

**Support
enterprises**

**Smoothen
livelihoods**

**Safeguard
jobs**

**Stimulate
the economy**



2020-21 Budget

Highlights



[www.budget.gov.hk/
2020/eng/index.html](http://www.budget.gov.hk/2020/eng/index.html)

Stimulate the economy

Smoothen livelihoods

Cash payout

\$10,000

cash payout to
Hong Kong permanent
residents aged 18
or above

\$10,000



- Reduce salaries tax and tax under personal assessment for 2019-20 assessment year by **100%**, subject to ceiling of **\$20,000**
- Waive rates of domestic properties for four quarters of 2020-21, subject to a **\$1,500** ceiling per quarter



- Extra **1** month allowance of standard CSSA payment, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Work Incentive Transport Subsidy
- Pay **1** month's rent for lower income tenants living in public rental units
- Pay examination fees for candidates sitting 2021 HKDSE Examination



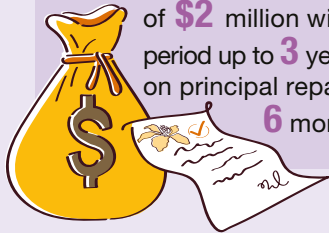
Support employees

- Additional annual funding of **\$30** million to enhance Labour Department employment programmes. Raise ceiling of on-the-job training allowance
- Provide **\$2.5** billion to the Employees Retraining Board to enhance the Love Upgrading Special Scheme. Increase the maximum monthly allowance of trainees to **\$5,800**
- Construction Industry Council to allocate **\$200** million for training allowances for workers, and subsidising SME contractors and registered subcontractors with a ceiling of **\$20,000** each



Concessionary low-interest loan

Introduce a **concessionary low-interest loan** with **100%** Government guarantee for enterprises, which will be open for application for **6** months. Maximum loan of **\$2** million with repayment period up to **3** years. Moratorium on principal repayment for first **6** months



- Reduce profits tax for 2019-20 assessment year by **100%**, subject to a **\$20,000** ceiling
- Waive rates for non-domestic properties for 2020-21, subject to a ceiling of **\$5,000** per quarter in first two quarters and **\$1,500** per quarter for remaining two quarters



- Waive business registration fees for 2020-21
- Waive registration fees for company annual returns for **2** years

Support enterprises Safeguard jobs



Continue to implement relief measures announced last year



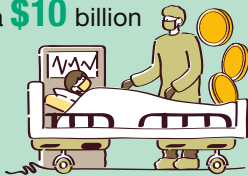
- Electricity charges for non-residential account: subsidise **75%** of charges for **4** extra months, subject to a monthly cap of **\$5,000**
- Water and sewage charges of non-domestic households: waive **75%** of charges for **4** extra months, subject to a monthly cap of **\$20,000** and **\$12,500** respectively
- Local recycling enterprises: provide **\$100** million rental subsidy for **6** months
- Rental for Government properties/ properties covered by short-term and temporary waivers: **50%** reduction for **6** months
- Hire charges for civic centres under Leisure and Cultural Services Department: **50%** reduction for **6** months
- Fees and rent for cruise lines and cruise terminal tenants: reduction for **6** months



Strengthen healthcare system

Devote resources to enhance services

- Substantial resources devoted in the last two Budgets: formulation of the second **10-year Hospital Development Plan**, enhancement of healthcare manpower training, expediting the upgrading or acquisition of medical equipment, introduction of advanced medical devices, expansion of the scope of Drug Formulary, establishment of a **\$10 billion** public healthcare stabilisation fund, development of Chinese medicine services and promotion of primary healthcare services



- Earmark about **\$500 billion** for the two 10-year Hospital Development Plans, providing over **15 000** additional hospital beds and more than **90** operating theatres to meet projected service demand up to 2036

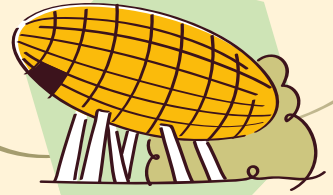


- Provide sufficient financial support for the Hospital Authority (HA) and the Department of Health for anti-epidemic efforts
- Provide recurrent funding of **\$75 billion** to the HA in 2020-21, an increase of **35%** from 2017-18
- Allocate about **\$180 million** to universities to enhance facilities and strengthen professional healthcare training
- Renovate Department of Health clinics in phases
- Provide an additional **\$3.6 billion** to HA to retain talents in the **5-year** period starting from 2021-22
- Allocate about **\$600 million** to subsidise the setting up of interim “District Health Centre (DHC) Express” by non-governmental organisations in **11** districts where DHCs have yet to be set up
- Launch the tender process for the construction work of the first Chinese Medicine hospital in Hong Kong
- Allocate sufficient resources to related bureaux to support people suffering from mental distress



