

# The 2022-23 Budget

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## Highlights

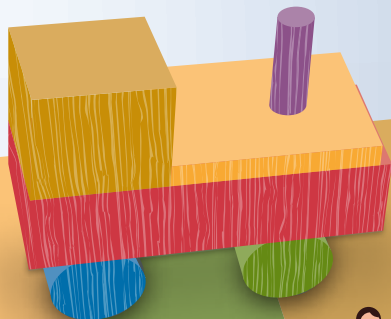


Fighting the  
Virus Together

Development  
of Industries

Building  
Capacity

Building a  
Liveable City

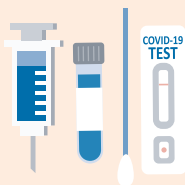




# Fighting the Virus Together

## Stepping up Anti-epidemic Efforts

- **\$22 billion** for strengthening testing work and providing additional support for the Hospital Authority
- **\$7 billion** for procuring anti-epidemic items and services and implement anti-epidemic measures



- **\$6 billion** for procuring more vaccines
- **\$500 million** for enhancing environmental hygiene services
- **\$12 billion** for the construction of anti-epidemic related facilities
- **\$20 billion** earmarked for other potential anti-epidemic needs



## Tax Deduction for domestic rental expenses

- Ease the burden of renting a private property on taxpayers liable to salaries tax and tax under personal assessment who are not owners of domestic properties
- Subject to a deduction ceiling of **\$100,000** for a year of assessment from the year of assessment 2022/23



## Relieving People's Hardship

### Electronic Consumption Vouchers

- Issue **\$10,000** electronic consumption vouchers to each eligible Hong Kong permanent resident and new arrival aged 18 or above
- Previously registered persons: **\$5,000** consumption vouchers will be issued in April, remaining **\$5,000** vouchers will be issued in mid-year by instalment
- Newly eligible persons: after successful registration, **\$10,000** vouchers will be issued in mid-year by instalment



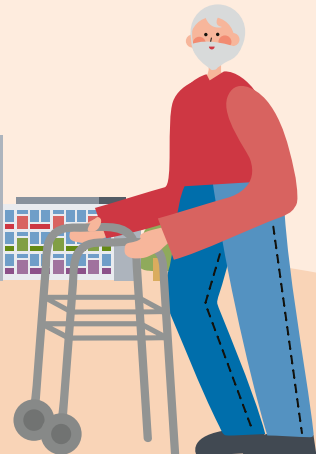
## 100% Personal Loan Guarantee Scheme for Individuals

- Extend the application period to end April 2023
  - Increase the maximum loan amount to nine times of the applicant's average monthly income during employment, and raise the ceiling to **\$100,000**
  - Extend the maximum repayment period to 10 years, and the maximum duration of principal moratorium to 18 months
- 
- Lower the threshold for the Public Transport Fare Subsidy Scheme to **\$200** for half a year (May to October)
  - Reduce salaries tax and tax under personal assessment for the year of assessment 2021/22 by **100%**, subject to a ceiling of **\$10,000**
  - Provide rates concession for domestic properties for 2022/23, subject to a ceiling of **\$1,500** per quarter in the first two quarters and a ceiling of **\$1,000** per quarter in the remaining two quarters
  - Grant each eligible residential electricity account a subsidy of **\$1,000**
  - Provide an extra **half-month** allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Working Family Allowance
  - Pay examination fees for school candidates sitting for the 2023 HKDSE Examination
  - Strengthen support for e-learning of students from grassroots families through the **\$2 billion** set aside in the Quality Education Fund
  - Create **30 000** time-limited jobs through the **\$6.6 billion** earmarked in AEF

## Supporting Enterprises

### Rental Enforcement Moratorium for tenants of specific sectors through legislation

- Prohibit landlords from terminating the tenancy of or not providing services to tenants of specified sectors for failing to settle rents on schedule, or taking relevant legal actions against them
- Valid for three months, and be extended for another three months if necessary, with the legislation automatically lapsing after six months
- Banks will exercise flexibility if the repayment ability of any landlord is affected owing to reduction in his rental income



