

# Gazettal of Rating (Amendment) Bill 2024

The Government announced in the 2024-25 Budget that the progressive rating system for domestic tenements will be implemented as proposed in the 2022-23 Budget and will take effect from the fourth quarter of 2024-25 onwards to uphold the principle of "affordable users pay". To give effect to this, the Rating (Amendment) Bill 2024 will be gazetted on May 31 and will be introduced into the Legislative Council on June 12.

Under the Bill, for domestic tenements with a rateable value (RV) of \$550,000 or below, rates will continue to be charged at 5 per cent of the RV. For domestic tenements with a RV exceeding \$550,000, rates will be charged at the same rate of 5 per cent for the first \$550,000, 8 per cent for the next \$250,000, and 12 per cent for the value exceeding \$800,000 of the RV.

Non-domestic tenements, including those tenements occupied for the purpose of business activities or social services, e.g. hotel, children's home, nursery, home for the elderly, youth hostel, holiday camp, etc, will not be subject to the progressive rating system.

A Government spokesman said, "The progressive rating system endeavours to strike a balance between upholding the 'affordable users pay' principle and minimising the number of ratepayers affected. Due regard has also been given to the need to maintain a simple rating system. The proposal will only affect domestic tenements with an RV exceeding \$550,000, i.e. a monthly rent of about \$46,000 or above, which accounts for about 1.9 per cent of the total number of private domestic tenements in Hong Kong."

Due to their design, mode of occupation, etc, certain types of domestic tenements are currently assessed for rates as a single tenement on an "en-bloc" basis. As a result, RVs of these tenements may exceed \$550,000. However, it is not the intended purpose of implementing the progressive rating system to apply the principle of "affordable users pay" to them. In this connection, the following domestic tenements will be carved out from the scope of progressive rating system:

- public rental housing flats provided by the Hong Kong Housing Authority and the Hong Kong Housing Society, rental housing flats in Tai Hang Sai Estate provided by the Hong Kong Settlers Housing Corporation Limited as well as flats under the transitional housing or light public housing schemes, which aim at providing low-income families or target groups with affordable accommodation; and
- dormitories provided by the Hospital Authority, the Chinese Medicine Hospital of Hong Kong, non-profit-making registered schools, post-

secondary institutions and religious institutions, in which a substantial portion of the household facilities are designed for shared use.

The Rating and Valuation Department issued letters to individual ratepayers concerned in mid-April 2024, informing them of the potentially higher rates liability upon implementation of the progressive rating system. The progressive rates for applicable cases will be reflected in the quarterly demands for the fourth quarter of 2024-25, which will be issued to the ratepayers concerned in December 2024. The government revenue will increase by about \$820 million each year.