

Government welcomes passage of Inland Revenue (Amendment) (No. 4) Bill 2018

The Secretary for Food and Health, Professor Sophia Chan, welcomed the passage of the Inland Revenue (Amendment) (No. 4) Bill 2018 by the Legislative Council today (October 31).

The new Ordinance gives effect to a tax deduction under salaries tax and personal assessment to people who purchase eligible health insurance products for themselves or their specified relatives under the Voluntary Health Insurance Scheme (VHIS), starting from April 1, 2019.

Professor Chan said, "We will fully implement the VHIS with the added incentive of tax deduction."

Under the new arrangement, a taxpayer can claim deductions for VHIS premiums paid up to \$8,000 per insured person for insurance policies procured for the benefit of the taxpayer and all specified relatives, which cover the taxpayer's spouse and children, and the taxpayer's or his/her spouse's grandparents, parents and siblings.

"Compared with many existing indemnity hospital insurance products, Certified Plans under the VHIS are more attractive in a number of ways, such as guaranteed renewal until the insured reaches the age of 100, premium adjustment not being based on changes in the health condition of that individual insured, no "lifetime benefit limit", and coverage extended to include unknown pre-existing conditions and ambulatory procedures including endoscopy.

"We encourage the public to purchase Certified Plans under the VHIS, so that they may choose to use private healthcare services when in need, thereby alleviating the long-term pressure on the public healthcare system," Professor Chan said.

The VHIS Office of the Food and Health Bureau has already been established in early October 2018. With the passage of the Bill, the VHIS Office will invite insurers to participate in the VHIS and submit products for certification. The first batch of Certified Plans are expected to be approved in early 2019. Taxpayers who pay the premium for the Certified Plans on or after April 1, 2019, will be eligible for tax deduction.

For further information on the VHIS, please visit the dedicated website (www.vhis.gov.hk).