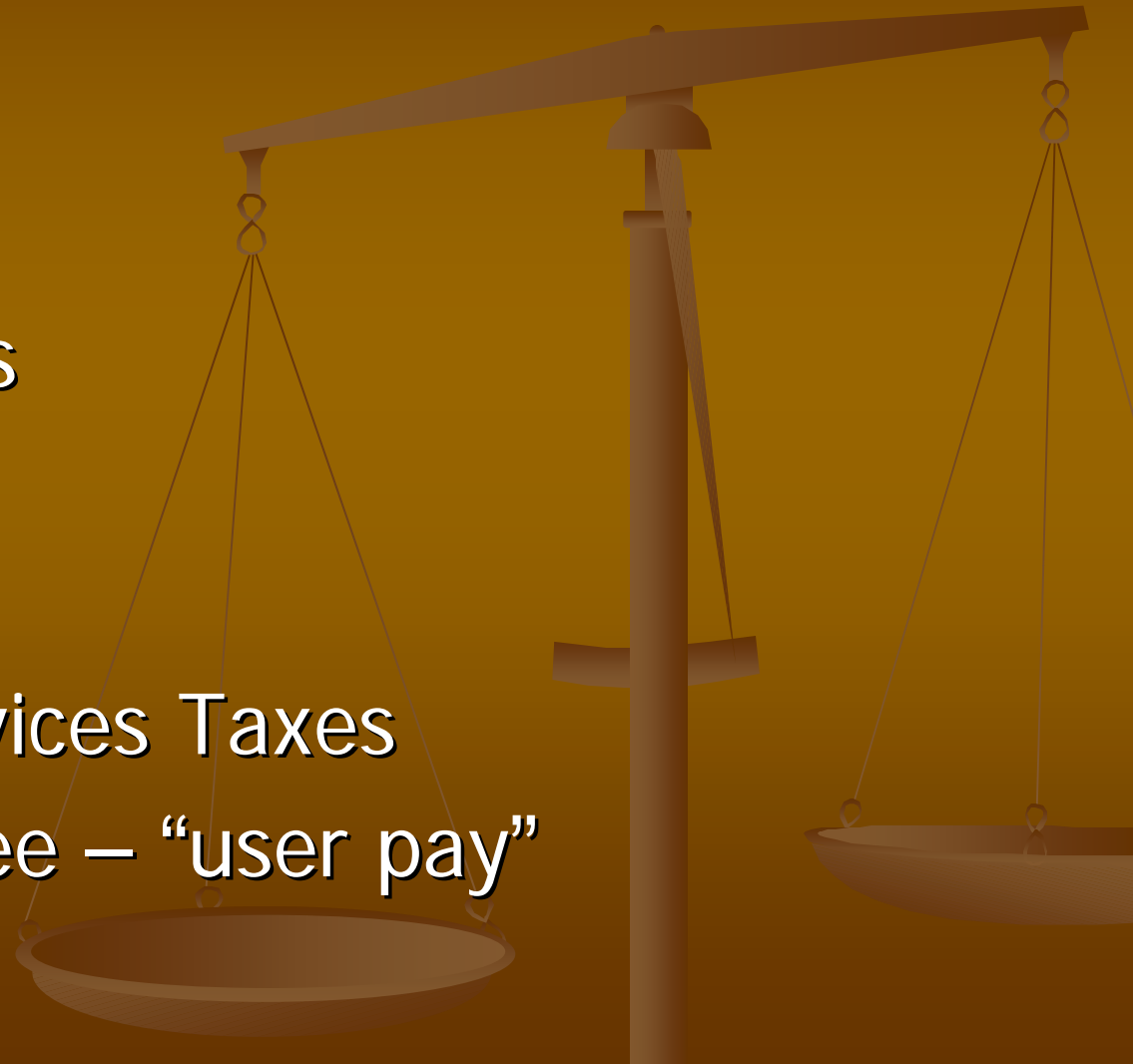
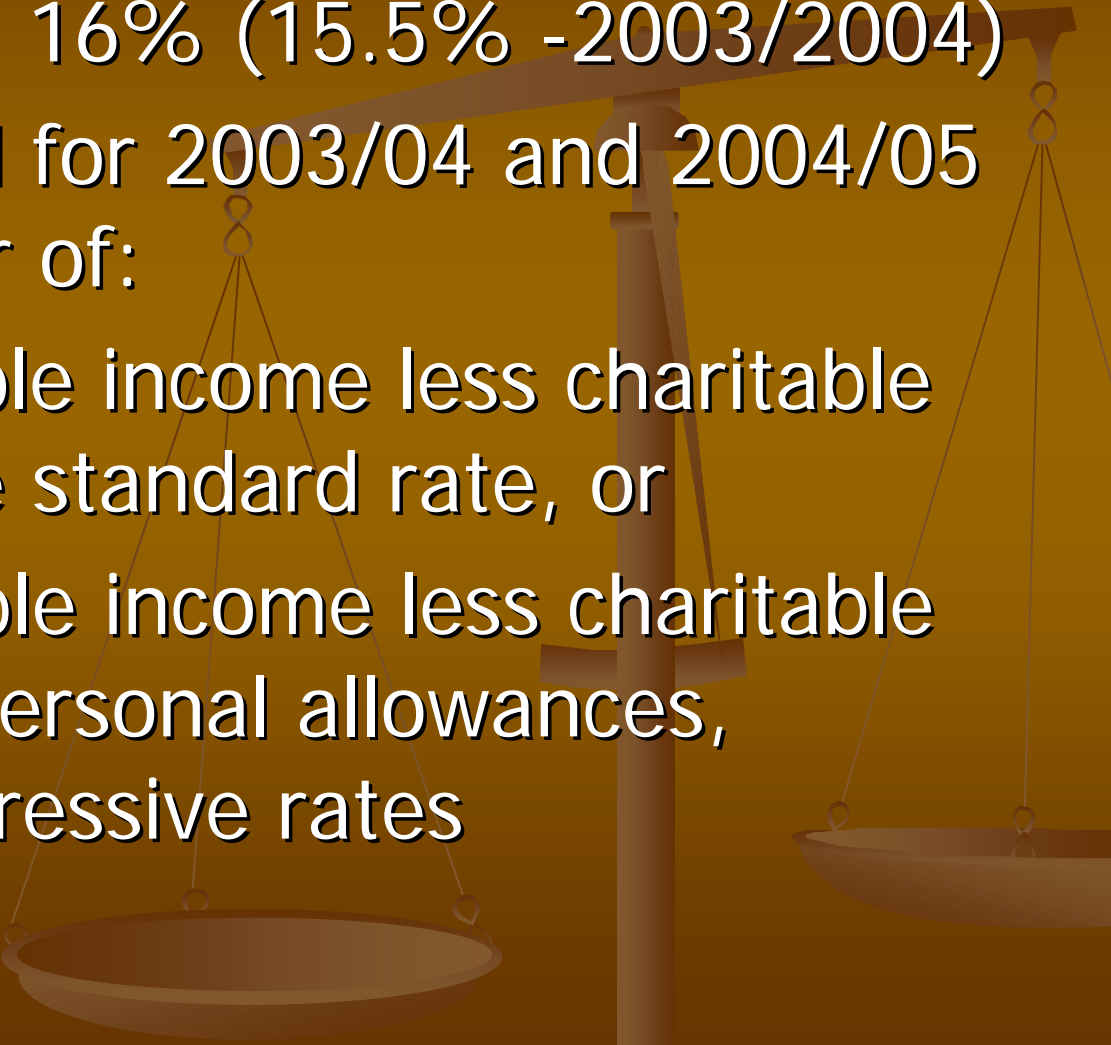


