

The 2025-26 Budget



Accelerating Development through
Reform and Innovation

Developing
Innovation and
Technology

Upgrading
Industries

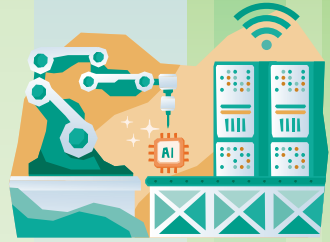
Nurturing
Talent

Public
Finance



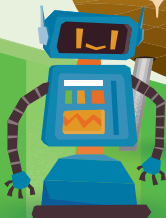
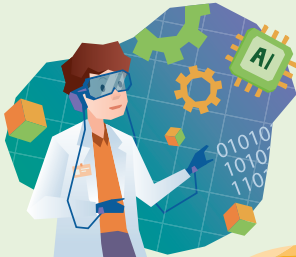
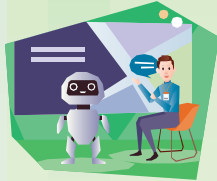
[www.budget.gov.hk/2025/
eng/index.html](http://www.budget.gov.hk/2025/eng/index.html)

Upgrading Industries



Innovation and Technology

- Set aside **\$1 billion** to establish the **Hong Kong Artificial Intelligence Research and Development Institute** to promote the application of research outcomes
- HKIC to host the first **International Conference on Embodied AI Robot and International Young Scientist Forum on Artificial Intelligence**
- **Pilot Manufacturing and Production Line Upgrade Support Scheme:** **\$100 million** earmarked to provide funding of up to **\$250,000** on a 1 (government) to 2 (company) matching basis to enterprises. The scheme will launch this year
- Study the streamlining of vetting procedures of licence applications for operating **Low Earth Orbit satellites**
- HKEX will establish a dedicated **“technology enterprises channel”** (“TECH”) to help companies prepare for listing applications
- Invite institutions to submit proposals for the establishment of the third InnoHK research cluster
- Review tax-deduction arrangements for purchase of **intellectual property** usage rights and related transactions
- World Intellectual Property Organization’s **publication event of the top 100 science and technology clusters** to be held in Hong Kong this year
- **Low-altitude Economy Regulatory Sandbox:** announcing results soon; consider dedicated legislation for various types of Advanced Air Mobility
 - HKTDC to add **thematic pop-up display area** during major innovation and technology exhibitions to showcase high-quality innovative technology products



Finance

- Improve **vetting process for listing**, optimise **thresholds for listing**, review **market structure** and more
- Propose measures to enhance the **“board lot” system** and **issuance mechanism for structured products** and increase **position limits for key index derivatives**
- Formulate proposals on enhancing preferential tax regimes for **funds** and **single family offices**
- Host the **Hong Kong Global Financial and Industry Summit** and a **flagship forum on fixed income and currencies**
- Propose measures to promote **gold market** development this year
- Announce second **policy statement on the development of virtual assets** and conduct consultation on licensing regimes of virtual asset over-the-counter trading services and custodian services
- Explore enhancement measures to the legal and regulatory regime related to issuance and transactions of **digital bonds**
- Extend pilot grant scheme on insurance-linked securities for **3** years
 - Implement **linkage of faster payment systems** between the Mainland and Hong Kong in the middle of the year earliest
 - Launch public consultation on specific proposals of **MPF “Full Portability”** this year



Trade

- **Multinational Supply Chain Management Centre:** continue to support Mainland enterprises to go global and provide credit insurance, one-stop professional consulting services, etc.
- Encourage sectors to hold events around the Belt and Road Summit period
- Consider legislative amendments to enable trade document digitalisation



Shipping

- Propose provision of half-rate tax concessions to eligible **commodity traders**. Target to introduce a bill into the Legislative Council next year
- Establish the **Hong Kong Maritime and Port Development Board** this year to strengthen research, promotion and manpower training
- Allocate over **\$210** million to install the port community system, enhancing the flow and sharing of data among stakeholders in the maritime, port and logistics industries
- Announce findings of the study on a **development model for logistics sites in the Northern Metropolis**



Aviation

- Hong Kong International Aviation Academy: expand its training programmes to cover **C919 aircraft-related** subjects
- Promote Hong Kong's development into Asia's first **aircraft dismantling, parts recycling, processing and trading centre**



