

## **2025-26**

### **Rates Concession Measure and General Revaluation**

#### **1. Introduction**

In the Budget Speech delivered on 26 February 2025, the Financial Secretary proposed that the rates concession measure is capped at \$500 per tenement for the first quarter of 2025-26. The following notes aim to give details on the rates concession measure and information about rates and the General Revaluation.

#### **2. What are Rates?**

Rates are a tax on the occupation of property and are charged at specified percentage(s) of the rateable value of properties.

The rates percentage charge for 2025-26 will be maintained at the current level as follows:

##### **Non-domestic Tenements**

The rates percentage charge for all non-domestic tenements is 5%.

##### **Domestic Tenements**

For domestic tenements with rateable value of \$550,000 or below, the rates percentage charge is 5%. For domestic tenements with rateable value over \$550,000, rates are calculated according to the following progressive rates charge scale:

<b>Rateable value of domestic tenements</b>	<b>Rates percentage charge</b>
First \$550,000	5%
Next \$250,000	8%
Remainder	12%

Members of the public may use the “Rates and Government Rent Calculator” on the website of the Rating and Valuation Department (RVD) ([www.rvd.gov.hk](http://www.rvd.gov.hk)) to estimate the amount of rates and Government rent payable.

### 3. Budget Proposal

#### ***Rates Concession Measure***

Rates concession will be given to offset the rates payable for the first quarter of 2025-26 (i.e. April to June 2025), subject to a ceiling of \$500 for each rateable tenement. This will benefit all ratepayers of about 3.55 million rateable properties (around 3.12 million domestic rateable properties and 0.43 million non-domestic rateable properties) in Hong Kong. In the first quarter of 2025-26, 13% of ratepayers do not need to pay rates as their quarterly rates payable do not exceed the rates concession ceiling. The remaining 87% of ratepayers will enjoy a full reduction of \$500 in that quarter, but will be required to pay the outstanding portion after deducting the concession amount. No rates concession will be offered for the following three quarters.

### 4. Effect of Rates Concession

There are about 2.73 million assessments in the 2025-26 Valuation List, some of which are block assessments, covering altogether approximately 3.55 million properties. The revaluation has resulted in an average increase of 3.1% in rateable value. The combined effect of the revaluation and the rates concession on rates payable for the main types of property in 2025-26 is set out below:

Property Type	2025-26 Average Monthly Amount (\$ p.m.)		
	Rates Payable (before Concession)	Concession Amount	Net Rates Payable
Private small domestic (up to 69.9m <sup>2</sup> (752 sq. ft.))	590	41	549
Private medium domestic (70m <sup>2</sup> to 99.9m <sup>2</sup> (753 sq. ft. to 1,075sq. ft.))	1,177	42	1,135
Private large domestic (100m <sup>2</sup> (1,076 sq. ft.) and above)	3,013	42	2,971
Public domestic	279	40	239
<b>All Domestic Properties</b>	<b>590</b>	<b>40</b>	<b>550</b>
Shops and commercial	3,168	40	3,128
Offices	3,777	41	3,736
Industrial	1,617	41	1,576
<b>All Non-domestic Properties</b>	<b>3,026</b>	<b>39</b>	<b>2,987</b>
<b>All Properties</b>	<b>887</b>	<b>40</b>	<b>847</b>

5. Rates Concession for Public Rental Housing and Public Factory Estates

In order to provide relief to the lower income group, ratepayers of domestic units in public rental housing estates and factory units in public factory buildings will each be entitled to the concession even though their properties are assessed in blocks. The Hong Kong Housing Authority, the Hong Kong Housing Society and the Hong Kong Settlers Housing Corporation Limited will effect the rates concession through their rental bills.

6. Effect of Rates Revenue

The 2025-26 rates concession measure will lead to revenue foregone of about \$1.7 billion (around \$1.5 billion for domestic tenements and \$0.2 billion for non-domestic tenements). The rates revenue net of rates concession is estimated to be about \$36.2 billion in 2025-26.

7. General Revaluation of Rateable Value

Rateable value is an estimate of the annual rental value of the premises in the open market at a designated date, assuming that the premises were then vacant and to let. For the 2025-26 revaluation, the new rateable values are based on rents passing around the designated valuation reference date of 1 October 2024 whereas the existing rateable values are based on rents passing around 1 October 2023. All factors that would normally affect the amount of rent a tenant is prepared to pay are taken into account, such as age, size, quality, location and transport facilities.

