

Hong Kong's Gross National Income and external primary income flows for the fourth quarter of 2023 and the whole year of 2023

The Census and Statistics Department (C&SD) released today (March 15) the preliminary statistics on Hong Kong's Gross National Income (GNI) and related figures for the fourth quarter of 2023 and the whole year of 2023.

Hong Kong's GNI, which denotes the total income earned by Hong Kong residents from engaging in various economic activities, increased significantly by 11.6% in the fourth quarter of 2023 over a year earlier to \$849.6 billion at current market prices. The Gross Domestic Product (GDP), estimated at \$794.6 billion at current market prices in the same quarter, recorded a 8.5% increase over a year earlier. The value of GNI was larger than GDP by \$55.0 billion in the fourth quarter of 2023, which was equivalent to 6.9% of GDP in that quarter, mainly attributable to a net inflow of investment income.

After netting out the effect of price changes over the same period, Hong Kong's GNI increased by 7.5% in real terms in the fourth quarter of 2023 over a year earlier. The corresponding GDP in the same quarter increased by 4.3% in real terms.

Hong Kong's total inflow of primary income, which mainly comprises investment income, estimated at \$475.2 billion in the fourth quarter of 2023 and equivalent to 59.8% of GDP in that quarter, recorded a significant increase of 10.4% over a year earlier. Meanwhile, total primary income outflow, estimated at \$420.3 billion in the fourth quarter of 2023 and equivalent to 52.9% of GDP in that quarter, also increased by 4.8% over a year earlier.

As for the major components of investment income inflow, direct investment income (DII) decreased by 3.2% from a year earlier, mainly due to the decrease in earnings of some prominent local enterprises from their direct investment abroad. Portfolio investment income (PII) recorded a significant increase of 31.9% over a year earlier, mainly attributable to the increase in interest income received by resident investors from the holdings of non-resident debt securities and the increase in dividend income received by resident investors from their holdings of non-resident equity securities.

Regarding the major components of investment income outflow, DII decreased by 1.7% from a year earlier, mainly due to the decrease in earnings of some prominent multinational enterprises from their direct investment in Hong Kong. PII decreased by 2.3%, mainly attributable to the decrease in dividend payout to non-resident investors from their holdings of resident

equity securities.

Analysed by country/territory, the mainland of China continued to be the largest source of Hong Kong's total primary income inflow in the fourth quarter of 2023, accounting for 37.1%. This was followed by the British Virgin Islands (BVI), with a share of 20.0%. Regarding total primary income outflow, the mainland of China and the BVI remained the most important destinations in the fourth quarter of 2023, accounting for 31.8% and 21.2% respectively.

For 2023 as a whole, Hong Kong's GNI increased by 8.8% over a year earlier to \$3,259.0 billion at current market prices. The difference of \$267.7 billion from GDP for the same year (estimated at \$2,991.3 billion) represented a net primary income inflow of the same amount and was equivalent to 8.9% of GDP in that year. The total primary income inflow was estimated at \$2,048.6 billion, or 68.5% of GDP in 2023 while the corresponding outflow at \$1,780.9 billion, or 59.5% of GDP in 2023. After netting out the effect of price changes, Hong Kong's GNI increased by 4.9% in real terms in 2023 over 2022.

Further Information

GDP and GNI are closely related indicators for measuring economic performance. GDP is a measure of the total value of production of all resident producing units of an economy. GNI denotes the total income earned by residents of an economy from engaging in various economic activities, irrespective of whether the economic activities are carried out within the economic territory of the economy or outside.

Figures of GNI and primary income flows analysed by income component from the first quarter of 2022 to the fourth quarter of 2023 are presented in Table A, while selected major country/territory breakdowns of primary income inflow and outflow for the same quarters are presented in Tables B(1) and B(2) respectively.

Statistics on GDP and GNI from 2022 onwards and primary income flows for 2023 are subject to revision when more data are incorporated.

More detailed statistics are given in the report "Gross National Income and External Primary Income Flows, Fourth Quarter 2023". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1040005&scode=250).

For enquiries about GNI and related statistics, please contact the Balance of Payments Branch (2) of the C&SD (Tel: 3903 7054 or email: gni@censtatd.gov.hk).

Statistics of Stored Value Facilities Schemes Issued by SVF Licensees

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (March 15) statistics on Stored Value Facilities (SVF) schemes issued by SVF licensees for the fourth quarter of 2023.

