

Government welcomes passage of Inland Revenue (Amendment) (Tax Deductions for Leased Premises Reinstatement and Allowances for Buildings and Structures) Bill 2024

The Government welcomed the passage of the Inland Revenue (Amendment) (Tax Deductions for Leased Premises Reinstatement and Allowances for Buildings and Structures) Bill 2024 by the Legislative Council today (December 18). The Bill gives effect to two enhancement measures for deduction of expenses under profits tax in the 2024-25 Budget, which will take effect from the year of assessment 2024/25, including:

1. introducing a tax deduction for expenses incurred for reinstating the condition of leased premises to their original condition (reinstatement cost); and
2. removing the time limit for claiming annual allowances in respect of industrial/commercial buildings or structures.

A Government spokesman said, "Taxpayers only need to meet simple and clear conditions to claim tax deduction for the reinstatement cost. Removing the time limit for claiming annual allowances in respect of industrial/commercial buildings or structures will enable taxpayers to enjoy the same tax treatment when purchasing old buildings as when purchasing new ones. Both measures will alleviate the tax burden of taxpayers and enhance the business environment."

The Amendment Ordinance will be published in the Gazette on December 27. Relevant information and frequently asked questions and answers have been uploaded to the Inland Revenue Department website (www.ird.gov.hk) for reference by the public.