

The 2026-27 Hong Kong Financial Budget Announced on 25 February 2026 (All in HK\$)

Economic prospects

- ✧ **Consolidated budget surplus in 2026-27: \$22.1B (2025-26: surplus \$2.9B).**
- ✧ GDP growth in 2026-27: 2.5 ~3.5% (2025-26: 3.5%).
- ✧ Underlying inflation in 2026-27: 1.7% (2025-26: 1.1%).

Tax relief and support

- Reduce profits tax for 2025-26 by 100%, subject to a \$3,000 ceiling.
- Reduce salaries tax for 2025-26 by 100%, subject to a \$3,000 ceiling.
- Rates concession for properties for the first 2 quarters of 2026-27, subject to a \$500 ceiling per quarter.
- Provide an extra 1-month allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements for Working Family Allowance.

Land, housing and infrastructure

- About 22,000 units from 2026-27 Land Sale Programme (9 residential sites), railway property developments, URA projects and private development and redevelopment projects.
- 3 post-secondary student hostel sites to be made available for land sale, subject to market response.
- Total public housing supply at 196,000 units in the coming 5 years.
- Completion of about 17,000 private residential units annually in the coming 5 years. Expected first-hand, private residential unit supply to be about 104,000 units over the next 3-4 years.
- \$1B injection into the Construction Innovation and Technology Fund to promote I&T's industry-wide application.
- \$100M for Building Technology Research Institute to support studies reviewing construction standards and exploring AI applications.

Public finance

- Government's recurrent expenditure will be cut by 2% in both 2026-27 and 2027-28, delivering savings of \$7.8B and \$15.6B respectively compared to 2025-26.
- A cumulative reduction of over 10,000 civil service posts in this term of Government.
- Implement BEPS 2.0 by OECD expected to bring in additional tax revenue of \$15B annually for the Government, starting from 2027-28.
- 2026-27 capital works expenditure is estimated to be about \$128B. Annual capital works expenditure from 2027-28 to 2030-31 will remain at a similar level.
- Issue bonds worth \$160B to \$220B every year from 2026-27 to 2030-31. About half to be used for re-financing short-term debts.
- Ratio of government debt to GDP in 2026-27 to 2030-31 will be 14.4% to 19.9%, much lower than those of most advanced economies.
- Transfer \$150B of Exchange Fund to the Capital Works Reserved Fund in the coming 2 years to support the NM and other infrastructure projects.

1. Profits tax (no changes)

| | | Corporate | Unincorporate |
|---------------------------|-------------|-----------|---------------|
| Assessable profits | First \$2M* | 8.25% | 7.5% |
| | Remainder | 16.5% | 15% |

* For those that enjoys two-tiered rates only.

2. Salaries tax (no changes)

| | | Proposed | Present |
|---------------|------------|----------|---------|
| Salary | First \$5M | | 15% |
| | Remainder | | 16% |

Progressive rates

| | | |
|----------------|--|-----|
| First \$50,000 | | 2% |
| Next \$50,000 | | 6% |
| Next \$50,000 | | 10% |
| Next \$50,000 | | 14% |
| Remainder | | 17% |

Allowances

| | \$ | \$ |
|----------------------------------------------------------------------------------------------|----------------|---------|
| Basic | 145,000 | 132,000 |
| Married | 290,000 | 264,000 |
| 1-9 child | | |
| Basic | 140,000 | 130,000 |
| Additional (increased from 1 year to 2 years of assessment) | 140,000 | 130,000 |
| Dependent brother or sister | | 37,500 |
| Dependent parent and grandparent aged > 60 or disabled | 55,000 | 50,000 |
| Dependent parent and grandparent >55 aged <60 | 27,500 | 25,000 |
| Additional dependent parent and grandparent aged > 60 or disabled and residing with taxpayer | 55,000 | 50,000 |
| Additional dependent parent and grand parent >55 aged <60 and residing with taxpayer | 27,500 | 25,000 |
| Single parent | 145,000 | 132,000 |
| Personal disability | | 75,000 |
| Dependent disability | | 75,000 |

Deduction ceiling

| | | |
|-------------------------------------------------------|----------------|---------|
| Self-education | | 100,000 |
| Elderly residential care | 110,000 | 100,000 |
| Home loan interest -basic | | 100,000 |
| (20 years) -additional reside with your child | | 20,000 |
| Contributions to recognized retirement schemes | | 18,000 |
| Voluntary health insurance scheme | | 8,000 |
| Annuity premiums and MPF voluntary contribution | | 60,000 |
| Domestic rental expenses -basic | | 100,000 |
| -additional reside with your child | | 20,000 |
| Charitable donations (income - expenses - allowances) | | 35% |
| Expenses on Assisted Reproductive Services | | 100,000 |