The SVF scheme statistics (see Annex) include quarterly data on SVF schemes issued by the SVF licensees of the relevant periods. Starting from the statistics for Q1/2022, the HKMA began to publish "add value" transactions data to provide more information regarding SVF transactions (Note 1).

According to the quarterly statistics, the total number of SVF accounts in use (Note 2) was 71.43 million by the end of Q4/2023, representing a 3.8 per cent increase from the previous quarter. The total number of SVF transactions was around 2.0 billion for Q4/2023, or 3.7 per cent higher than the previous quarter. The total value of SVF transactions was HK\$164.5 billion for Q4/2023, representing a 2.6 per cent decrease from the previous quarter. Of the total transaction value, HK\$43.8 billion was related to point-of-sale spending payment, HK\$25.2 billion in online spending payment, HK\$13.7 billion in P2P funds transfer and HK\$81.7 billion in add value. The total float and SVF deposit (Note 3) was HK\$17.2 billion for the end of Q4/2023, 0.5 per cent lower than the previous quarter.

As compared with the end of Q4/2022, the total number of SVF accounts in use at the end of Q4/2023 was up by 16.2 per cent, and the total float and SVF deposit was up by 2.5 per cent. The total number and value of SVF transactions during Q4/2023 were up by 4.6 per cent and 1.9 per cent respectively year-on-year.

Note 1: Before Q1/2022, SVF transactions data comprise point-of-sale spending payment, online spending payment and P2P funds transfer. Following the publication of "add value" transactions, transactions relating to certain receipts of online spending payment and P2P funds transfer that were previously counted under "online spending payment" or "P2P funds transfer" are now counted under "add value" to reflect the relevant nature of such transactions.

Note 2: "Total number of SVF accounts in use" refers to the total number of SVF accounts that can be used as at the end of the reporting period.

Note 3: The terms "float" and "SVF deposit" follow their definitions in the Payment Systems and Stored Value Facilities Ordinance.

Statistics of payment cards issued in Hong Kong for fourth quarter 2023

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (March 15) statistics of payment cards issued in Hong Kong for the fourth quarter of 2023.

The payment card statistics (see Annex) include quarterly data on credit and debit cards issued in Hong Kong under the credit and/or debit card schemes of the eight payment card scheme operators (Note 1). The HKMA began to publish the payment card statistics on a quarterly basis in June 2010 to enhance transparency of the payment card industry in Hong Kong, in line with international practice.

According to the quarterly statistics, the total number of credit cards in circulation (Note 2) was 19.69 million by the end of Q4/2023. The figure represents a 0.8 per cent increase from the previous quarter and a 1.0 per cent increase from the previous year. The number and value of credit card transactions (including retail sales and cash advances) (Note 3) are susceptible to seasonal factors and the general economic environment, making the trends more prone to fluctuation. The total number of credit card transactions was 303.15 million for Q4/2023, representing a 10.2 per cent increase from the previous quarter and a 22.4 per cent increase from the same period in 2022. The total value of credit card transactions was HK\$244.9 billion for Q4/2023, representing a 8.1 per cent increase from the previous quarter and a 13.4 per cent increase from the same period in 2022. Of the total transaction value, HK\$179.7 billion (73.4 per cent) was related to retail spending in Hong Kong, HK\$55.5 billion (22.7 per cent) in retail spending overseas and HK\$9.7 billion (4.0 per cent) in cash advances.

The total number of debit cards in circulation is not available due to overlapping of debit card brands in a single card. Like the number and value of credit card transactions, the number and value of debit card transactions in relation to retail sales and bills payments (Note 4) are also affected by seasonal factors. On a quarterly basis, the total number of debit card transactions in relation to retail sales and bills payments increased by 6.4 per cent to 48.65 million while the total value increased by 7.2 per cent to HK\$73.1 billion in Q4/2023. When compared to the same period in 2022, the total number increased by 2.2 per cent and the total value dropped by 3.8 per cent in Q4/2023.

Note 1: The payment card statistics are compiled from data on credit and debit cards issued in Hong Kong by both authorized institutions (AIs) and non-authorized institutions (non-AIs) under the credit and/or debit card

schemes of the eight payment card scheme operators ("the card operators"). The card operators, in alphabetical order, are American Express International, Inc., Discover Financial Services (Hong Kong) Limited, EPS Company (Hong Kong) Limited (EPSCO), JCB International (Asia) Ltd, Joint Electronic Teller Services Ltd. (JETCO), MasterCard Asia/Pacific Pte. Ltd., UnionPay International Co. Ltd and Visa Worldwide Pte. Limited.