Healthcare

- Release timetable for establishing the **Hong Kong Centre for Medical Products Regulation** and roadmap for adoption of **"primary evaluation"** in the first half of this year



- Set aside resources to support, on a matching basis, universities in developing a **third medical school**

Cultural and Creative Industries

- Organise the second edition of the **Hong Kong Performing Arts Expo** next year
- OASES to attract cultural and creative enterprises that integrate technologies in business
- Support over **30** cultural IP projects in the next **5** years



Tourism Everywhere

- Allocate **\$1.23** billion to the Hong Kong Tourism Board to pursue "tourism is everywhere" concept and implement Development Blueprint for Hong Kong's Tourism Industry 2.0
- 2025 **WTCF Fragrant Hills Tourism Summit** to be held in Hong Kong in April for the first time
- Earmark resources to encourage **cruise lines** to increase their number of ship calls to Hong Kong, make overnight calls and use Hong Kong as homeport
- Strategically attract **sports events** that can bring significant economic benefits in Hong Kong, e.g. LIV Golf
- Set up **refreshment stalls** at harbourfront locations in Central, Tsim Sha Tsui, Wan Chai and North Point
- Study to re-plan the **waterfront and former pier sites to the south of the Hung Hom Station** into a new harbourfront landmark, including major commercial and residential developments and a yacht club



Education and Talent

- Launch a new round of Research Matching Grant Scheme, totalling **\$1.5 billion**, to attract organisations to support research endeavours of institutions
- Increase the quota of the Hong Kong PhD Fellowship Scheme to **400** places a year



- HKIC, HKSTPC and Cyberport to arrange over **100** technology enterprises to engage with primary and secondary school students
- Offer **4 000** short-term internship placements in policy bureaux and departments and public organisations in the coming year
- **GBA Youth Employment Scheme:** Relax the requirements for joining the scheme to include people aged 29 or under with sub-degree or higher qualifications, and increase the allowance limit to **\$12,000** a month
- Organise the second **“Global Talent Summit · Hong Kong”** early next year
- Enhance the **New Capital Investment Entrant Scheme** to provide greater flexibility

Green Development

- InnoCentre in Kowloon Tong to become **GreenTech Hub**, housing over **200** green technology companies
- Launch a **\$300** million subsidy scheme in the middle of the year to encourage the industry to install fast chargers across the city



- Additional funding of **\$180** million to increase the number of residential food waste smart recycling bins or food waste-collection facilities across the city
- Provide tax exemptions for **green methanol** used for bunkering
- Announce a **Sustainable Aviation Fuel (SAF)** consumption target this year
- Earmark **\$470** million for subsidising franchised bus operators to purchase **600** electric buses and over **\$130** million for subsidising the taxi trade to purchase **3 000** electric taxis
- Extend the **Pilot Green and Sustainable Finance Capacity Building Support Scheme** to 2028





Small and Medium Enterprises

- Inject **\$1.5 billion** into the **BUD Fund** and the **Export Marketing and Trade and Industrial Organisation Support Fund**, and streamline application arrangements
- **SME Financing Guarantee Scheme:** principal moratorium application period to last until November 2025
- Funds dedicated for SME financing by participating banks of the **Taskforce on SME Lending** exceed **\$390 billion**
- HKTDC to launch the **E-Commerce Express** to provide Hong Kong enterprises with consultation services, and organise the second edition of the **Hong Kong Shopping Festival**

Support Measures

- Rates concession for domestic properties for the first quarter of 2025/26, subject to a **\$500** ceiling
- Rates concession for non-domestic properties for the first quarter of 2025/26, subject to a **\$500** ceiling
- Reduce salaries tax and tax under personal assessment for the assessment year 2024/25 by **100%**, subject to a **\$1,500** ceiling
- Reduce profits tax for the assessment year 2024/25 by **100%**, subject to a **\$1,500** ceiling
- Provide extra **half-month** allowance of standard CSSA payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements for Working Family Allowance
- **Domestic and non-domestic property transactions:** increase to **\$4 million** the maximum value of properties chargeable to a stamp duty of \$100, with immediate effect

Ad valorem stamp-duty rate after adjustment

Amount or value of the consideration	Rates
Up to \$4,000,000	\$100
\$4,000,001 - \$4,323,780	\$100+ 20% of excess over \$4,000,000
\$4,323,781 - \$4,500,000	1.50%
\$4,500,001 and above	Same as existing arrangements





