



3. 2010-11 Budget Speech

The **budget speech** was delivered on 24 February 2010. Click for the **budget highlights** and **budget tax measures**.

In its **press release** and in media interviews conducted by Ayesha Macpherson, chair of the Taxation Committee, the Institute expressed the view that, given the signs of economic recovery, the financial secretary could afford to have been less cautious in the budget and take more definite steps to address Hong Kong's long-term tax competitiveness.

While the Institute indicated support for various measures in the budget, such as the efforts to promote further development of the asset management industry by extending stamp duty and profits tax concessions, and the extension of tax deductions for the acquisition of intellectual property to trademarks, copyright and registered designs, the Institute had put forward a number of other proposals in its budget **submission**, where it was considered more should be done. These included:

For business -

- Giving “super deductions” (i.e., more than 100%) for research and development expenditure to encourage more innovation.
- Reducing the corporate profits tax rate to 16% in 2010-11, with further progressive reductions to 15% over time.
- Improving clarity in determining the source (i.e., location) of profits and employment income.
- Shortening the time frame for finalising tax assessments for a particular year of assessment.
- Introducing a group loss relief system and loss carry-back provisions.

For individuals -

- Allowing deductions for private medical insurance, subject to a HK\$12,000 annual cap per person.
- Increasing annual allowances under salaries tax by 20 percent for children, dependent parents, grandparents, siblings and disabled dependants.