## Special 100% Loan Guarantee for Enterprises

- Extend the application period to end June 2023
- Increase the maximum loan amount to 27 months of employee wages and rents, with the loan ceiling raised to **\$9 million**
- Extend the maximum repayment period to 10 years
- Offer the option of making partial repayment of principal over a longer period of time
- Extend the Pre-approved Principal Payment Holiday Scheme to end October, offering enterprises the option of making partial repayment of principal over a longer period of time
- Reduce profits tax for the year of assessment 2021/22 by **100%**, subject to a ceiling of **\$10,000**
- Provide rates concession for non-domestic properties for 2022/23, subject to a ceiling of **\$5,000** per quarter in the first two quarters and a ceiling of **\$2,000** per quarter in the remaining two quarters
- Waive the business registration fees for 2022/23
- Continue to waive **75%** of water and sewage charges payable by non-domestic households for eight months, subject to a monthly ceiling of **\$20,000** and **\$12,500** respectively
- Extend the waivers/concessions of the existing 34 groups of government fees and charges for 12 months
- Continue to grant the **75%** rental/fee concession to eligible tenants of government premises/short-term tenancies and waivers for six months (**100%** concession for those closed at the Government's request)
- To strengthen support for export financing and export credit insurance

## Innovation and Technology



- Increase the funding allocated to the Hong Kong Growth Portfolio under the Future Fund set up a **\$5 billion** Strategic Tech Fund to invest in technology enterprises and projects which are of strategic value to Hong Kong
- Earmark **\$10 billion** to further promote the development of life and health technology
- Double the subsidy amount to **\$440 million** to strengthen support to the R&D activities of 16 State Key Laboratories and six Hong Kong Branches of Chinese National Engineering Research Centres in Hong Kong
- Double the subsidy amount under the Technology Start-up Support Scheme for Universities to **\$16 million**
- Set up a Digital Economy Development Committee to accelerate the progress of digital economy
- Earmark **\$600 million** to conduct a comprehensive e-government audit

## Financial Services

- Increase the funding allocated to the Hong Kong Growth Portfolio under the Future Fund to set up a **\$5 billion** GBA Investment Fund to focus on investment opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”)
- Plan to issue no less than **\$15 billion** of inflation-linked retail bonds (iBond), no less than **\$35 billion** of Silver Bond and no less than **\$10 billion** of retail green bonds in the next financial year



## Development of Industries



- Explore ways to enhance the prospectus requirements, in order to make it easier for retail investors to participate in bond market
- Examine the revision of the listing requirements to meet the fundraising needs of technology enterprises
- Make preparation to allow stocks traded via the Southbound Trading of Stock Connect to be denominated in RMB
- Explore enhancement measures for the Cross-boundary Wealth Management Connect Scheme in the GBA
- Propose to provide tax concessions for the eligible family investment management entities managed by single-family offices
- Continue to issue green bonds totalling about **US\$4.5** billion or equivalent, and enhance the Green and Sustainable Finance Grant Scheme
- Implement a pilot scheme on infrastructure financing securitisation to offer infrastructure financing securitisation products with a total value of **US\$450** million
- Allocate **\$10** million for launching a new round of the Fintech Proof-of-Concept Subsidy Scheme
- Explore the introduction of more commercial data sources to the Commercial Data Interchange

## Arts and Culture

- Allocate **\$42** million for organising the Hong Kong Performing Arts Market designed for the performing arts industry
- Allocate **\$40** million to facilitate the application and development of arts technology



## Tourism

- Earmark **\$1.26** billion to support and develop the tourism industry, including to provide incentives to develop and launch tourism products, sponsor the training of practitioners, and support the work of the Hong Kong Tourism Board to revive the tourism industry

## Trade

- Allocate **\$135** million to the Hong Kong Trade Development Council for the introduction of the Support Scheme for Pursuing Development in the Mainland to facilitate Hong Kong people and entrepreneurs in seizing opportunities in the Mainland

## Aviation and Maritime

- Continue to develop sea-air cargo transhipment between the Hong Kong International Airport and the rest of the GBA
- Explore concrete proposals to promote the development of “Smart Port” and propose to provide half-tax concession to attract more maritime enterprises to establish a presence in Hong Kong



