

EFFECT OF THE PROPOSED ONE-OFF REDUCTION OF SALARIES TAX, TAX UNDER PERSONAL ASSESSMENT AND PROFITS TAX

Year of Assessment 2020/21

Salaries tax and tax under personal assessment-
100% tax reduction subject to a cap at \$10,000 per case

Assessable Income	No. of taxpayers	Average amount of tax reduction	Average % of tax reduced
\$200,000 and below	260 000	\$760	100%
\$200,001 to \$300,000	422 000	\$3,440	100%
\$300,001 to \$400,000	335 000	\$6,520	68%
\$400,001 to \$600,000	393 000	\$7,920	40%
\$600,001 to \$900,000	242 000	\$9,260	20%
Above \$900,000	219 000	\$10,000	4%
Total	1 871 000	—	—

Note: As at 31 December 2020, Hong Kong had a working population of 3.89 million.

Profits tax-
100% tax reduction subject to a cap at \$10,000 per case

Assessable Profits	No. of businesses [#]	Average amount of tax reduction	Average % of tax reduced
\$100,000 and below	36 000	\$3,490	98%
\$100,001 to \$200,000	15 000	\$9,950	60%
\$200,001 to \$300,000	10 000	\$10,000	38%
\$300,001 to \$400,000	7 000	\$10,000	28%
\$400,001 to \$600,000	10 000	\$10,000	20%
\$600,001 to \$900,000	9 000	\$10,000	14%
Above \$900,000	41 000	\$10,000	0.3%
Total	128 000	—	—

Note: As at 31 December 2020, there were about 1.28 million corporations and 280 000 unincorporated businesses in Hong Kong.

[#] Including 101 000 corporations and 27 000 unincorporated businesses.