Government Budget 2004

- Salaries Taxes
- Profits Taxes
- Property Taxes
- Estate Duty
- Green Taxes
- Good and Services Taxes
- Government fee – “user pay”



Salaries Taxes

- Standard rates : 16% (15.5% -2003/2004)
 - The tax charged for 2003/04 and 2004/05 will be the lower of:
 - (a) net assessable income less charitable donations at the standard rate, or
 - (b) net assessable income less charitable donations and personal allowances, charged at progressive rates
- 

Salaries Tax

Tax rates tables are as following :

		2002/2003		2003/2004
First	32,500	2% (650)	30,000	2% (600)
Next	32,500	7% (2437)	30,000	8% (2400)
Next	32,500	13% (4225)	30,000	14% (4200)
Balance		18.5%		20%

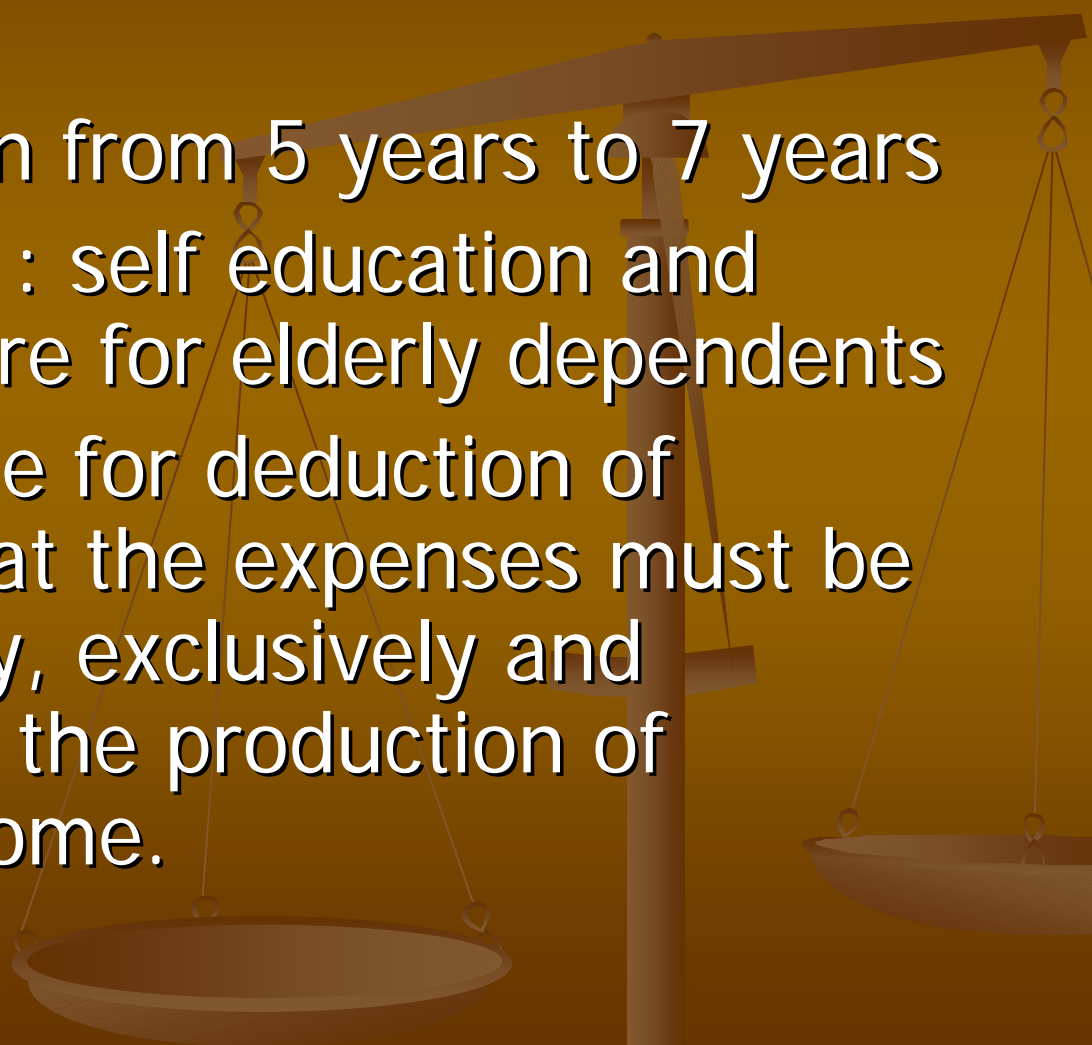
Salaries Tax

	2003/2004	2004/2005
Personal allowance (single)	104,000	100,000
Personal allowance (married)	208,000	200,000
Single parent allowance	104,000	100,000
1 st Child allowances	30,000	30,000
2nd child allowances	30,000	30,000
3rd to 9th child allowances (each)	30,000	30,000

