

# Adjustments of demand-side management measures for residential properties

As announced in the 2023 Policy Address, the Government would adjust the demand-side management measures (DSMMs) for residential properties with effect from October 25, 2023 (i.e. the 2023 Policy Address date):

(i) shorten the applicable period of the Special Stamp Duty (SSD) from three years to two years. In other words, if a property owner disposes of his/her property two years after acquisition, he/she will no longer need to pay the SSD, which amounts to 10 per cent of the property price;

(ii) reduce the respective rates of the Buyer's Stamp Duty (BSD) and the New Residential Stamp Duty (NRSD) by half, from 15 per cent to 7.5 per cent; and

(iii) introduce a stamp duty suspension arrangement for incoming talents acquisition of residential properties, which is an enhancement of the stamp duty refund arrangement introduced last year for incoming talents. Under the suspension mechanism, an eligible incoming talent who purchases a residential property in Hong Kong on or after October 25, 2023, may apply for suspension of stamp duty payment in respect of the BSD and the NRSD. The talent still has to pay the ad valorem stamp duty at Scale 2 rates. Upon the Inland Revenue Department (IRD)'s approval of the application for suspension, a statutory charge will be constituted in favour of the Collector of Stamp Revenue (Collector) automatically by law. After the incoming talent becomes a Hong Kong permanent resident (HKPR), he/she can submit an application for waiver to the IRD for waiving the relevant stamp duty payment. Upon the IRD's approval of the relevant application, the IRD will issue a certificate of discharge which has the effect of discharging the charge in favour of the Collector.

A Government spokesman said, "The Government has been adopting a pragmatic approach in continuously evaluating the residential property market situation. The prevailing market conditions as well as the demand-supply balance have changed substantially compared with when the DSMMs were introduced. The Government hence sees room for suitable adjustment of the DSMMs."

"A relaxation of the SSD may reduce the financial burden on home owners who have need to sell their flats after the holding period of two years. The relaxation may also boost market turnover of residential properties by releasing the 'locked-up' housing stock, and increase the housing units available for sale in the secondary market for homebuyers. Adjustment of the BSD and the NRSD will help alleviate the financial burden on HKPRs who already own residential properties in their acquisition of another residential property, as well as reduce the costs of non-HKPRs in their acquisition of residential properties. Meanwhile, the suspension mechanism will help further attract and retain talents from around the world by reducing their upfront cost of property purchase. The Government will

continue to closely monitor the property market to ensure its healthy and steady development", the Government spokesman added.

The aforementioned adjustments of the DSMMs will be implemented through the Stamp Duty (Amendment) (Residential Properties) Bill 2023 (the Bill). The Chief Executive has made the Public Revenue Protection (Stamp Duty) (No. 2) Order 2023 (the Order) by exercising his statutory powers to give full force and effect of law to the Bill so long as the Order remains in force. The Order and the Bill will be published in the Gazette today (October 25) and on October 27 respectively, and introduced into the Legislative Council on November 8.