation and for this purpose, section 60(1) applies to the additional assessment as if it were an assessment made under that section.”.

8. Section 26ZA amended (deduction not allowable in certain circumstances)

- (1) After section 26ZA(1)—

Add

- “(1A) Without limiting subsection (1), despite section 26X, a DR increased deduction is not allowable to a person in respect of any rents paid under a qualifying tenancy of any domestic premises in relation to a period within a year of assessment if an increased deduction has been allowed (whether in respect of the same dwelling or domestic premises or in respect of any other dwelling or domestic premises) to the person for an aggregate of 19 years of assessment (whether continuous or not).

- (1B) For the purposes of subsection (1A), if a person makes an election under section 26E(2A)(d) or 26Y(5A)(d) (*subject election*) for a year of assessment and, as a result of the subject election, an increased deduction is taken into account in that year of assessment in ascertaining—
- (a) subject to paragraphs (b) and (c)—the net chargeable income of the person or the person’s spouse;
 - (b) where the person and the person’s spouse have made an election under section 10(2)—the aggregated net chargeable income of the person and the person’s spouse; or
 - (c) where the person or the person’s spouse, or the person and the person’s spouse, have made an election under section 41—the amount of the assessment made under section 42A(1) in respect of the person or the person’s spouse, or in respect of the person and the person’s spouse, unless the subject election is subsequently regarded as not having been made under section 26E(6)(b), 26F(4)(b), 26YA(2)(a) or 26ZB(3)(b)(ii), the person is to be regarded as having been allowed the deduction for that year of assessment.”.
- (2) Section 26ZA(2)—
Repeal the definition of *child*.
- (3) Section 26ZA(2)—
Add in alphabetical order
“*DR increased deduction* (住宅租金經提高的扣除) means a deduction allowable under section 26X, the amount of which is determined using both a DR basic

deduction ceiling amount and a DR additional deduction ceiling amount;

dwelling (住宅) has the meaning given by section 26E(9);

HLI increased deduction (居貸利息經提高的扣除) has the meaning given by section 26E(9);

increased deduction (經提高的扣除) means—

- (a) a DR increased deduction; or
- (b) an HLI increased deduction;”.

9. Section 26ZB amended (refund of domestic rents paid)

Section 26ZB(3)(b)—

Repeal

everything after “allowed,”

Substitute

“then—

- (i) despite any time limit for making an additional assessment under section 60, an assessor may, having regard to the reduction, make an additional assessment on the person under that section; and
- (ii) if—
 - (A) when making the claim, the person made an election under section 26Y(5A)(d) to use both a DR basic deduction ceiling amount and a DR additional deduction ceiling amount to determine the amount of the deduction; and

(B) as a result of the additional assessment mentioned in subparagraph (i), the deduction is disallowed in whole or to the extent that it relates to the DR additional deduction ceiling amount,

the election is to be regarded as not having been made.”.

10. Section 63CA amended (calculating net chargeable income for computing provisional salaries tax: meaning of certain references)

(1) Section 63CA(3)(b)—

Repeal

everything after “exceeding”

Substitute

“—

(i) if the deduction allowable under that section for the year preceding the relevant year of assessment is not an HLI increased deduction—the amount specified in Part 1 of Schedule 3D for the relevant year of assessment; or

(ii) if the deduction allowable under that section for the year preceding the relevant year of assessment is an HLI increased deduction—the aggregate of the amounts specified in Parts 1 and 2 of Schedule 3D for the relevant year of assessment;”.

(2) Section 63CA(3)(f)—

Repeal

everything after “exceeding”

Substitute

“__

- (i) if the deduction allowable under that section for the year preceding the relevant year of assessment is not a DR increased deduction—the amount specified in Part 1 of Schedule 3G for the relevant year of assessment; or
- (ii) if the deduction allowable under that section for the year preceding the relevant year of assessment is a DR increased deduction—the aggregate of the amounts specified in Parts 1 and 2 of Schedule 3G for the relevant year of assessment.”.