## Agriculture and Fisheries

- Inject **\$1** billion to launch pilot schemes to support the development of the industry by adopting new technologies

## Investment Promotion

- Provide recurrent provision of around **\$90** million to InvestHK to strengthen its work on investment promotion
- Organise a high-level Global Financial Leaders’ Investment Summit in Hong Kong, inviting representatives of Mainland and international financial institutions to attend to learn more about the unique advantages and investment environment of Hong Kong

# Building Capacity



## Expand land resources

- **Northern Metropolis:** Set aside **\$100** billion from the cumulative return of the Future Fund to set up a dedicated fund to expedite the implementation of infrastructure works relating to land, housing and transportation within the Northern Metropolis



## Nurture talents

- **Healthcare:**
  - Increase recurrent allocation up to **\$400** million as needed for enhancing training for medical professionals
  - Provide **500** more designated places to provide subsidies for students to take self-financing undergraduate programmes on healthcare
  - Earmark **\$10** billion for the completion of the works to upgrade and increase healthcare teaching facilities of universities to provide the capacity to cope with about **900** additional healthcare training places



- **Financial Sectors:** Launch the Pilot Green and Sustainable Finance Capacity Building Support Scheme and the Pilot Scheme on Training Subsidy for FinTech Practitioners for the training of professionals
- **Innovation and Technology:** Continue to provide young people with internship and training opportunities through various schemes, provide incentives or subsidies for graduates to pursue a career in I&T, facilitate the entry of talent into Hong Kong
- **Arts and Culture:** Inject **\$100** million into the Cantonese Opera Development Fund to support the training of practitioners. Allocate **\$37** million to provide professional training for conservators
- **Construction Industry:** Allocate **\$1** billion to the Construction Industry Council for supporting manpower training
- **Continuing Education:** Raise the subsidy ceiling of the Continuing Education Fund to **\$25,000** and remove the upper age limit

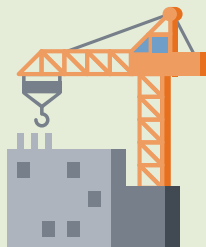




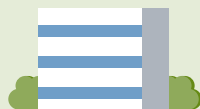
# Building a Liveable City

## Land and Housing Supply

- **13** residential sites under the 2022/23 Land Sale Programme, railway property development, private development and redevelopment projects as well as the URA's projects to provide about **18 000** units; **4** commercial sites to provide about **300 000** square metres of commercial floor area
- Approximately **103** hectares of land to be made available in the coming five years for the production of over **57 000** units
- Public housing: Identified some **350** hectares of land for the provision of about **330 000** public housing units to meet the demand in the coming **10** years



- Private housing: Completion of private residential units to average over **19 000** units annually in the five years from 2022 onward, representing an increase of about **14%** over the annual average of the past five years. The projected first-hand private residential unit supply for the next three to four years is **98 000** units, reaching a new high in recent years
- Transitional housing units: Identified sufficient land for the provision of more than **17 000** units. Around **4 200** and **11 000** units are expected for completion this year and next year respectively
- Inject **\$1.2** billion to the Construction Innovation and Technology Fund
- Introduce more concessionary measures to encourage the adoption of Modular Integrated Construction (MiC), so as to expedite housing supply



# Make amendments to the Mortgage Insurance Programme (MIP)



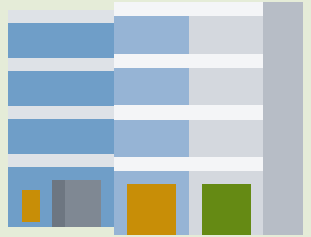
## Cap on property value

	Before amendment	After amendment
Mortgage loan of a maximum cover of 80% loan-to-value ratio	\$10 million	\$12 million
Mortgage loan of a maximum cover of 90% loan-to-value ratio (For first-time home buyers)	\$8 million	\$10 million



## Quality Living

- Heritage Conservation: earmark **\$1 billion** for the Built Heritage Conservation Fund



