

Government to move resolution to resume collection of Hotel Accommodation Tax

The Government served a notice to the Legislative Council today (July 3) to move a resolution under the Hotel Accommodation Tax Ordinance (Cap. 348) (HATO) to resume the collection of hotel accommodation tax (HAT).

Under the HATO, the HAT is imposed on hotel and guesthouse accommodation, and is levied on the accommodation charges payable by guests to hotel or guesthouse proprietors at a rate specified in the Schedule to the HATO. Since July 1, 2008, the HAT tax rate has been reduced from 3 per cent to 0 per cent.

In the 2024-25 Budget, the Financial Secretary proposed to resume the collection of the HAT at a rate of 3 per cent with effect from January 1, 2025, as part of the comprehensive fiscal consolidation programme to restore fiscal balance in a few years' time. The HAT will bring an estimated annual revenue of about \$1.1 billion to the Government, providing a stable source of revenue without affecting members of the general public. The HAT to be collected only accounts for less than 1 per cent of the spending by overnight visitors in Hong Kong and will not affect visitors' choice of Hong Kong as a travel destination or their spending sentiment in Hong Kong.

The Secretary for Financial Services and the Treasury will move the relevant resolution pursuant to section 3(2) of the HATO at the Legislative Council on October 23. The resolution will be published in the Gazette on October 25.

Since the announcement of the proposal to resume the collection of the HAT in the 2024-25 Budget, the Financial Services and the Treasury Bureau and the Inland Revenue Department (IRD) have been actively reaching out to the hotel and guesthouse industry to facilitate them in understanding the operational arrangements regarding the collection of the HAT and in preparing for compliance. The IRD has also been providing assistance by organising briefings for industry practitioners, disseminating relevant information via letters and its website, as well as setting up a dedicated enquiry hotline and a dedicated helpdesk at the Inland Revenue Centre.