Government reminds public receiving assisted reproductive services to keep supporting documents for future tax deduction claims

â€‹The Government reminded members of the public today (March 27) that tax deduction for expenses on assisted reproductive (AR) services under salaries tax and personal assessment is planned for introduction starting from the year of assessment 2024/25. If members of the public pay for expenses on assisted reproductive services on or after April 1 this year and intend to claim tax deductions for such expenses upon implementation of the proposed tax deduction scheme, they should keep relevant documents including receipts as proof.

To encourage couples to give birth during their prime reproductive years, the Government proposed in the 2023 Policy Address the introduction of a tax deduction for expenses on AR services starting from the year of assessment 2024/25, with the ceiling of deductible expenses capped at $100,000 for eligible persons for each year of assessment. To benefit from the tax deduction, taxpayers must be couples who are infertile or receive reproductive technology (RT) procedures under specified medical needs, or cancer patients or any other patients who may be rendered infertile as a result of chemotherapy, radiotherapy, surgery, or other medical treatment.

Taxpayers who freeze gametes for reasons other than medical needs may delay their childbearing plans. Such decision is contrary to the Government's policy of encouraging the public to have children as early as possible. Therefore, taxpayers will not be able to claim the proposed tax deduction for the receipt of such services.

The scope of expenses eligible for the proposed tax deduction scheme is limited to the necessary expenses paid by taxpayers for RT procedures at centres holding accredited licences in Hong Kong. The accredited licences refer to an artificial insemination by husband (AIH) licence, a treatment licence or a storage licence issued by the Council on Human Reproductive Technology (CHRT). The CHRT updates and publishes the list of licensed centres regularly on its website (www.chrt.org.hk) for public reference. In addition, taxpayers can only claim tax deductions in the year of assessment during which such expenses are paid. Reimbursed expenses (e.g. expenses reimbursed by insurance companies, medical reimbursements under civil service medical benefits, etc) are not tax deductible.

To facilitate taxpayers' claims for tax deductions in the future upon the implementation of the proposed tax deduction, the Government will prepare a standard form of Proof of Qualifying Expenses Paid for Assisted Reproductive Services (the Proof). A taxpayer, at the time of getting the payment receipt, may then request an accredited specialist or the person responsible of the licensed centre to issue and sign the Proof to certify the eligibility of the taxpayer for the tax deduction and that the relevant expenses are necessary for undergoing RT procedures. The Proof must show the amount and date of expenses paid by the taxpayer.

As for taxpayers who are going to pay necessary expenses for RT procedures on or after April 1 this year, they can also present the relevant receipts to obtain the Proof retrospectively from the licensed centre that provided the services as evidence for the tax deduction.

Where necessary, the Inland Revenue Department will request the taxpayers to submit the Proof as evidence for the tax deduction. Taxpayers should therefore keep the Proof for six years counting from the end of the relevant assessment year.

The Government plans to introduce an amendment bill for the Inland Revenue Ordinance (Cap. 112) into the Legislative Council within this year to implement the tax deduction.