Northern Metropolis

- **Hong Kong Park in Hetao Co-operation Zone:** \$3.7 billion earmarked to expedite Phase 1 infrastructure and public facilities; identify suitable land parcels for private development proposals this year
- **San Tin Technopole:** HKSTPC is expected to complete master planning study in third quarter of this year
- **Large-scale land disposal:** Begin tendering work for 3 pilot areas from second half of the year
- **Data facility cluster at Sandy Ridge:** Re-zoning procedures expected to be completed in mid-2025
- **Convention and exhibition facilities:** Identify suitable sites for developing convention and exhibition facilities
- **Railway development:** Conduct investigation and design study of the **Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu – Qianhai)**, and detailed planning and design of the **Northern Link Spur Line** this year



Land

- About **13 700** units from the 2025/26 Land Sale Programme (**8** residential sites), railway property developments, URA projects and private development and redevelopment projects
- **No** commercial sites will be put on sale **in the coming year**



- Consider re-zoning some commercial sites to residential sites, and allow more flexibility of land use
- Postpone the completion date for in-situ land exchange of commercial site in Hung Shui Kiu/Ha Tsuen New Development Area
- Make available land for about **80 000** private housing units in the coming **5** years

Housing

- **Public housing:** Total public housing supply will reach **190 000** units in the coming **5** years
- **Private housing:** Completion of over **17 000** private residential units annually in the coming **5** years. Expected first-hand private residential unit supply to be about **107 000** units over the next **3-4** years





Infrastructure Development

- Set aside **\$15** million for the Centre of Excellence for Major Project Leaders to enhance professionalism, innovation capabilities and cost-effective management in construction industry
- Funding of about **\$95** million from the Government and CIC to provide on-the-job training subsidies for trainees enrolled in part-time degree programmes



- CIC to allocate **\$150** million to subsidise the construction industry's on-the-job training for graduates of degree programmes in

engineering, architecture, surveying, planning and landscape architecture

- GBA Standards for the first pilot construction trade to be announced

Caring and Inclusive Community



- 2025-26:
 - ▶ No. of Residential Care Service Vouchers for the Elderly to increase to **6 000**
 - ▶ No. of Community Care Service Vouchers for the Elderly to increase to **12 000**
- Additional annual provision of over **\$180** million to increase emergency places for residential child care and strengthen professional support for child-abuse victims and their families
- Additional **1 280** day community rehabilitation and home-care service places for persons with disabilities, involving additional annual expenditure of about **\$160** million
- Regularise the Pilot Project on Enhancing Vocational Rehabilitation Services from third quarter of 2025, an annual expenditure of about **\$100** million



- Review outcomes on **structure and levels of subsidisation for public healthcare** to be announced this year
- Review the distribution, scale and priority of hospital development projects under the **Second Hospital Development Plan**

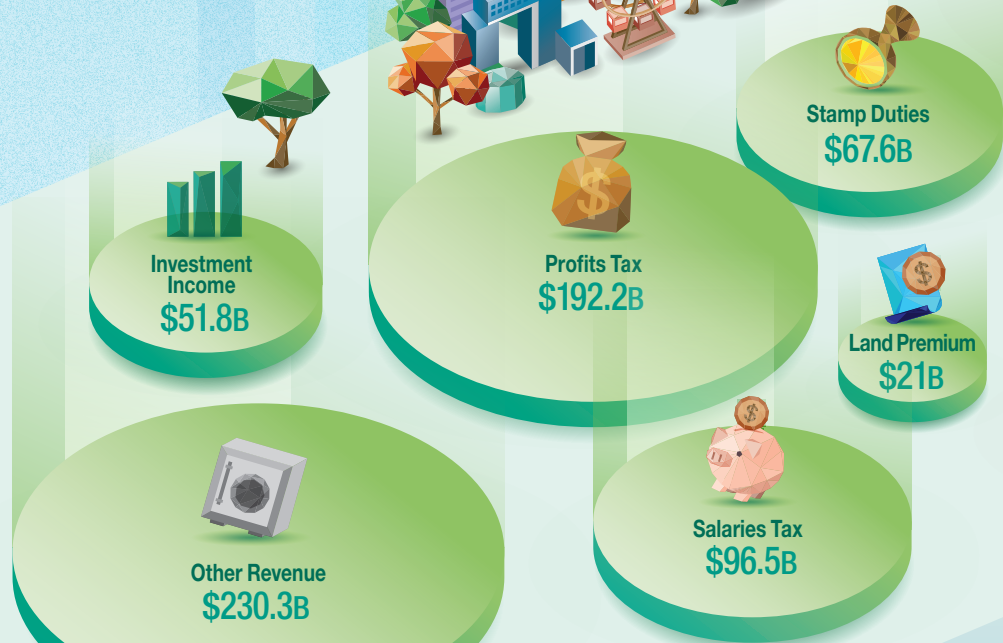
Combatting Illegal Betting

- Explore regulating basketball betting activities and invite Hong Kong Jockey Club to submit proposal