(3) Section 63CA(4)(b)—

Repeal

everything after “exceeding”

Substitute

“__

- (i) if the deduction allowable under that section for the year preceding the relevant year of assessment is not an HLI increased deduction—the amount specified in Part 1 of Schedule 3D for the relevant year of assessment; or
- (ii) if the deduction allowable under that section for the year preceding the relevant year of assessment is an HLI increased deduction—the aggregate of the amounts specified in Parts 1 and 2 of Schedule 3D for the relevant year of assessment;”.

(4) Section 63CA(4)(f)—

Repeal

everything after “exceeding”

Substitute

“—

- (i) if the deduction allowable under that section for the year preceding the relevant year of assessment is not a DR increased deduction—the amount specified in Part 1 of Schedule 3G for the relevant year of assessment; or
- (ii) if the deduction allowable under that section for the year preceding the relevant year of assessment is a DR increased deduction—the aggregate of the amounts specified in Parts 1 and 2 of Schedule 3G for the relevant year of assessment.”.

- (5) After section 63CA(6)—

Add

“(7) In this section—

DR increased deduction (住宅租金經提高的扣除) has the meaning given by section 26ZA(2);

HLI increased deduction (居貸利息經提高的扣除) has the meaning given by section 26E(9).”.

11. Section 63E amended (holding over of payment of provisional salaries tax)

- (1) Section 63E(2)(bd)(ii)(A)—

Repeal

everything after “owner—”

Substitute

“(if the deduction concerned is not an HLI increased deduction) the amount specified in Part 1 of Schedule 3D

for the year preceding the year of assessment, or (if the deduction concerned is an HLI increased deduction) the aggregate of the amounts specified in Parts 1 and 2 of that Schedule for the year preceding the year of assessment;”.

- (2) Section 63E(2)(bd)(ii)(B)—

Repeal

everything after “tenant—” and before “as divided”

Substitute

“(if the deduction concerned is not an HLI increased deduction) the amount specified in Part 1 of Schedule 3D for the year preceding the year of assessment, or (if the deduction concerned is an HLI increased deduction) the aggregate of the amounts specified in Parts 1 and 2 of that Schedule for the year preceding the year of assessment;”.

- (3) Section 63E(2)(bd)(ii)(C)—

Repeal

everything after “common—” and before “as multiplied”

Substitute

“(if the deduction concerned is not an HLI increased deduction) the amount specified in Part 1 of Schedule 3D for the year preceding the year of assessment, or (if the deduction concerned is an HLI increased deduction) the aggregate of the amounts specified in Parts 1 and 2 of that Schedule for the year preceding the year of assessment;”.

- (4) Section 63E(2)(bg)(ii)—

Repeal

everything after “basis that”

Substitute

“—

- (A) (if the deduction concerned is not a DR increased deduction) the amount specified in Part 1 of Schedule 3G for the year of assessment were the same as the amount specified in Part 1 of that Schedule for the year preceding the year of assessment; or
- (B) (if the deduction concerned is a DR increased deduction) the aggregate of the amounts specified in Parts 1 and 2 of Schedule 3G for the year of assessment were the same as the aggregate of the amounts specified in Parts 1 and 2 of that Schedule for the year preceding the year of assessment;”.

(5) At the end of section 63E—

Add

“(6) In this section—

DR increased deduction (住宅租金經提高的扣除) has the meaning given by section 26ZA(2);

HLI increased deduction (居貸利息經提高的扣除) has the meaning given by section 26E(9).”.

12. Section 80 amended (penalties for failure to make returns, making incorrect returns, etc.)

After section 80(2)(cb)—

Add

“(cc) fails to comply with section 26ZB(3)(a);”.

13. Section 82A amended (additional tax in certain cases)

(1) After section 82A(1)(cb)—

Add

“(cc) fails to comply with section 26ZB(3)(a); or”.

(2) Section 82A(4)(a)(i)(A)—

Repeal

“26M(3)(a) or 26Q(3)(a),”

Substitute

“26M(3)(a), 26Q(3)(a) or 26ZB(3)(a),”.

