

Reduction of duty on liquor with alcoholic strength of more than 30 per cent

As announced in "The Chief Executive's 2024 Policy Address", the Government would reduce the duty on liquor with an alcoholic strength of more than 30 per cent (liquor) by introducing a two-tier system with different duty rates for each tier with effect from today (October 16).

Under the new two-tier system, the duty rate for liquor with import price over \$200 will be reduced from 100 per cent to 10 per cent for the portion above \$200, while the duty rate for the portion of \$200 and below as well as liquor with import price of \$200 or below will remain at 100 per cent. The new duty rates will only be applicable to liquor of up to one litre. If a larger container is used, the duty payable will be calculated on a "value per litre" basis.

A Government spokesman said, "Hong Kong has been adopting a simple ad valorem duty system on liquor since 1994. Given the experience in waiving wine duty in 2008, a reduction of liquor duty should similarly promote high-end liquor trade, thereby giving impetus to the development of other high value-added sectors such as logistics and storage, tourism as well as high-end food and beverage consumption, creating more job opportunities and bringing overall benefits to society. With the introduction of a two-tier system with different duty rates based on value, we believe that the proposal has struck a balance between facilitating the liquor business and guarding public health against binge drinking as a result of the reduction in liquor duty."

The above two-tier system is set out in the proposed resolution to be moved by the Secretary for Commerce and Economic Development pursuant to section 4(2) of the Dutiable Commodities Ordinance (Cap. 109) (the proposed resolution), which forms part of the Public Revenue Protection (Duty on Liquor) Order 2024 (the Order) made by the Chief Executive today to give full force and effect of law to the proposed resolution so long as the Order remains in force.

The Order and the proposed resolution have been published in the Gazette today. The Hong Kong Customs and Excise Department has also put up notices at boundary control points and on its websites for travellers and the trade.