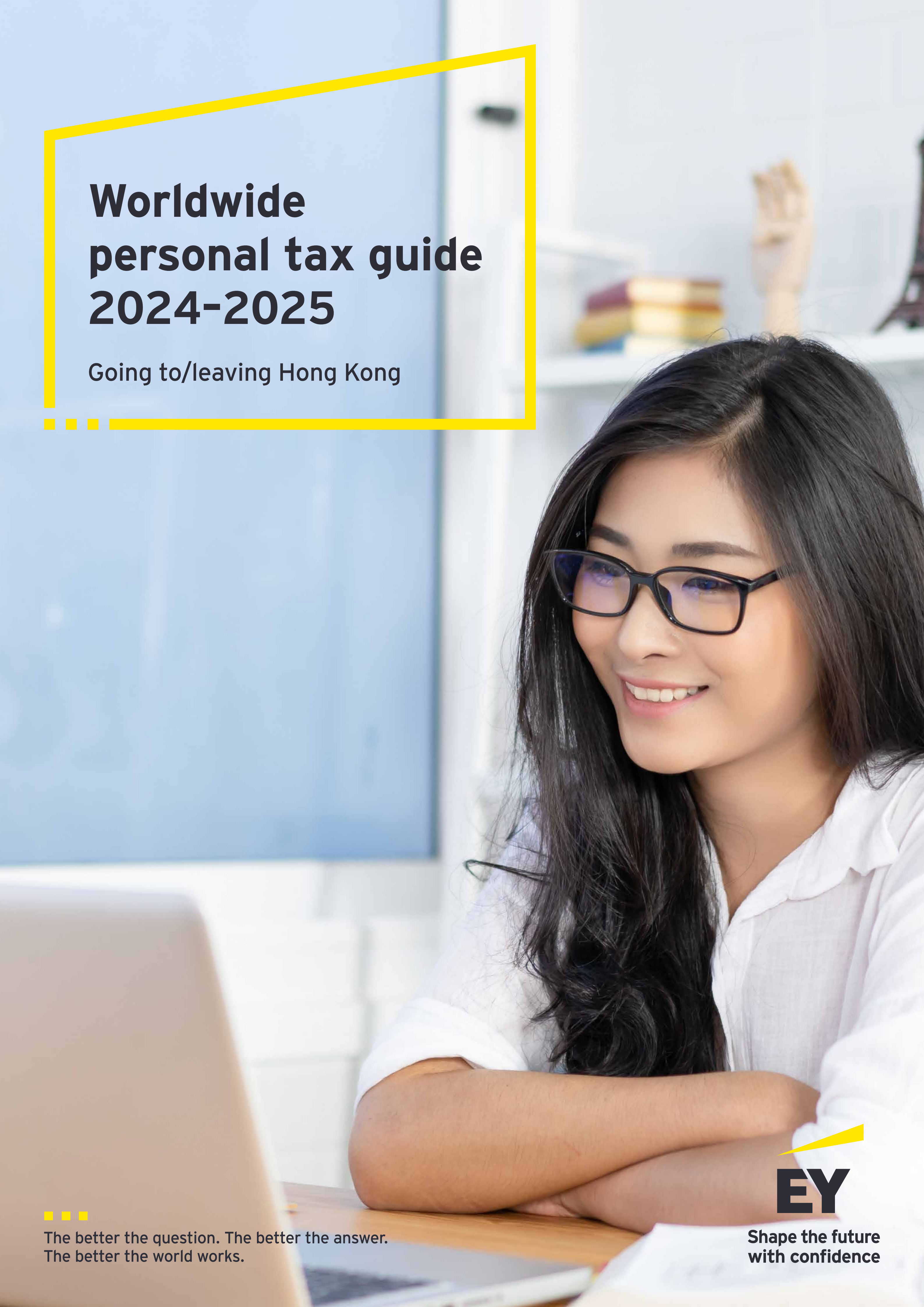

Worldwide personal tax guide 2024-2025

Going to/leaving Hong Kong

The better the question. The better the answer.
The better the world works.

