

Government welcomes passage of abolition of Doubled Ad Valorem Stamp Duty on non-residential properties

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, welcomed the passage of the Stamp Duty (Amendment) Bill 2020 by the Legislative Council today (March 17). The Ordinance gives effect to the proposal in the 2020 Policy Address on the abolition of the Doubled Ad Valorem Stamp Duty (DSD) rates applicable to non-residential property transactions with effect from November 26, 2020, reverting the ad valorem stamp duty rates chargeable on non-residential properties to the Scale 2 rates.

DSD was introduced in 2013 against the backdrop of an overheating property market with hectic trading activities and soaring prices. The measure was necessary to dampen the demand for non-residential properties in order to maintain stability in the property market. As a result of the economic downturn and uncertainties surrounding the COVID-19 pandemic, prices and transactions for non-residential properties have eased noticeably for a period of time, signalling a slackening of market demand. The Government considers that it is the appropriate time to abolish DSD as a demand-side management measure.

The abolition of DSD could facilitate the selling of non-residential property by businesses that are encountering financial predicaments or liquidity needs because of the economic downturn, mitigating the impact of the pandemic on Hong Kong's economy and business activities.

From November 26 last year until the end of February this year, the abolition of DSD on non-residential properties had allowed the stamp duty payers of about 5,000 property transactions to save a total of some \$870 million.