It should be noted that even if premises were let on 1 October 2024, the rateable value may not necessarily be the same as the rent passing at that time, since there may be a number of factors affecting that rent. For instance, the rent may include an element for furniture or machinery; or it may have been agreed before 1 October 2024; or the agreement may be between friends or related parties.

Also, neither changes in rental values since 1 October 2024 nor changes in property prices will affect the rateable values.

8. 2025-26 New Rateable Values and Demands for Rates and Government Rent

Rates and rent payers will be notified of the new rateable values in the April to June 2025 quarterly demands that will be issued in late March or early April 2025. The demands will show the rates concession given and the net rates and/or Government rent payable for the April to June quarter.

9. Payment of April to June Quarterly Rates and Government Rent

Rates and rent payers should pay the amount demanded on or before 30 April 2025. This applies whether or not they have lodged a proposal objecting to the new rateable value. If a reduction is eventually made as a result of proposal, it will be backdated to 1 April 2025. Any necessary adjustments to the rates and Government rent payable will be made in subsequent demands.

10. Adjustment to Rates and Government Rent Payable by Tenants

Subject to the terms of the tenancy agreement, tenants may be able to seek a reduction in rent due to the reduction in rates or Government rent.

11. Display of Valuation List and Government Rent Roll

From 17 March to 31 May 2025, members of the public may visit the RVD's website or RVD's Property Information Online website ([www.rvdpi.gov.hk](http://www.rvdpi.gov.hk)) to inspect the Valuation List and Government Rent Roll. An electronic version of the new Valuation List and Government Rent Roll will also be available for inspection at the RVD at 15th Floor, Cheung Sha Wan Government Offices, 303 Cheung Sha Wan Road, Kowloon, during office hours. Computers at the 20 Home Affairs Enquiry Centres of the Home Affairs Department are also available for this purpose during office hours.

12. Exemption of Small Properties

The 2025-26 rateable value threshold for exemption of small properties will remain unchanged at \$3,000. This means that a few properties with rateable values of \$3,000 or less will cease to be rateable and will not receive a Government rent demand from 1 April 2025. To assess and collect rates and Government rent for these small properties is not cost-effective. Rates and rent demands will not be issued to the concerned payers.

13. Booklet – “Your Rates and Government Rent”

An explanatory booklet, entitled “Your Rates and Government Rent”, has been prepared to answer questions about rates, Government rent, rateable values and rates and rent payers' rights of objection.

The booklet and these notes will be available to the public, after the Budget Speech on 26 February 2025, at the RVD's website.

#### 14. Enquiries and Objections

The explanatory leaflets enclosed with the rates and Government rent demand for April to June 2025 give a general explanation of the revaluation, rates concession measure and how rates and Government rent are charged. They also explain the proper procedures to object against the new rateable values. Anyone who still has queries may call at the RVD's 24-hour General Enquiry Hotline 2152 0111 (handled by "1823"). Payers are also welcome to discuss the new rateable values with the valuers concerned. For better arrangement, they are advised to make prior telephone appointment with our staff.

Anyone who wishes to make an objection to the new rateable value may lodge a proposal during the period from 17 March to 31 May 2025. Proposals received outside this period will not be accepted. Proposals should be made on the specified form (Form R20A). Members of the public may lodge a proposal by submitting a Form e-R20A using the "Electronic Submission of Forms" service provided at the RVD's website or submit a Form R20A by personal service or by post. Form R20A is available on the RVD's website, or at the RVD or any Home Affairs Enquiry Centres of the Home Affairs Department. Because of the statutory requirement on the service of notices, proposals transmitted by fax will not be accepted.

If the property is subject to the payment of both rates and Government rent, and the rateable value for both is the same, payers are only required to lodge a proposal in respect of the rating assessment. Any alteration to the rateable value as a result of the proposal will be applied to calculate the revised rates and Government rent. However, if the rateable values for rates and Government rent purposes are different, separate proposals must be made in respect of both entries in the Valuation List and the Government Rent Roll.

For property which is only liable to Government rent, its rateable value will only be published in the Government Rent Roll. Any objection to the rateable value for Government rent purposes must also be made no later than 31 May 2025.

All proposals will be carefully considered by professional staff of the RVD. The Commissioner will issue Notices of Decision no later than 30 November 2025 to the rates or rent payers lodging the proposals, either confirming the rateable values or advising them the alterations made to the corresponding entries in the Valuation List and/or Government Rent Roll. If a payer of rates or rent is not satisfied with the decision, he/she may, within 28 days, appeal to the Lands Tribunal.