Financial services

- Lower minimum entry age of the HKMC Annuity Plan from 65 to **60**
- Launch a **\$1** billion pilot scheme for fixed-rate mortgages to help reduce risks of interest rate volatility for homebuyers
- Issue inflation-linked retail bonds and Silver Bonds totalling not less than **\$13** billion
- Issue green bonds totalling **\$66** billion in next **5** years
- Waive stamp duty on stock transfers paid by the Exchange Traded Fund (ETF) market makers when creating and redeeming ETF units in Hong Kong
- Establish a limited partnership regime and provide tax concession for carried interest issued by private equity funds to attract them to domicile and operate in Hong Kong



Innovation and technology

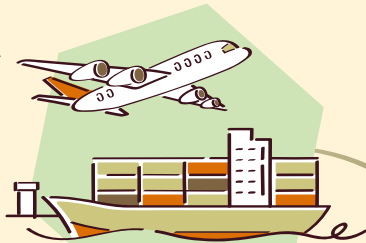
- Earmark **\$3** billion to take forward Phase 2 of the Science Park Expansion Programme
- Explore the establishment of a third **InnoHK research cluster**
- Increase the grant ceiling under the **Technology Voucher Programme** to **\$600,000** and raise the Government's funding ratio to **75%**
- Inject **\$345** million for a pilot subsidy scheme to encourage the logistics industry to enhance productivity through the application of technology

Tourism

- Additional funding of over **\$700** million for the Hong Kong Tourism Board to step up external promotion after the epidemic



**Diversified
economy**



Trade

- Additional funding of **\$150** million for the Hong Kong Trade Development Council to assist Hong Kong enterprises in exploring business opportunities

Professional services



- Earmark about **\$450** million to implement the “**Vision 2030 for Rule of Law**” project to strengthen the Hong Kong community’s

understanding of the concept of the rule of law and its implementation

Nurture talents

- Expand the **Researcher Programme** and **Postdoctoral Hub** to cover all technology companies conducting R&D activities in Hong Kong



- Earmark **\$40** million to subsidise short-term internships for undergraduates and postgraduates taking STEM programmes in local universities

Cultural and creative industries

- Additional **\$900** million to the **Art Development Matching Grants Scheme** to further promote sponsorship of culture and arts from all sectors



- Government and public organisations to increase short-term internship places for 2020-21 to almost **5 000**





Environment and food
\$40B



Infrastructure
\$78.3B



Economic
\$120.9B



Health
\$97.7B



Social welfare
\$115B



Security
\$65.8B



Others
(including community and external affairs)
\$101.1B

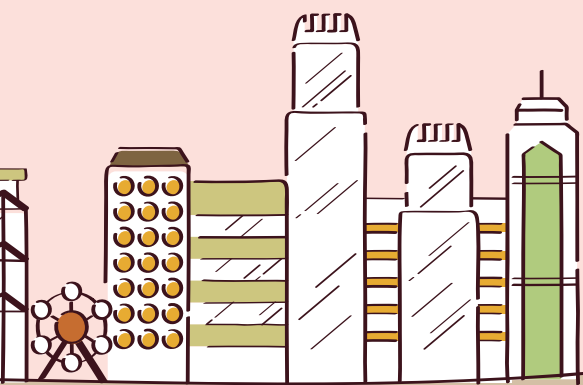


Education
\$112.3B

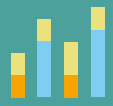


↑10.0%
Recurrent expenditure
\$486.6B

Total government expenditure **\$731.1B**



Econ



GDP growth

2019 performance **-1.2%**

2020 forecast **-1.5%**
0.5%

Public finance



2019-20 financial year

- Deficit of about **\$37.8** billion, equivalent of about **1.3%** of GDP

2020-21 financial year

- Estimated deficit of about **\$139.1** billion, equivalent of about **4.8%** of GDP
- Almost **\$120** billion of deficit related to the cash payout scheme and other one-off relief measures, which will not incur long-term financial commitments

2021-22 to 2024-25 financial years



- Estimated deficits range between **\$7.4** billion and **\$17** billion
- Main reason is Government revenue cannot keep up with drastic increases in expenditure (especially recurrent expenditure)

Facing the challenge

- Future Government expenditure will enter a **consolidation period**
- For future spending increases, should be more mindful of **long-term affordability** and in line with increase in revenue
- To increase revenue, we need to **maintain the growth and vibrancy of the economy**, and identify new areas of economic growth
- May have to consider **seeking new revenue sources or revising tax rates**
- May have to **reduce one-off relief measures progressively**

Economy



	
Headline inflation	Underlying inflation
2.9%	3.0%
1.7%	2.5%