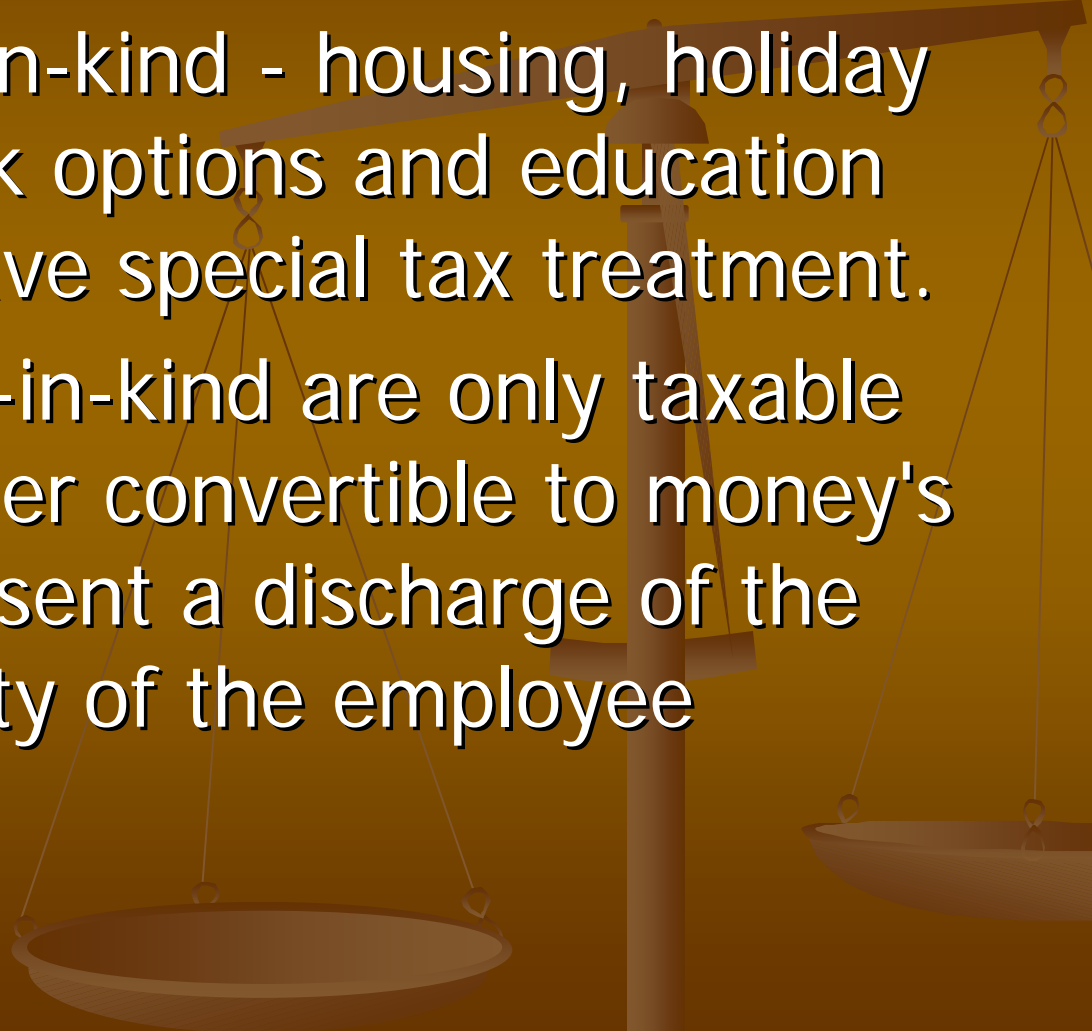
Salaries Tax

	2003/2004	2004/2005
Dependent parent allowance	30,000	30,000
Additional dependent parent allowance	30,000	30,000
Dependent grandparent allowance	30,000	30,000
Additional dependent grandparent allowance	30,000	30,000
Disabled dependent allowance	60,000	60,000
Dependent sibling allowance	30,000	30,000