3. Property tax (no changes)

| | |
|--------------|-----|
| Property tax | 15% |
|--------------|-----|

4. Rates for domestic tenements (no changes)

| | |
|---------------------------------|---------|
| Annual rateable value \$ | Present |
| First 550,000 | 5% |
| Next 250,000 | 8% |
| Remainder | 12% |
| Government rent (if applicable) | 3% |

5. Stamp duty (proposed changes)

Removing all restrictions on property transactions duty.

| Consideration \$ | subject to marginal relief | |
|------------------|----------------------------|---------|
| | Proposed | Present |
| 4M < | | \$100 |
| 4 to 4.5M | | 1.50% |
| 4.5 to 6M | | 2.25% |
| 6 to 9M | | 3.00% |
| 9 to 20M | | 3.75% |
| 20 to 100M | | 4.25% |
| >100M | 6.5% | 4.25% |

On lease of immovable property in HK (no changes)

| Term | Yearly average rent |
|------------------------------------------------------------------------------|---------------------|
| Not defined or < 1 year | 0.25% |
| 1-3 years | 0.5% |
| > 3years | 1% |
| Key money, construction fee etc. mentioned in the lease (if rent is payable) | 4.25% |

On transfer of stock (no changes)

| | |
|-----------------------------------------------------|------|
| Value on every sold and bought note (0.2% combined) | 0.1% |
|-----------------------------------------------------|------|

6. First registration tax (FRT) on private cars (PCs)

| Value \$ | |
|---------------|------|
| First 150,000 | 46% |
| Next 150,000 | 86% |
| Next 200,000 | 115% |
| Remainder | 132% |

For electric commercial vehicles, electric motorcycles and electric motor tricycles the FRT will continue to be waived in full until 31 March 2028.

7. Duty on tobacco and alcoholic beverages (no changes)

| | Present |
|--------------------------------------------------------------------------------------------------|------------|
| For each 1,000 cigarettes | \$3,306 |
| Cigars | \$4,258/kg |
| Liquor with an alcoholic strength of more than 30% by volume in the bottle not more than 1 litre | |
| First \$200 (value) | 100% |
| Remainder | 10% |

8. Hotel accommodation tax (no changes)

| | Present |
|-----------------|---------|
| Hotel room rate | 3% |

1. Driving growth with Innovation and technology (I&T)

- \$500M injection for Chinese Medicine Development Fund to support strategy research, training and international publicity.
- \$50M to help public organizations, tech enterprises and tertiary institutions set up AI application courses.
- \$100M to accelerate Government digital transformation with leading technologies.
- \$10B I&T Industry-Oriented Fund to begin operation this year.
- Around \$220M to establish the first national manufacturing innovation centre outside the Mainland.
- \$10B to accelerate land development, provide infrastructure, to Hetao Co-operation Zone Hong Kong Park.
- \$10B as initial capital to establish San Tin Technopole.
- \$10B to support initial operation of Hung Shui Kiu Industry Park Company Limited.

2. Diversified development

- \$100M to attract international, large-scale exhibitions with new elements.
- \$28M for Hong Kong Technology and Innovation Support Centre to provide patent evaluation and implement.
- \$52M for intellectual Property Academy.
- \$34M to provide port dues concessions for green vessels.

3. Culture, sports and tourism

- \$1.66B for Hong Kong Tourism Board to enhance Hong Kong's tourist appeal.
- Additional \$1B for Built Heritage Conservation Fund to enrich city culture.
- \$200M to launch pilot NM Urban-rural Integration Fund supporting rural tourism projects.
- \$1.2B into the sports portion of Arts and Sport Development Fund to support sports development.
- \$10B loan to support campus development in the NM University Town.
- \$65M to provide additional government-funded training places for construction professionals.

4. Caring for the People

- \$200M injection into BUD Fund.
- Raise funding ceiling for each Easy BUD application to \$150,000.
- Waive fees for certificates issued by Centre for Food Safety for food product export for 2 years.
- \$4B to support long-term housing arrangements for those affected by the Tai Po fire.
- \$300M injection to URA to launch enhanced "Smart Tender" and provide subsidies for using the services.
- \$3B to support new subsidy scheme for Operating Building Bright 2.0.
- \$1B to extend Lift Modernisation Subsidy Scheme.
- \$1B to extend the Elderly Health Care Voucher Pilot Reward Scheme to end-2028.
- Annual expenditure of \$1.97B for Residential Care Service Vouchers for the Elderly increased to 7,000.
- Annual expenditure of \$1.2B for Community Care Service Vouchers for the Elderly increased to 16,000.
- \$60M to continue HYAB Funding Scheme for International Youth Exchange.
- Over \$100M to provide 450 additional places for day, residential and pre-school rehabilitation services.
- \$260M to provide bridging and support services for primary school children receiving.
- Over \$220M for re-employment Allowance Pilot Scheme provision.