## Building a Green City

- Inject **\$1.5 billion** to the EV-charging at Home Subsidy Scheme to support the installation of EV charging-enabling infrastructure in more carparks of the existing private residential buildings
- Inject **\$200 million** into the Green Tech Fund
- Seek funding approval of about **\$8.4 billion** for carrying out drainage improvement works to enhance the flood control capability and cope with climate change



- Popularisation of Arts: Allocate **\$20 million** per year to regularise the Community Arts Scheme

## Caring and Inclusion

- Continue to strengthen community and residential care services as well as social work services to support the elderly, persons with disabilities and children, involving an additional annual expenditure of over **\$1.9 billion**





# 2022-23

## Total government revenue and expenditure



**Total government revenue**  
**\$715.9B**

The above revenue items have not included the estimated proceeds from issuance of green bonds amounting to \$35.1 billion in 2022-23.



**Environment and Food**  
**\$39.1B**

**Security**  
**\$65.9B**

**Infrastructure**  
**\$85.1B**

**Others (Including Community and External Affairs)**  
**\$115.8B**

**Social Welfare**  
**\$120B**

**Education**  
**\$111.9B**

**Health**  
**\$162.8B**

**Economic**  
**\$106.7B**

**Total government expenditure**  
**\$807.3B**

**↑13.8%**  
**Recurrent EXPENDITURE**  
**\$563.5B**

### Economy



	GDP growth in real terms	Headline inflation	Underlying inflation
2021 performance	6.4%	1.6%	0.6%
2022 forecast	2% to 3.5%	2.1%	2%

- **2021/22:** Estimated surplus of **\$18.9** billion. Fiscal reserves are expected to be **\$946.7** billion by end March 2022 (equivalent to 16 months of government expenditure)
- **2022/23:** Estimated deficit of **\$56.3** billion due to the expenses for one-off relief measures and anti-epidemic measures, equivalent to **1.9%** of GDP



- **2023/24 to 2026/27:** Fiscal balance is expected from 2023/24, fiscal reserves will gradually rebound to over **\$1** trillion



## Striving to Maintain Healthy Public Finances

- Government expenditure has entered a consolidation period. Long-term financial commitments should be commensurate with the increase in revenue



- Maintain the development and vibrancy of our economy, and identify new areas of growth for increasing revenue
- There is a need to implement measures to increase revenue without affecting people's livelihood, but this is not the appropriate time to revise the rates of profits tax and salaries tax
- The introduction of the global minimum tax rate in 2023 may help increase revenue from profits tax
- Propose to introduce a progressive rating system for domestic properties to reflect the "affordable users pay" principle



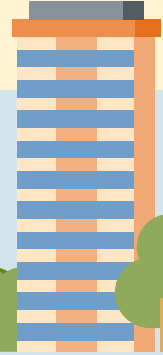
Public  
Finance



# Proposed future progressive rating system for domestic properties

Effective date: 2024/25

Scope of application: Domestic properties (excluding public rental housing)



**Current rates percentage:** Flat rate of 5% of rateable value

## Proposed new progressive system

Annual rateable value (Equivalent monthly rental)	Proposed rates percentage	% of private domestic properties
<b>\$550,000</b> or below (monthly rental of \$45,833 or below)	<b>5%</b> (Unchanged)	<b>97.8%</b> (around 1.87M properties)
<b>\$550,001-\$800,000</b> (monthly rental of around \$45,833 to \$66,667)	First \$550,000: <b>5%</b> Next \$250,000: <b>8%</b>	<b>1.3%</b> (around 25 000 properties)
Above <b>\$800,000</b> (monthly rental of over \$66,667)	First \$550,000: <b>5%</b> Next \$250,000: <b>8%</b> Above \$800,000: <b>12%</b>	<b>0.9%</b> (around 17 000 properties)

### Examples for illustration

Annual rateable value of domestic properties	Annual rates
<b>\$550,000</b>	Unchanged
<b>\$600,000</b>	Additional <b>\$1,500</b>
<b>\$800,000</b>	Additional <b>\$7,500</b>
<b>\$1,000,000</b>	Additional <b>\$21,500</b>
<b>\$2,000,000</b>	Additional <b>\$91,500</b>