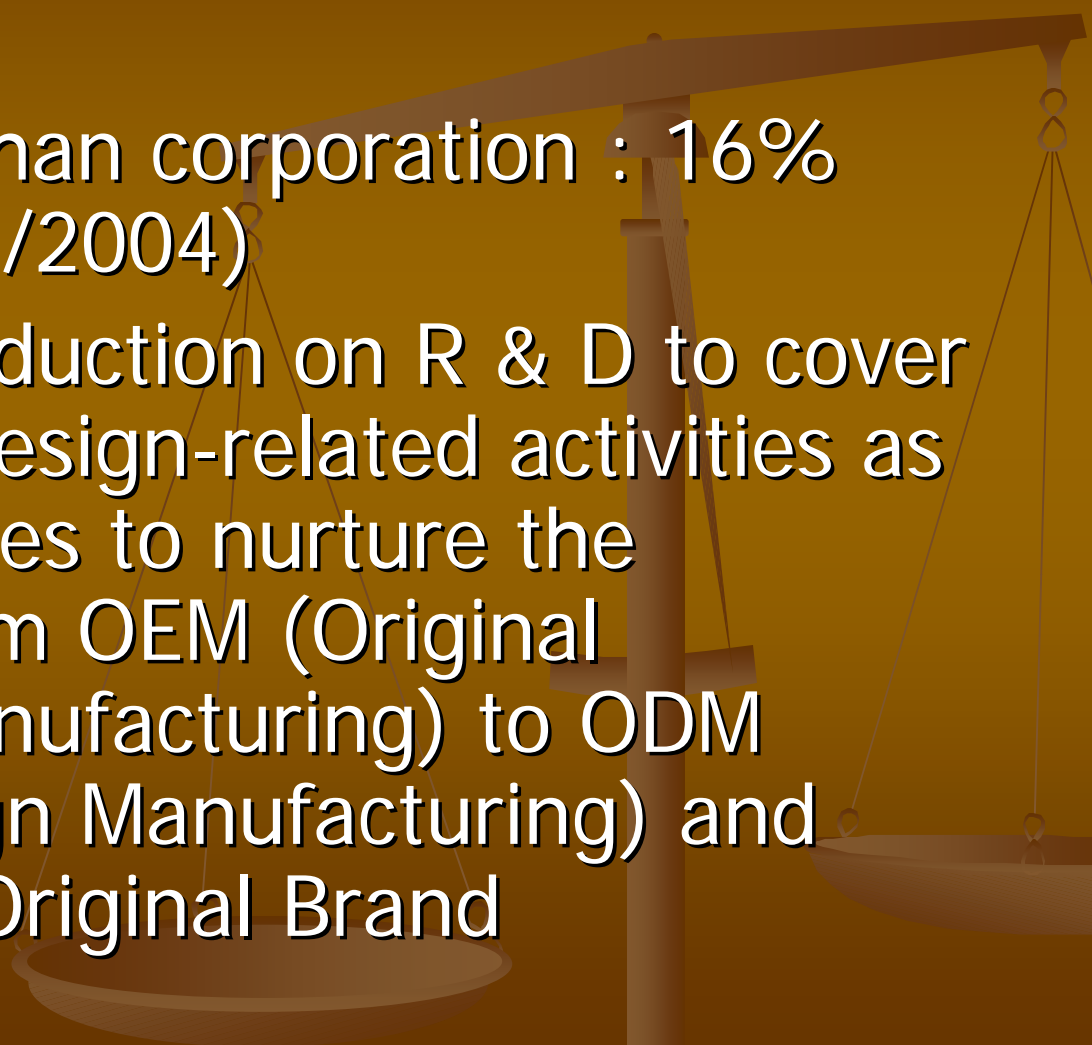
Salaries Tax

- Home mortgage loan interest payment – max: 100,000
 - Claim reduction from 5 years to 7 years
 - Tax-deduction : self education and institutional care for elderly dependents
 - the general rule for deduction of expenses is that the expenses must be incurred wholly, exclusively and necessarily for the production of assessable income.
- 

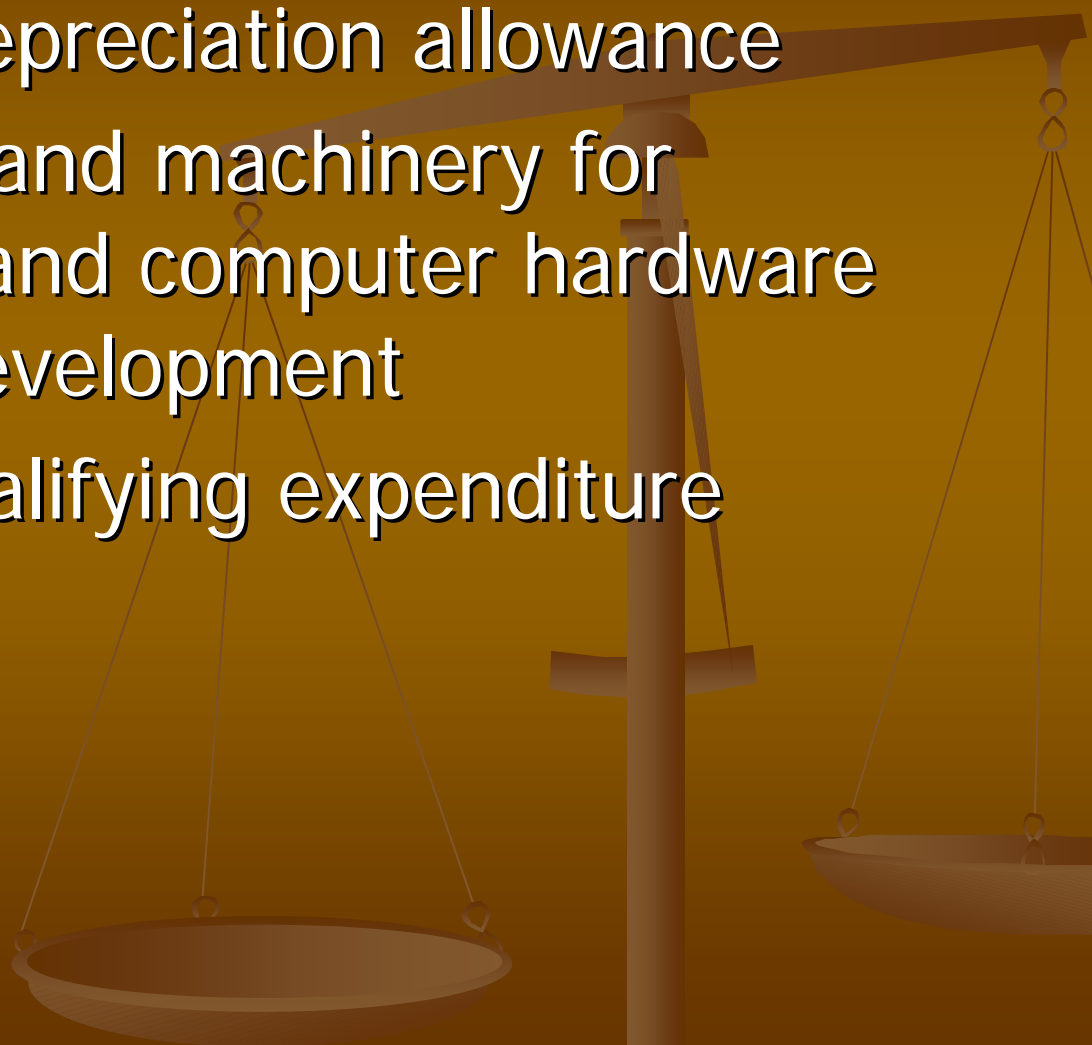
Salaries Tax

- No change in benefit-in-kind
 - Four benefits-in-kind - housing, holiday warrants, stock options and education allowances, have special tax treatment.
 - Other benefits-in-kind are only taxable if they are either convertible to money's worth or represent a discharge of the personal liability of the employee
- 

