



Tax Deductions for Domestic Rents

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Source from Inland Revenue Department [http:// https://www.ird.gov.hk/eng/tax/drd.htm](http://https://www.ird.gov.hk/eng/tax/drd.htm)

The Inland Revenue (Amendment) (Tax Deductions for Domestic Rents) Ordinance 2022 was enacted on 30 June 2022 to provide for new deduction for domestic rent with effect from the year of assessment 2022/23. The implementation framework of the new deduction is as follows:

We summarize the main points as follows:-

Eligible Persons

Taxpayers liable to salaries tax and tax charged under personal assessment

Deduction is also allowed to a taxpayer in respect of a tenancy agreement entered into by his/her co-habiting spouse.

Circumstances in which Deduction is Not Allowed

the taxpayer or the taxpayer's spouse is a legal and beneficial owner of any domestic premises in Hong Kong;

Landlord of the rented property is an associate of the taxpayer (e.g. spouse, parent, child, brother/sister or partner of the taxpayer's spouse, or a corporation controlled by the taxpayer or his/her spouse).

the taxpayer or the taxpayer's spouse is provided with a place of residence by his/her employer (including those who receive a refund for any rent paid).

the taxpayer or the taxpayer's spouse is a tenant or authorized occupant of public rental housing flat.

Eligible Premises

A deduction is only allowable in respect of rents paid under a qualifying tenancy of domestic premises used by the taxpayer as his / her place of residence.

Qualifying Tenancy

The tenancy must be stamped within the meaning of the Stamp Duty Ordinance (Cap. 117)

Amount of Allowable Deduction

In general, the maximum amount of deduction allowable to a taxpayer is \$100,000 for each year of assessment.

if there is more than one tenant under the tenancy – in proportion to the number of co-tenants; or

if the period of the tenancy for which the right to the exclusive use of the domestic premises is given under the tenancy covers only a part, but not the whole, of a year of assessment – in proportion to the period of the tenancy falling within the year of assessment.

If there is more than one qualifying tenancy in relation to a year of assessment, the amount of deduction allowable to the taxpayer, or the total amount allowable to the taxpayer or the taxpayer's spouse (or both of them), for the year of assessment is the aggregate of the amount determined in accordance with the above principle for each of the tenancies.

any rent paid in respect of any other domestic premises has been allowed to the taxpayer or the taxpayer's spouse (who is not living apart from the taxpayer) as a deduction for the same period for which the rent is paid.