EY
Shape the future
with confidence

Local information	
Tax Authority	Inland Revenue Department (IRD)
Website	www.ird.gov.hk
Tax Year	1 April to 31 March
Tax Return due date	Within one month from the date of issue
Is joint filing possible	Yes (may elect to be assessed on a joint basis if more beneficial)
Are tax return extensions possible	Yes, depending on accounting dates for sole-proprietors of unincorporated businesses

2024/25 income tax rates for residents

Taxable Income Band HKD	National Income Tax Rates
1-50,000	2%
50,001-100,000	6%
100,001-150,000	10%
150,001-200,000	14%
200,000 +	17%

Three separate income taxes are levied in Hong Kong instead of a single unified income tax. The above rates are the applicable salaries tax rates for the period from 1 April 2024 through 31 March 2025.

- **Profits tax:** under the two-tiered profits tax rates regime, the rate of tax for the first HKD2 million of profits of unincorporated businesses is reduced by half (that is, reduced from 15% to 7.5%). The remainder of the profits continue to be taxed at the normal rate of 15%.
- **Property tax:** levied at a flat rate of 15% on rental income, after a standard deduction of 20%.
- **Salaries tax:** levied on net chargeable income (assessable income less personal deductions and allowances) at progressive rates ranging from 2% to 17%, or at the standard rate of 15% on assessable income less personal deductions (with effect from 2024-25 tax year, two tiered standard rates of 15% on the first HKD5 million of assessable income less personal deductions and 16% on the portion exceeding HKD5 million), whichever calculation produces the lower tax liability.

Profits tax, salaries tax and property tax are assessed separately. If beneficial, a permanent or temporary Hong Kong resident individual may elect to be assessed under personal assessment on the aggregate of their income or losses from all sources.

A basic allowance of HKD132,000 or married person's allowance of HKD264,000 (if spouse has no assessable income or has elected joint assessment) is available.

Who is liable?

Individuals earning income that arises in or is derived from a Hong Kong office or Hong Kong employment, or from services rendered in Hong Kong during visits of more than 60 days in any tax year, are subject to salaries tax.

Hong Kong observes a territorial basis of taxation; therefore, the concept of tax residency has no significance in determining tax liability, except in limited circumstances.

Income subject to tax

Employment income - Taxable income consists of all cash emoluments, including bonuses and gratuities. Benefits in kind are largely non-taxable, unless they are convertible into cash or specifically relate to holiday travel or the education of a child. The provision of accommodation by an employer creates a taxable benefit equal to an amount ranging from 4% to 10% of the employee's other taxable income, depending on the type of accommodation.

An employee is subject to salaries tax if their employment income is sourced in Hong Kong, even if they are not ordinarily resident in the territory. However, except for directors' fees, a specific statutory exemption applies if an employee renders all his or her services outside Hong Kong or if an employee renders services in Hong Kong during visits to Hong Kong not exceeding a total of 60 days in a year of assessment. Conversely, if a non-resident engaged in non-Hong Kong employment renders services in Hong Kong during visits totalling more than 60 days in a year of assessment, they are taxed on a pro rata basis.

The content of this document was updated in April 2025. The content is next expected to be updated in April 2026.

Self-employment and business income - Anyone carrying on a profession, trade or business in Hong Kong is subject to profits tax on income arising in or derived from Hong Kong from that profession, trade or business. Taxable income is determined in accordance with generally accepted accounting principles, as modified by the tax code and principles derived from case law.

Business losses of an individual are calculated in the same manner as profits and may be carried forward indefinitely against future income in the same business or may be offset against the individual's other sources of income under personal assessment. In both cases, losses cannot be carried back.

If an individual receives rental income but the rental activities do not constitute a business, the income is subject to property tax rather than profits tax. Property tax is levied at a flat rate of 15% on rental income, after a standard deduction of 20%.

Investment income - Interest income not derived from investing the funds of a business and all dividend income are exempt from taxation.