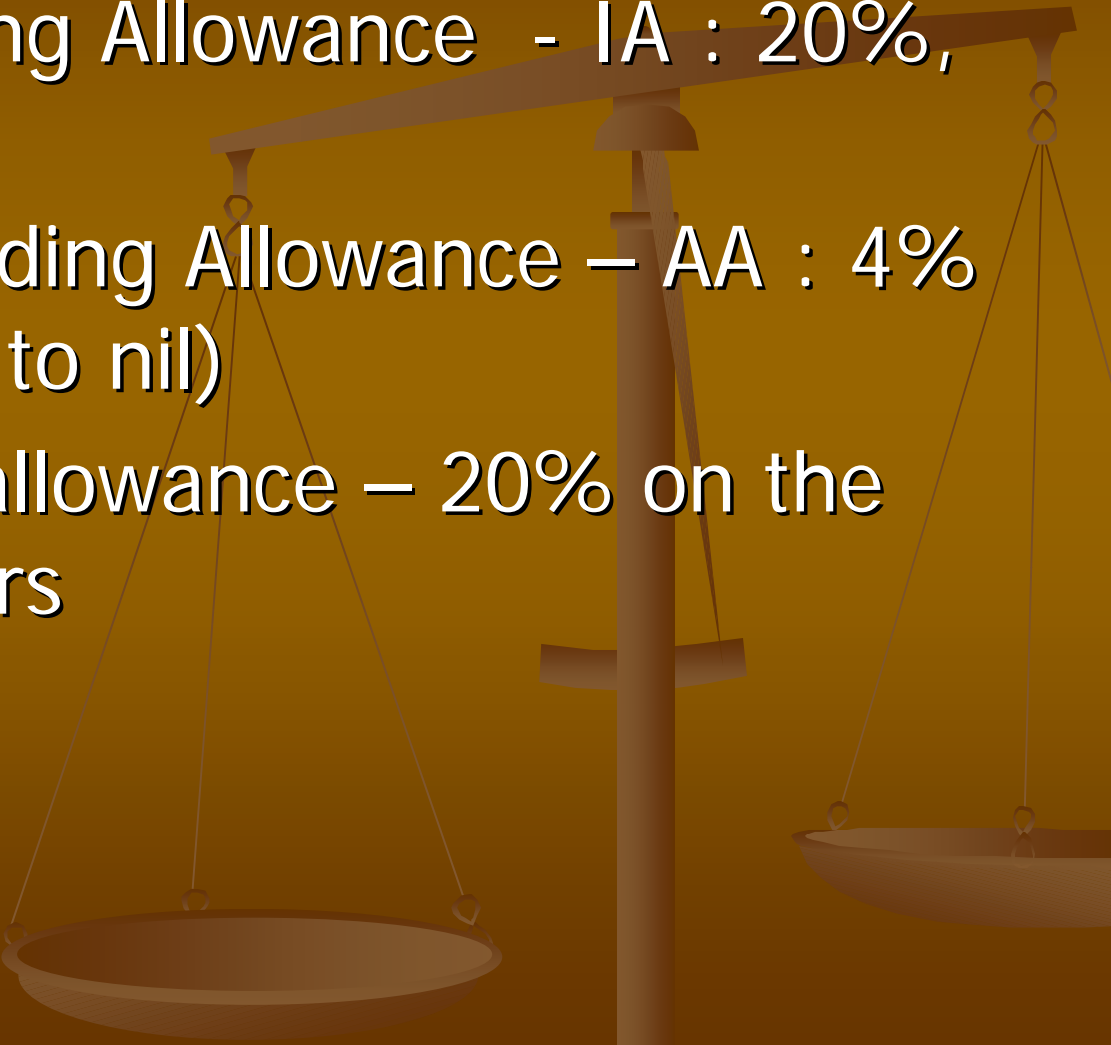
Profits Tax

- Corporate Tax rate : 17.5% (same as 2003/2004)
 - Person other than corporation : 16% (15.5% - 2003/2004)
 - R & D – tax reduction on R & D to cover expenses on design-related activities as part of initiatives to nurture the movement from OEM (Original Equipment Manufacturing) to ODM (Original Design Manufacturing) and thence OBM (Original Brand Manufacturing)
- 