14. Section 89 amended (transitional provisions or other provisions having effect for purposes of amendments to this Ordinance)

Section 89—

Add

“(32) Schedule 59 sets out the provisions that have effect for the purposes of the amendments to this Ordinance made by the Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Ordinance 2024 (of 2024).”.

15. Schedule 3D amended (home loan interest deduction)

(1) Schedule 3D—

Repeal

“63E]”

Substitute

“63E & Sch. 59]”.

(2) Schedule 3D, after the heading—

Add

“Part 1

HLI Basic Deduction Ceiling Amount”.

(3) At the end of Schedule 3D—

Add

“Part 2

HLI Additional Deduction Ceiling Amount

Column 1	Column 2	Column 3
Item	Year of assessment	Amount
1.	For the year of assessment 2024/25 and for each year after that year	\$20,000”.

16. Schedule 3G amended (amount specified for deductions for domestic rents)

(1) Schedule 3G—

Repeal

“63E]”

Substitute

“63E & Sch. 59]”.

(2) Schedule 3G, after the heading—

Add

“Part 1

**Calculating DR Basic Deduction Ceiling
Amount”.**

- (3) At the end of Schedule 3G—
Add

“Part 2

**Calculating DR Additional Deduction Ceiling
Amount**

Column 1 Item	Column 2 Year of assessment	Column 3 Amount
1.	For the year of assessment 2024/25 and for each year after that year	\$20,000”.

- 17. Schedule 59 added**
The Ordinance—
Add

“Schedule 59

[s. 89(32)]

Provisions for Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Ordinance 2024

1. Interpretation

In this Schedule—

year of assessment 2024/25 (2024/25課税年度) means the year of assessment beginning on 1 April 2024.

2. Application of amendments

The amendments made to Divisions 4 and 8 of Part 4A, to Part 10A, to Part 14 and to Schedules 3D and 3G by the Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Ordinance 2024 (of 2024) apply in relation to the year of assessment 2024/25 and to all subsequent years of assessment.

3. Application for holding over payment of provisional salaries tax on additional ground

- (1) A person who is liable to pay provisional salaries tax in respect of the year of assessment 2024/25 may apply to the Commissioner to have the payment of the whole or part of the tax held over until the person is required to pay salaries tax for the year.

- (2) An application may be made under subsection (1) if, for the year of assessment 2024/25, an increased deduction (as defined by section 26E(9)) is, or is likely to be, allowable to the person mentioned in subsection (1).
- (3) This section does not affect the operation of section 63E.

4. Provisions supplementary to section 3 of this Schedule

- (1) This section applies to an application under section 3 of this Schedule.
 - (2) The application must be made in writing.
 - (3) The application must be made not later than—
 - (a) the 28th day before the day by which the provisional salaries tax is to be paid; or
 - (b) the 14th day after the date of the notice for payment of provisional salaries tax under section 63C(6),whichever is later.
 - (4) However, the Commissioner may, if satisfied that it is appropriate, either generally or in a particular case, postpone the deadline.
 - (5) On receipt of the application, the Commissioner—
 - (a) must consider the application; and
 - (b) may hold over the payment of the whole or part of the provisional salaries tax.
 - (6) The Commissioner must, by written notice, inform the applicant of the Commissioner’s decision.”.
-

Part 3

Tax Concessions

18. Schedule 43 amended (reduction of taxes)

At the end of Schedule 43—

Add

“For the year of assessment 2023/24

	Column 1 (section)	Column 2 (prescribed percentage or prescribed amount)
1.	Salaries tax	
	(a) section 100(1)(a)	100%
	(b) section 100(1)(b)	\$3,000
2.	Profits tax	
	(a) section 100(2)(a)	100%
	(b) section 100(2)(b)	\$3,000
3.	Tax under personal assessment	
	(a) section 100(4)(a)	100%
	(b) section 100(4)(b)	\$3,000”.

Part 4

Introduction of Two-tiered Standard Rates

19. Schedule 1 amended (standard rate)

Schedule 1—

Repeal

“For the year of assessment 2008/09 and
for each year after that year — 15%.”

Substitute

“For the years of assessment 2008/09 to
2023/24 inclusive — 15%.