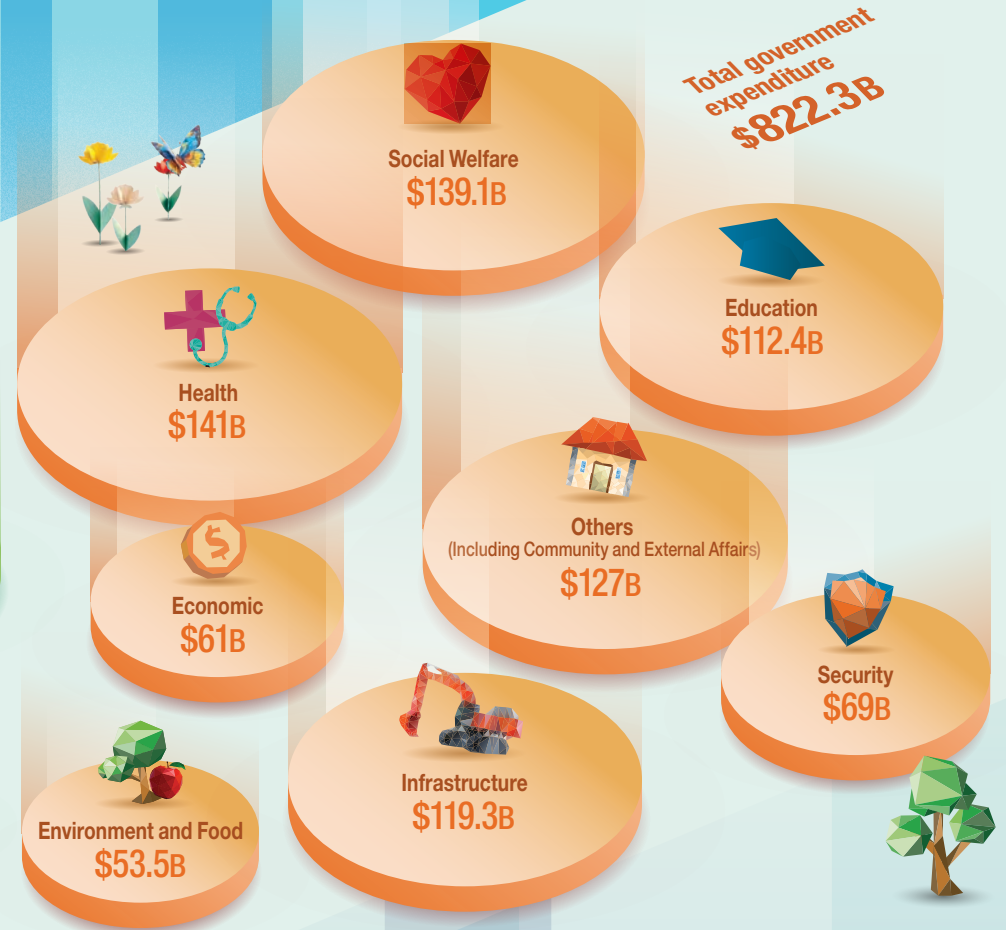
Public Finance

2025-26 Total government revenue and expenditure



Total government revenue \$659.4B

The above revenue items have not included the estimated proceeds from issuance of government bonds amounting to \$150 billion in 2025-26



Economy

	GDP growth in real terms	Headline inflation	Underlying inflation
2024 performance	2.5%	1.7%	1.1%
2025 forecast	2% - 3%	1.8%	1.5%

- **2024/25:** forecast consolidated deficit of **\$87.2** billion. Fiscal reserves are forecast to be **\$647.4** billion by end March 2025
- **2025/26:** forecast consolidated deficit of **\$67.0** billion
- **Operating Account:** estimated to return to a surplus within **2** years, i.e. from 2026/27
- Fiscal reserves are estimated at **\$579.1** billion by end-March 2030