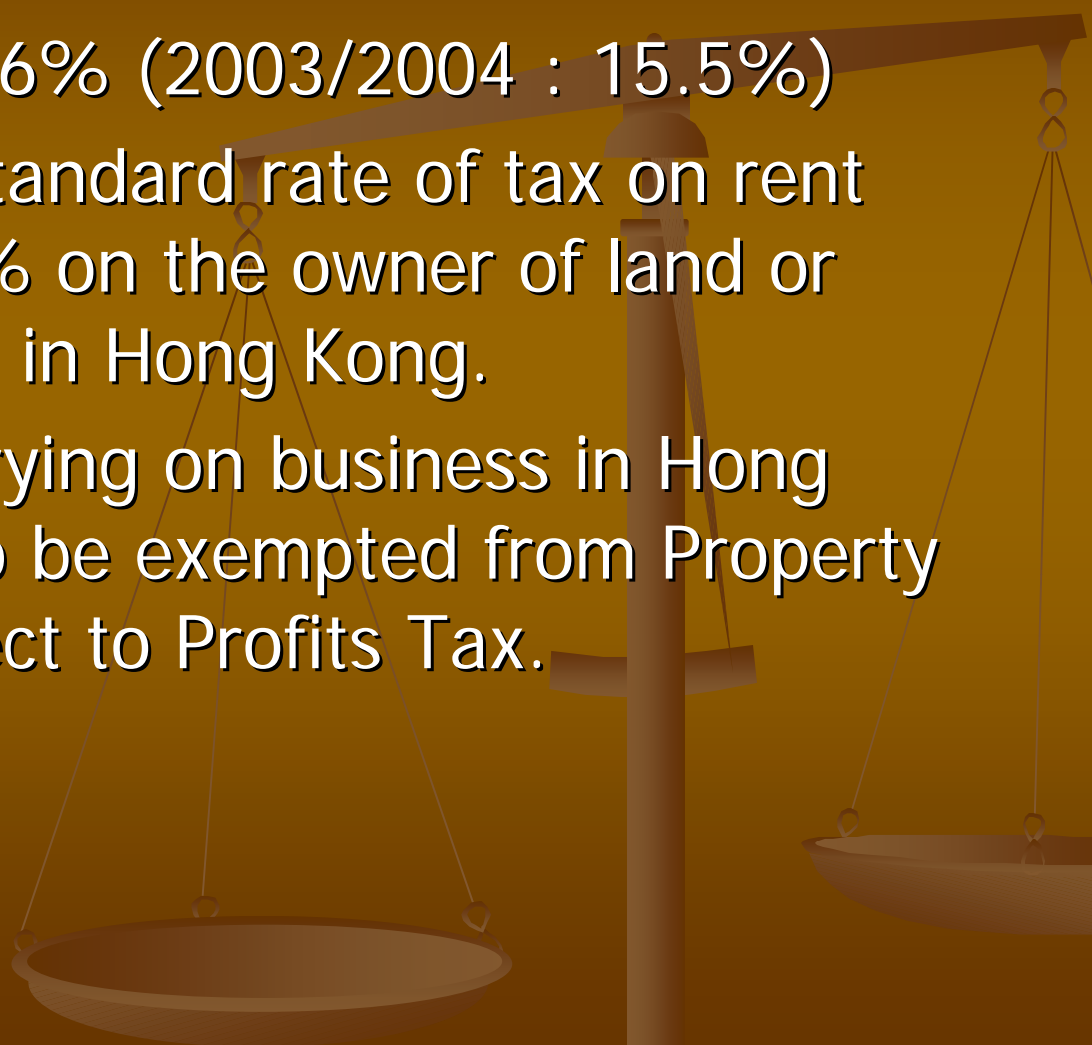
Profits Tax

- No change in depreciation allowance
 - 100% on plant and machinery for manufacturing and computer hardware and software development
 - 60% - other qualifying expenditure
- 

Profits Tax

- Industrial Building Allowance - IA : 20%,
AA : 4%
 - Commercial Building Allowance – AA : 4%
(residue reduce to nil)
 - Refurbishment allowance – 20% on the
cost for five years
- 

Property Taxes

- Standard rate : 16% (2003/2004 : 15.5%)
 - Charged at the standard rate of tax on rent received less 20% on the owner of land or property situated in Hong Kong.
 - Corporations carrying on business in Hong Kong can elect to be exempted from Property Tax and be subject to Profits Tax.
- 

Estate Duty



- promote Hong Kong as a Premier Asset Management Centre
- Estate Duty is imposed on Hong Kong assets which pass or are deemed to pass on the death of an individual, thus assets located in Hong Kong are potentially subject to Estate Duty.
- Government consider the estate duty are abolished

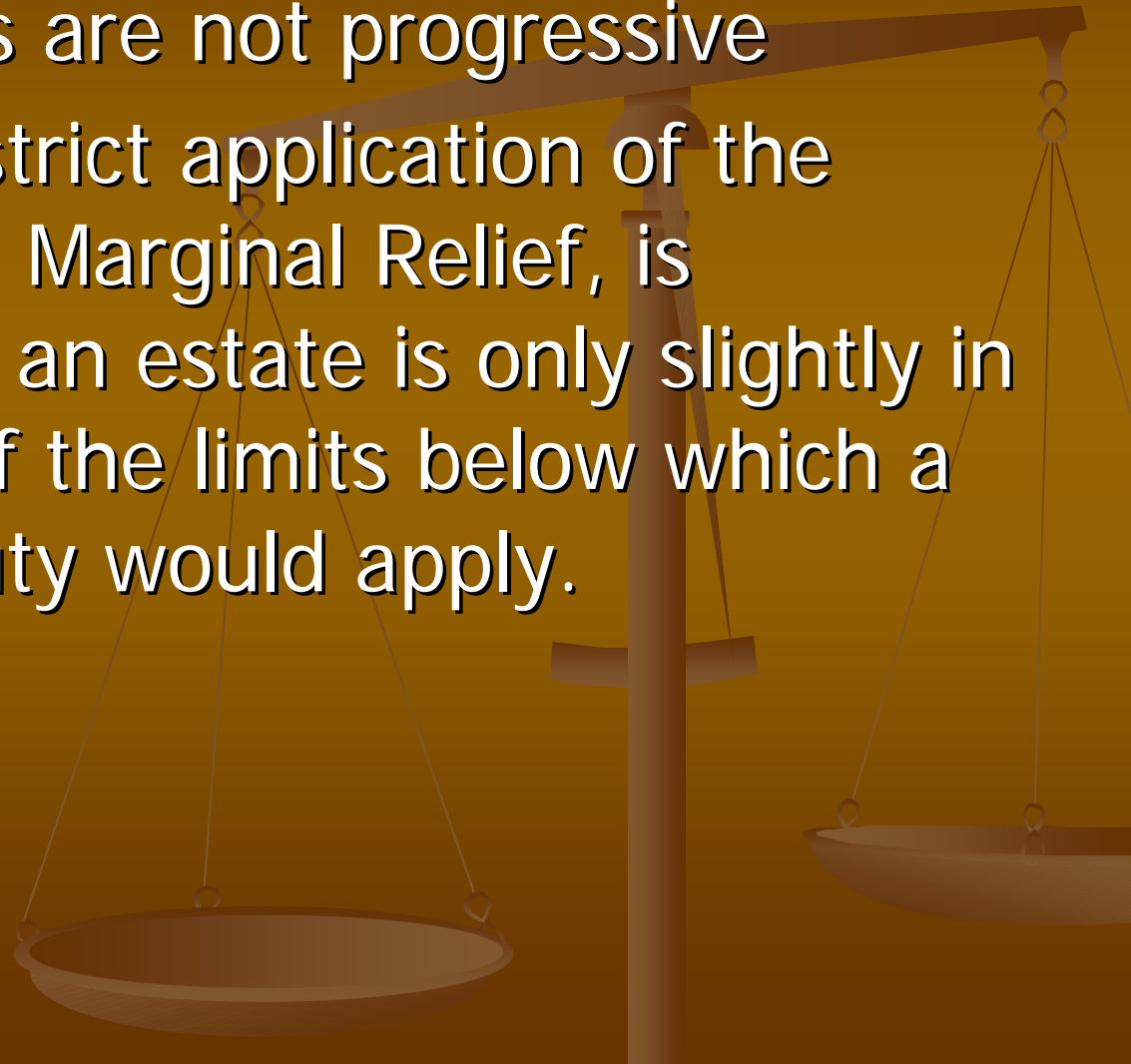
Estate Duty

Tax rates tables are as following :