No withholding taxes are levied in Hong Kong on dividends or interest paid to non-residents. However, royalties paid to non-resident individuals for the use of intellectual property rights in Hong Kong are deemed to arise from a Hong Kong business and are subject to an effective withholding tax rate of 2.25% (for the first HKD2 million of royalty income) and 4.5% (for the remaining royalty income), if the individuals have elected to be subject to the two-tiered profits tax rates regime. The withholding tax rate is increased to 7.5% and 15% if the recipient is related to the payer, and if the intellectual property rights for which the royalties are paid were previously owned by a person carrying on a profession, trade, or business in Hong Kong (subject to the application of the two-tiered profits tax regime).

Directors' fees - Directors' fees derived from a company that has its central management and control in Hong Kong are subject to salaries tax in Hong Kong. Otherwise, directors' fees are not taxable.

Taxation of employer-provided stock options - Employer-provided stock options are generally taxable at the time of exercise. However, for an individual who has non-Hong Kong employment and is taxed on a pro rata basis by reference to the number of days of his or her services in Hong Kong only, part or all of the option gain may be excluded from taxable income. The amount excluded depends on various factors including whether the option is granted conditionally or unconditionally, and, if granted conditionally, the number of days on which the individual performed Hong Kong services during the vesting period.

Taxation of employment-related share awards - Employment-related share awards are generally considered to be perquisites from employment and taxed as part of the remuneration. In general, they become taxable when an employee is entitled to the full economic benefit of the shares awarded. If the employee has a non-Hong Kong employment, proration of the income by reference to the number of days of his or her services in Hong Kong that is similar to the proration applicable to stock option benefits may also be allowed.

Capital gains

Hong Kong does not tax capital gains.

Estate tax

Estate duty was abolished, effective from 11 February 2006. Estates of persons who pass away on or after that date are not subject to estate duty.

Social security

Hong Kong does not impose any social security taxes. Employers and employees are each required to contribute the lower of 5% of the employees' salaries or HKD1,500 per month to approved mandatory provident fund schemes unless the employees are covered by other recognised occupation retirement schemes.

Tax filing and payment procedures

Individual taxpayers are usually issued composite tax returns and are required to report all income from the various sources subject to profits tax, salaries tax or property tax. Salaries tax is automatically levied separately on the employment income of married couples and is paid separately by each spouse. However, a married couple not wishing to be assessed separately may elect joint assessment on their salaries, or, if beneficial, elect a combined assessment of their income from all sources under personal assessment.

No payroll or withholding tax requirements apply for purposes of salaries tax, except for a taxpayer who is about to leave Hong Kong for over one month (other than in the course of their employment). Profits, property and salaries tax all operate under a system of prepaid tax, known as provisional tax. The provisional assessment for a tax year is an estimate, normally based on the preceding year's assessment, and is payable in two instalments: one equal to 75% of the preceding year's tax liability, usually payable in the final quarter of the relevant tax year, with the remaining 25% payable three months later. When the actual income for the tax year is determined, a final tax assessment is issued, giving credit for provisional tax already paid. The final tax assessment is combined with a provisional tax assessment for the following year. The final tax is payable at the same time as the 75% instalment of provisional tax for the following year.

Double tax relief and tax treaties

Employment income derived from services rendered outside Hong Kong is exempt from salaries tax if the person is chargeable to and has paid tax of substantially the same nature as salaries tax with respect to that income.

For employment income derived outside Hong Kong in a territory that has entered into a double tax agreement with Hong Kong, any relief from double tax is by way of a tax credit rather than an income exemption.

The income exemption or tax credit allowable must not exceed the relief that would be allowed if the taxpayer had taken reasonable steps to minimise the foreign tax payable. Subsequently, if the relief is excessive, the taxpayer has an obligation to inform the Hong Kong tax authority to have the Hong Kong salaries tax correctly adjusted.

Hong Kong has entered into double tax agreements with 46 countries.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EYG No. XX0000
ED None

UKC-039185.indd (UK) 05/25.
Artwork by Creative UK.

ey.com