

Government welcomes passage of Rating (Amendment) Bill 2024

The Government welcomed the passage of the Rating (Amendment) Bill 2024 by the Legislative Council today (October 23). The Bill gives effect to the progressive rating system for domestic tenements, which will take effect from the fourth quarter of this financial year (i.e. January to March 2025), to uphold the principle of "affordable users pay".

Starting from the fourth quarter of this financial year, for domestic tenements with a rateable value (RV) of \$550,000 or below, rates will continue to be charged at 5 per cent of the RV. For domestic tenements with an RV exceeding \$550,000, rates will be charged at the same rate of 5 per cent for the first \$550,000, 8 per cent for the next \$250,000, and 12 per cent for the remaining RV.

Non-domestic tenements, including tenements used for business activities or social services, e.g. commercial building, industrial building, shop, hotel, nursery, home for the elderly, youth hostel, holiday camp, etc, will not be subject to the progressive rating system.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "The progressive rating system endeavours to strike a balance between upholding the 'affordable users pay' principle and minimising the number of ratepayers affected. In formulating the progressive rating system, the Government has taken into account a basket of factors, including the affordability of ratepayers of domestic tenements, the market rentals as reflected in the RV, the number of affected ratepayers and the amount of additional rates to be paid, the estimated increase in revenue from rates, as well as the fundamental principle of maintaining a simple rating system. The progressive rating system is part of the Government's comprehensive fiscal consolidation programme. It is expected that government revenue will increase by about \$820 million each year. The affected domestic tenements account for about 1.9 per cent of the total number of private domestic tenements in Hong Kong."

The Bill will be gazetted on November 1. The Rating and Valuation Department will inform the affected ratepayers. The quarterly demands to be issued in the fourth quarter of this financial year will reflect the progressive rates for applicable cases.