

Tax Deduction under the Voluntary Health Insurance Scheme (VHIS)

What is VHIS?

- The Government implements VHIS to regulate individual indemnity hospital insurance products, so as to encourage citizens to use private healthcare services. For details, please refer to the leaflet on VHIS.

What is the tax deduction under VHIS?

- To provide an incentive for citizens to purchase Certified Plans under VHIS, the Government will amend the Inland Revenue Ordinance (Cap. 112) to allow tax deduction for relevant premiums paid.
- Premiums paid by a citizen for himself and his dependants will be allowed for deduction. The deduction ceiling is \$8,000 per insured person per year. There is no cap on the number of dependants that are eligible for tax deduction.

What are Certified Plans?

- Under VHIS, there are two types of Certified Plans, namely Standard Plan and Flexi Plans. The latter can provide a variety of product choices to meet different consumers' needs. For details, please refer to the leaflet on VHIS.

What is a dependant?

“Dependant” means:

- your spouse / child; or
- your or your spouse's parent / grandparent / brother or sister.

If I purchased more than one policy of Certified Plans, what is the annual tax deduction ceiling for the premiums paid?

- The ceiling for annual deduction is applicable per insured person. Irrespective of whether you have one or more than one policy, the ceiling for annual deduction is the same, i.e. \$8,000.

If I purchased four insurance policies under Certified Plans for myself and three of my dependants, what is the annual tax deduction ceiling for the premiums paid?

- If you purchase four policies under Certified Plans for four insured persons, and are the policy holder of the concerned policies, you can apply for tax deduction for the relevant premiums paid. The ceiling for annual deduction per insured person is \$8,000. In other words, the annual deduction ceiling for you is \$32,000 (i.e. \$8,000 x 4).

When will the tax deduction take effect?

- The tax deduction will take effect from the financial year after the Legislative Council has passed the Amendment Bill to the Inland Revenue Ordinance. After the passing of the amendment, announcement will be made in the VHIS website at <http://www.vhis.gov.hk/> on the date of scheme implementation.