

# Hong Kong



## Key tax takeaways from Hong Kong Chief Executive's 2017 Policy Address

Hong Kong Chief Executive, Carrie Lam, delivered her first policy address to the Legislative Council last week on 11 October, outlining the Government's future policy initiatives. Among these were two key tax-related measures to maintain Hong Kong's position as a leading business hub in Asia.

- **Tax boost for SMEs**

Increasing support for SMEs by cutting company profits tax to 8.25% from 16.5% for the first HKD2 million (USD256,000) of profits. Profits after that would be taxed at the current 16.5%.

A restriction will be introduced so that groups of companies may nominate only one company to benefit from the lower progressive tax rate.

- **R&D incentives**

To boost Hong Kong's global attractiveness as a research and development centre by introducing a 300% tax deduction on the first HKD2 million (USD256,000) of eligible expenditure and a 200% deduction thereafter.

Both measures are expected to be passed and implemented in time for the 2018/19 tax year.

View the full policy address here (<https://www.policyaddress.gov.hk/2017/eng/policy.html>). Should you have any queries as to how these new tax measures might affect your business, please contact your usual relationship manager or contact us at [info@marburys.com](mailto:info@marburys.com).

