

2024-2025 Rates Concession, Progressive Rating System for Domestic Tenements and General Revaluation

1. Introduction

In the Budget Speech on 28 February 2024, the Financial Secretary proposed that the rates concession measure is capped at \$1,000 per tenement for the first quarter of 2024-2025 and the progressive rating system for domestic tenements will be implemented with effect from the fourth quarter of 2024-2025. The following notes aim to give more details on the progressive rating system for domestic tenements, the rates concession measure and other 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.

3. Budget Proposal

Rates Percentage Charge and Progressive Rating System for Domestic Tenements

Non-domestic Tenements

The rates percentage charge for 2024-25 for all non-domestic tenements shall remain at 5%.

Domestic Tenements

For domestic tenements with rateable value of or below \$550,000, the rates percentage charge shall remain at 5%. For domestic tenements with rateable value over \$550,000, the rates percentage charge for the first to third quarters of 2024-2025 shall remain at 5%. With effect from the fourth quarter of 2024-2025 (i.e. January to March 2025), rates will be calculated according to the following progressive rates charge*:

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

* Implementation of the progressive rating system is subject to passage of the relevant legislation.

Members of the public may use the “Rates and Government Rent Calculator” on the Department’s website (www.rvd.gov.hk) to estimate the amount of rates and Government rent payable.

Rates Concession Measure

Rates concession will be given to offset the rates payable for the first quarter of 2024-2025 (i.e. April to June 2024), subject to a ceiling of \$1,000 for each rateable tenement. This will benefit about 3.51 million rateable properties (around 3.08 million domestic rateable properties and 0.43 million non-domestic rateable properties) in Hong Kong. No payment will be required for the quarter if the quarterly rates payable do not exceed the rates concession ceiling. No rates concession will be offered for the following three quarters.

All ratepayers in Hong Kong will benefit from the rates concession measure. In the first quarter of 2024-2025, 36% of ratepayers do not need to pay rates. The remaining 64% ratepayers will enjoy a full reduction of \$1,000 in the first quarter of 2024-2025, but will still be required to pay the outstanding portion after deducting the concession amount.

4. Effect of Rates Concession

There are about 2.69 million assessments in the 2024-2025 Valuation List, some of which are block assessments, covering altogether approximately 3.51 million properties. The revaluation has resulted in an average increase of 1.8% in rateable value. The combined effect of the revaluation and the rates concession for the main types of property in 2024-2025 is set out below:

Property Type	2024-2025 Average Monthly Amount[#] (\$ p.m.)		
	Rates Payable (before Concession)	Concession Amount	Net Rates Payable
Private small domestic (up to 69.9m ² (752 sq. ft.))	554	80	474
Private medium domestic (70m ² to 99.9m ² (753 sq. ft. to 1,075sq. ft.))	1,111	82	1,029
Private large domestic (100m ² (1,076 sq. ft.) and above)	2,474	82	2,392
Public domestic	264	61	203
All Domestic Properties	542	71	471
Shops and commercial	3,143	76	3,067
Offices	3,833	82	3,751

Property Type	2024-2025 Average Monthly Amount [#] (\$ p.m.)		
	Rates Payable (before Concession)	Concession Amount	Net Rates Payable
Industrial	1,557	79	1,478
All Non-domestic Properties	3,012	71	2,941
All Properties	846	71	775

[#] The effects of implementation of the proposed progressive rating system for domestic tenements in the fourth quarter of 2024-2025 have been taken into account.

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 2024-2025 rates concession measures will cost Government a total of about \$3 billion (around \$2.6 billion for domestic tenements and \$0.37 billion for non-domestic tenements). The rates revenue net of rates concession is estimated to be about \$32.4 billion in 2024-2025, having taken into account the effects of the implementation of the progressive rating system for domestic tenements from the fourth quarter of 2024-2025.

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 2024-2025 revaluation, the new rateable values are based on rents passing around the designated valuation reference date of 1 October 2023 whereas the existing rateable values are based on rents passing around 1 October 2022. 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.

If premises were let at 1 October 2023, 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 2023; or the agreement may be between friends or related parties.

It should also be noted that changes in rental values since 1 October 2023 will not affect the rateable values. Furthermore, since rateable values are determined by reference to rental values, they should not be affected by changes in property prices.

8. 2024-2025 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 2024 quarterly demands that will be issued in late March or early April 2024. 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 2024. 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, this will be backdated to 1 April 2024. 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. If the tenancy agreement allows rents to be varied according to actual rates and/or Government rent payment, the tenant will be able to get a reduction in rent if the amount is reduced.

11. Display of Valuation List and Government Rent Roll

An electronic version of the new Valuation List and Government Rent Roll will be available for inspection at the Rating and Valuation Department at 15th Floor, Cheung Sha Wan Government Offices, 303 Cheung Sha Wan Road, Kowloon, during office hours from 18 March to 31 May 2024. During this period, members of the public may also visit the Department's website (www.rvd.gov.hk) or the Department's Property Information Online website (www.rvdpi.gov.hk) to inspect the Valuation List and Government Rent Roll. Computers provided during office hours at the 20 Home Affairs Enquiry Centres of the Home Affairs Department are available for the public for this purpose.

12. Exemption of Small Properties

The 2024-2025 rateable value threshold for exemption of small properties will remain unchanged at \$3,000 (representing a rent of \$250 a month). This will mean 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 2024. 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, and should answer many of the questions rates and rent payers might have about rates, Government rent, rateable values and their rights of objection.

Copies of the booklet together with these notes will be available to the public at the Department’s office or at any Home Affairs Enquiry Centres of the Home Affairs Department, after the Budget Speech on 28 February 2024. A copy of the booklet will also be put on the Department’s website (www.rvd.gov.hk).

14. Enquiries and Objections

The explanatory leaflets enclosed with the rates and Government rent demand for April to June 2024 give a general explanation of the revaluation, the proposed progressive rating system for domestic tenements, rates concession scheme 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 Rating and Valuation Department’s 24-hour General Enquiry Hotline 2152 0111 (handled by “1823”), and the staff concerned will be glad to answer any questions. 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 18 March to 31 May 2024. 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 Department’s website (www.rvd.gov.hk) or submit a Form R20A by personal service or by post. Form R20A is available from the Department’s website (www.rvd.gov.hk), or at the Department 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 2024.

All proposals will be carefully considered by professional staff of the Department. The Commissioner will issue Notices of Decision no later than 30 November 2024 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.

Rating and Valuation Department
February 2024