For the year of assessment 2024/25 and
for each year after that year—

- (a) for salaries tax, provisional
salaries tax and tax under
personal assessment—
 - (i) on the first \$5,000,000 — 15%;
 - (ii) on the remainder — 16%;
- (b) for other taxes — 15%.”.

Explanatory Memorandum

The purpose of this Bill is to amend the Inland Revenue Ordinance (Cap. 112) (*principal Ordinance*)—

- (a) to increase the ceiling amounts for concessionary deductions allowable for home loan interest (*HLI*) and domestic rents (*DR*);
- (b) to give effect to certain proposals in the Budget introduced by the Government for the 2024–2025 financial year concerning—
 - (i) tax concessions; and
 - (ii) the introduction of two-tiered standard rates for salaries tax, provisional salaries tax and tax under personal assessment (*subject taxes*); and
- (c) to provide for related matters.

2. Clause 1 sets out the short title.

Increasing Ceiling Amounts for Concessionary Deductions Allowable for HLI and DR

3. Clause 3 amends section 26E of the principal Ordinance to provide that, if certain conditions are met, an additional deduction ceiling amount (*HLI additional deduction ceiling amount*) can be used in determining the amount of deduction allowable under that section in respect of HLI paid. The key conditions are—

- (a) that the taxpayer concerned resides, during the year of assessment concerned, with a child of the taxpayer in Hong Kong for—

- (i) a continuous period of not less than 6 months;
or
 - (ii) a shorter period that the Commissioner of Inland Revenue considers reasonable in the circumstances; and
 - (b) that the child—
 - (i) was born on or after 25 October 2023; and
 - (ii) is, at any time during that year of assessment, under the age of 18.
4. The amended section 26E also provides for the revocation of a claim where an HLI additional deduction ceiling amount is used, and for the maximum number of years of assessment in which HLI additional deduction ceiling amounts can be used.
5. Clause 6 amends section 26Y of the principal Ordinance to provide that, if certain conditions are met, an additional deduction ceiling amount (***DR additional deduction ceiling amount***) can be used in determining the amount of deduction allowable under section 26X of the principal Ordinance in respect of DR paid. The key conditions are the same as the ones mentioned in paragraph 3.
6. Clause 7 adds a new section 26YA to the principal Ordinance to provide for the revocation of an election to use a DR additional deduction ceiling amount.
7. Clause 8 amends section 26ZA of the principal Ordinance to provide for the maximum number of years of assessment in which DR additional deduction ceiling amounts can be used.

8. Clause 9 amends section 26ZB of the principal Ordinance to provide that an election by a taxpayer to use a DR additional deduction ceiling amount is to be regarded as not having been made if the DR concerned is subsequently refunded and the deduction concerned is disallowed.
9. Clauses 15 and 16 respectively amend Schedules 3D and 3G to the principal Ordinance to set out the HLI additional deduction ceiling amount and the amount for calculating the DR additional deduction ceiling amount for the year of assessment 2024/25 and subsequent years. Both amounts are \$20,000.
10. Clauses 4, 5, 10, 11, 12, 13, 14 and 17 respectively amend sections 26F, 26W, 63CA, 63E, 80, 82A and 89 of, and add a new Schedule 59 to, the principal Ordinance to provide for other matters relating to the introduction of the additional deduction ceiling amounts mentioned above (including the charging of provisional salaries tax and transitional arrangements).

Tax Concessions

11. Clause 18 amends Schedule 43 to the principal Ordinance to the effect that, for the year of assessment 2023/24, the salaries tax, profits tax and tax under personal assessment payable are to be reduced, in each case, by an amount equal to the lesser of the whole amount of the tax and \$3,000.

Introduction of Two-tiered Standard Rates for Subject Taxes

12. Clause 19 amends Schedule 1 to the principal Ordinance to introduce a higher standard rate (16%) for the subject taxes. The existing standard rate (15%) will continue to apply to the first \$5 million of the net income of a taxpayer, and the higher standard rate will apply to the portion of the income that exceeds \$5 million.