Enhancing Fiscal Consolidation Programme

Principles

- Strictly control government expenditure as the main focus, supplemented by increasing revenue, to minimise the impact on the general public
- Ensure delivery of high-standard public services, and accelerate the development of the Northern Metropolis and infrastructure projects related to people's livelihood and the economy
- Maintain competitiveness of Hong Kong's low and simple tax regime
- Uphold “user pays” principle and the “affordable users pay” principle when increasing revenue



Strictly containing government expenditure growth

- Pay freeze for all personnel of executive authorities, the legislature, the judiciary and Members of the District Councils in 2025/26
- Stepping up **the Productivity Enhancement Programme**: a cumulative **7%** cut from 2024/25 – 2027/28. Recurrent government expenditure in 2027/28 to decrease by **\$27.3** billion compared to 2023/24. CSSA, Social Security Allowance and statutory expenditure are not affected
- **Civil service establishment**: reduce by **2%** each in 2026/27 and 2027/28. Reduction of about **10 000** posts by April 2027
- **Funding for UGC-funded universities**: funding of **\$68.1** billion in next **3** years, reflecting an annual reduction target of **2%**

- Adjust the two transport subsidy schemes to reduce government expenditure by about **\$6.2** billion in the next **5** years:



The \$2 Scheme:

- ▶ Targeted beneficiaries remain unchanged;
- ▶ Implement the “\$2 flat rate cum 80% discount” (for trips with fare above **\$10**, **80%** discount); and
- ▶ number of concessionary trips limited to **240** per month

Public Transport Fare Subsidy Scheme:

- ▶ threshold for subsidy collection raised from **\$400** to **\$500** starting from June 2025
 - ▶ subsidy amounting to one-third in excess of the threshold will continue to be provided, while the subsidy cap at **\$400** per month will remain unchanged
- **Assist bureaux and departments in reducing expenditure:**
 - ▶ strengthen the exercise of fiscal prudence and optimal use of public funds
 - ▶ enhance procurement system to procure quality goods and services at reasonable prices
 - ▶ relevant bureaux to review expenditure on social welfare, healthcare, and education



- **Enhance public service efficiency**: leveraging technology, streamlining processes and driving digital transformation of public services

Capital Works Expenditure:

- ▶ Enhance cost control on all fronts
- ▶ Formulate policies on direct procurement and central procurement by a single department
- ▶ Review district cooling systems in new development areas; estimated savings of at least **\$40** billion in works expenditure





Increase revenue:

- Starting from October 2025, increasing air passenger departure tax from **\$120** to **\$200**. Government revenue to rise by about **\$1.6** billion per year
- Under various talent and capital investor admission schemes, with immediate effect:
 - ▶ Charge an application fee of **\$600**
 - ▶ Raise visa fee to **\$600** or **\$1,300** based on the duration of limit of staythereby increasing revenue by **\$620** million per year
- Review tolls of government tunnels and strategic routes, licence fees for electric private cars, parking meter charges and fixed penalties for traffic offences. Government revenue estimated to increase by **\$2** billion
- Explore boundary facilities fee on **private cars** departing via land boundary control points (taking a fee of **\$200** per private car as an example, the measure will bring in revenue of about **\$1** billion per year) without affecting tour coaches and goods vehicles
- Implement **global minimum tax proposal to address base erosion and profit shifting, i.e. BEPS 2.0**, to bring in tax revenue of **\$15** billion annually



Bond Issuance

- While amount of bonds is contained at a level that ensures fiscal prudence, capital can be used flexibly and for investing in future economic development, bringing greater returns and benefits to the society
- As works are rolled out in the Northern Metropolis, government expenditure on works will reach its peak. Average annual capital works expenditure will grow from about **\$90** billion to about **\$120** billion over the next **5** years
- Issue bonds worth **\$150** billion to **\$195** billion each year under the Government Sustainable Bond Programme and the Infrastructure Bond Programme over the next **5** years. About **56%** of which is to be used for re-financing short-term debts
- Ratio of government debt to GDP will be maintained at **12% - 16.5%**, which is still considered a stable and manageable low-debt level, and much lower than that of many advanced economies
- Proceeds from bond issuance will **not** be used for funding government recurrent expenditure