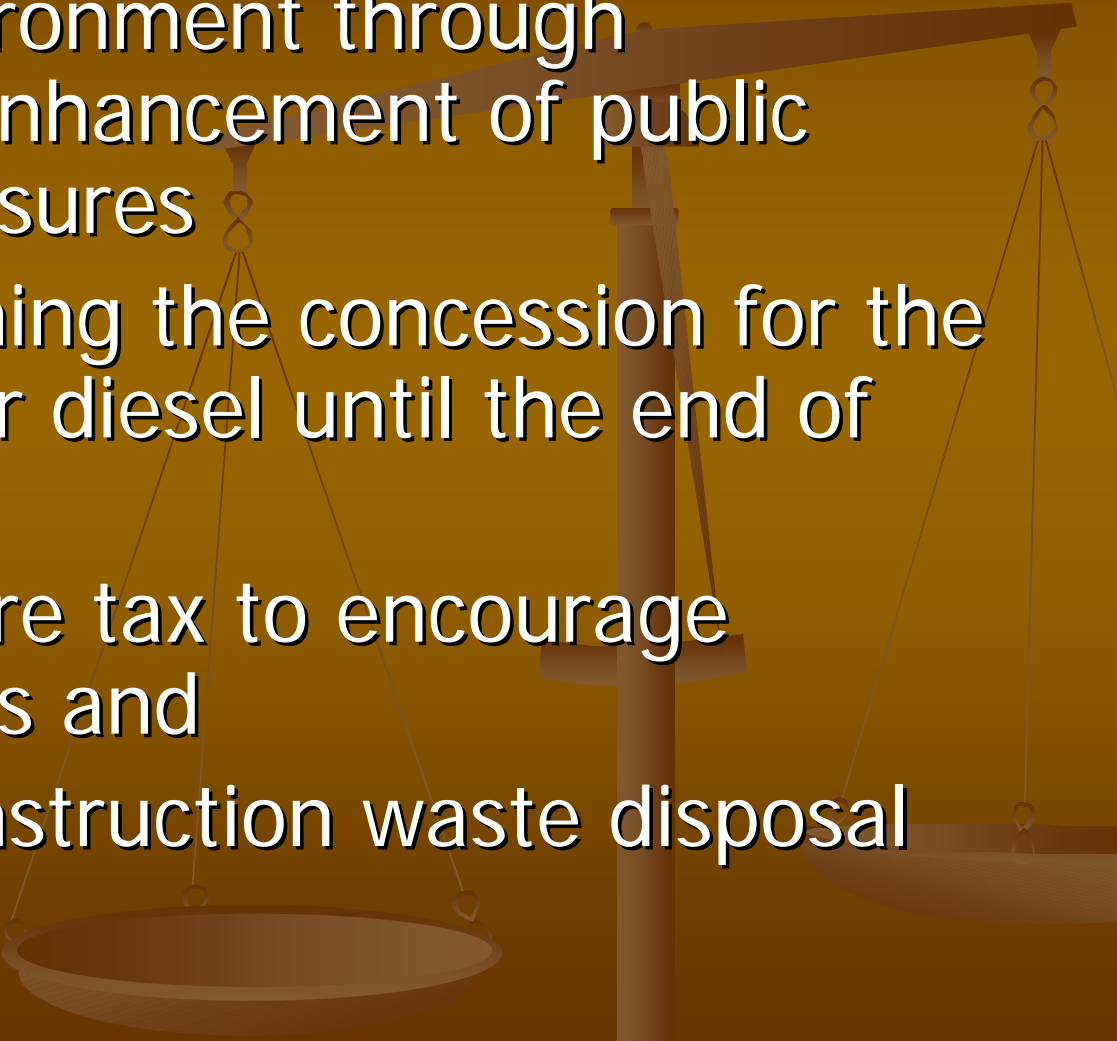
Where the principal value of the estate	Rate of Duty
Does not exceed HK\$7.5M	NIL
Exceeds HK\$7.5M but does not exceed HK\$9.0M	5%
Exceeds HK\$9.0M but does not exceed HK\$10.5M	10%
Exceeds HK\$10.5M	15%

Estate Duty

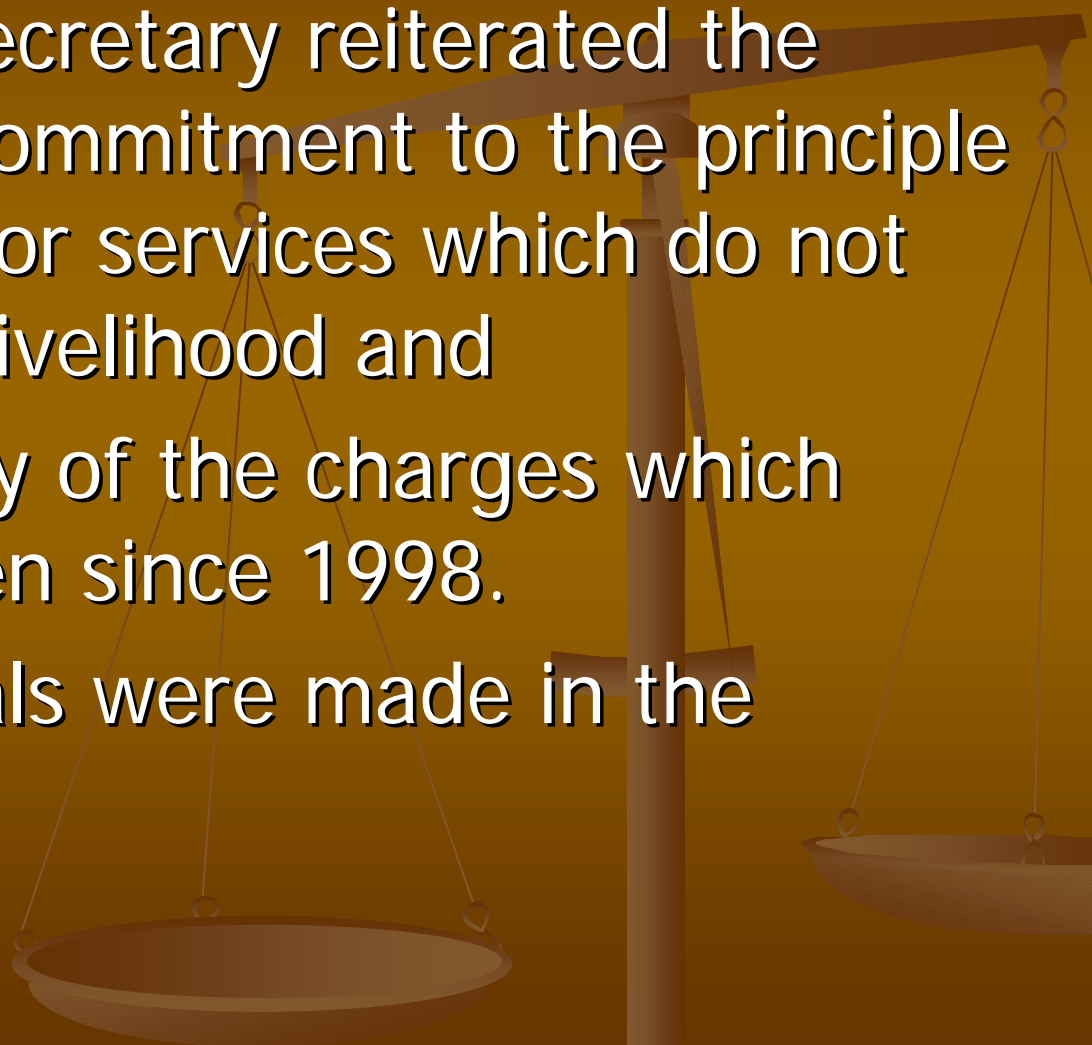
- The estate rates are not progressive
- relief from the strict application of the rates, known as Marginal Relief, is available where an estate is only slightly in excess of one of the limits below which a lower rate of duty would apply.