Note 2: A credit card issued in Hong Kong only carries one credit card brand. The total number of credit cards in circulation refers to the total number of credit cards (i.e. cards with a credit function) issued in Hong Kong under the credit card schemes of card operators (but excluding EPSCO and JETCO, which do not operate a credit card scheme). Some of these credit cards carry debit card functions, i.e. the credit card can be used for making purchases/payments or cash withdrawal at ATMs through directly debiting cardholders' bank accounts.

Note 3: The total number/value of credit card transactions refer to the total number/value of transactions made via credit card accounts of credit cards issued in Hong Kong under the credit card schemes of card operators (excluding EPSCO and JETCO). Starting from March 2015, a Hong Kong/overseas spending breakdown of credit card retail sales transactions is provided.

Note 4: The total number/value of debit card transactions in relation to retail sales/bill payments refers to the total number/value of those transactions made via debiting cardholders' bank accounts. Some of the eight card operators do not operate a debit card scheme. Care should be exercised in combining the credit card retail sales figures and the debit card retail sales/bills payment figures because of the possibility of double counting.

Property agent convicted of omitting rental income and falsely claiming deduction of home loan interest

A property agent was convicted today (March 15) at the District Court of evading tax. Sentencing was adjourned to April 19 pending the defendant's submission of plea in mitigation.

The defendant, aged 65, was a licensed property agent and operated a property agency company. She pleaded guilty to 11 charges of evading tax wilfully with intent and one charge of making an incorrect return without reasonable excuse. The tax evasion charges comprised seven counts of omitting the rental income from her tax returns for the years of assessment 2008/09 to 2014/15; two counts of giving false answers in writing to the request by the Inland Revenue Department (IRD) for rental information for the years of assessment 2009/10 and 2011/12; two counts of making false statements in

connection with a claim for deduction of home loan interest for the year of assessment 2014/15, contrary to section 82(1)(a), 82(1)(e) and 82(1)(c) of the Inland Revenue Ordinance (IRO) (Cap. 112). For the charge of making incorrect return, the defendant understated her rental income for the year of assessment 2015/16, contrary to section 80(2)(a) of the IRO.

The court heard that the defendant owned 12 properties, 10 of which were for letting purposes, during the relevant period. The defendant did not report any rental income in her tax returns for the years of assessment 2008/09 to 2014/15, and reported the rental income of only one of her letting properties in her tax return for the year of assessment 2015/16. The IRD issued written enquiries to the defendant in respect of the non-reporting of rental income in her tax returns for the years of assessment 2009/10 and 2011/12. The defendant stated in her written replies that she did not have any letted property in the two years of assessment concerned. In addition, the defendant claimed deduction of home loan interest in respect of her letting property in the tax return for the year of assessment 2014/15 and an application form, and stated therein that she occupied that property as her residence for the whole year.

An investigation by the IRD revealed that tenants were solicited by the defendant or property agents appointed by her for her 10 letting properties (four of which were partitioned into subdivided units). The rents were deposited into the bank accounts of the defendant, her family members or her company. Furthermore, the defendant falsely declared twice that she resided at her letting property for the whole year during the year of assessment 2014/15 and claimed deduction of home loan interest on it. The total rental income omitted and understated for the years of assessment 2008/09 to 2015/16 was \$4,605,711, and the tax undercharged amounted to \$534,840. The amount of home loan interest falsely claimed by the defendant for the year of assessment 2014/15 was \$10,534 with evaded tax of \$1,790.

A spokesman for the IRD reminded taxpayers that tax evasion is a criminal offence under the IRO. Upon conviction, the maximum penalty for each charge is three years' imprisonment and a fine of \$50,000 plus a further fine of three times the amount of tax evaded. Furthermore, a person who, without reasonable excuse, makes an incorrect return shall be guilty of an offence and is liable to a maximum fine of \$10,000 and a further fine of three times the amount of tax undercharged for each charge.

Approved Man Kam To Outline Zoning Plan referred back for amendment

The Town Planning Board (the Board) announced today (March 15) that the Secretary for Development has referred the approved Man Kam To Outline Zoning

Plan (OZP) to the Board for amendment to reflect the latest land use proposals.

The OZP incorporating the amendments will be exhibited for public inspection under the provisions of the Town Planning Ordinance.

The Man Kam To OZP was last approved by the Chief Executive in Council in December 2017.