

Mobility: Tax alert

February 2026

Hong Kong

2026/27 Budget Proposal

Executive summary

On 25 February 2026, the Financial Secretary of the Hong Kong Special Administrative Region delivered the Budget Proposal for the 2026/27 tax year, commencing 1 April 2026.

The Financial Secretary has proposed adjustments to the personal allowances and deduction ceiling for elderly residential care expenses, as well as a one-off tax reduction and rates concession.

One-off tax reduction

A one-off reduction of 100% to the salaries tax and tax under personal assessment has been proposed for 2025/26, capped at HKD 3,000. This reduction will be applied directly to a taxpayer's 2025/26 final tax payable.

Salaries tax regime for 2026/27

There is no proposed change to either the progressive rates or the standard rate. The tax bands will also remain unchanged for 2026/27.

Personal allowances and deductions

The below listed personal allowances have been proposed to increase.

	Current allowances (2025/26) HKD	Proposed allowances (from 2026/27 onwards) HKD
Basic allowance	132,000	145,000
Married person's allowance	264,000	290,000
Child allowance (each)		
- first 2 years after childbirth*	260,000	280,000
- other years	130,000	140,000
Dependent parent / grandparent allowance (each)		
Aged 60 and above		
- Residing with taxpayer	100,000	110,000
- Not residing with taxpayer	50,000	55,000
Aged 55 to 59		
- Residing with taxpayer	50,000	55,000
- Not residing with taxpayer	25,000	27,500
Single parent allowance	132,000	145,000

* Announced in the 2025 Policy Address, and subject to passage of relevant legislation.

The deduction ceiling for elderly residential care expenses has also been proposed to increase from the current HKD 100,000 to HKD 110,000.

Other highlights

Rates on property

A rates concession for properties has been proposed for the first two quarters of 2026/27, subject to a cap of HKD 500 per tenement.

Next steps

It should be noted the budget measures are proposals only and will not become law until they are approved by the Hong Kong Legislative Council. Once legislated, the provisions will apply to the 2026/27 tax year.

Employers should ensure that they are aware of these provisions and the impact they may have to their mobility programs. If you require further information in relation to the budget proposals, please do not hesitate to contact your local EY advisor or one of the contacts listed below.

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