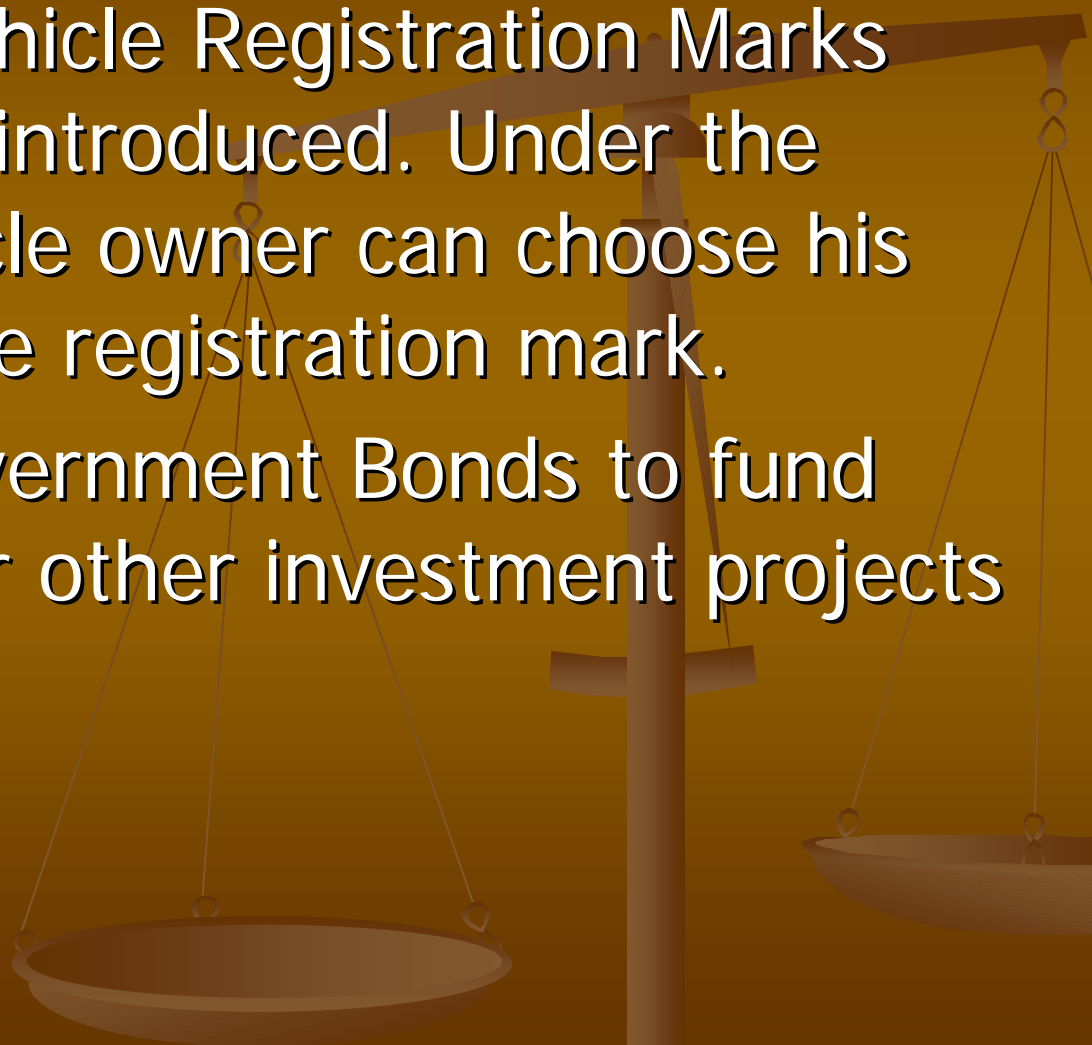
Green Taxes

- protect the environment through education and enhancement of public awareness. Measures
 - include maintaining the concession for the ultra low sulphur diesel until the end of this year, and
 - considering a tyre tax to encourage recycling of tyres and
 - a charge for construction waste disposal
- 

Government fee

- The Financial Secretary reiterated the Government's commitment to the principle of "User Pays" for services which do not affect people's livelihood and
 - will review many of the charges which have been frozen since 1998.
 - No firm proposals were made in the Budget Speech.
- 

Other matters

- Personalised Vehicle Registration Marks Scheme will be introduced. Under the scheme, a vehicle owner can choose his preferred vehicle registration mark.
 - Issuance of Government Bonds to fund infrastructure or other investment projects
- 

Good and Services Tax

- Hong Kong's narrow tax base is less able to tackle fiscal deficits in times of economic downturn.
 - The Financial Secretary has established an internal committee to review the impact of the introduction of GST in Hong Kong and to determine a time table for implementation
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