

Immediate release

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ACCA forecasts Hong Kong's fiscal deficit of HK\$92 billion and presents 20 recommendations to balance policy, address community needs, and stimulate economic growth

ACCA (the Association of Chartered Certified Accountants) Hong Kong today presented 20 recommendations for the HKSAR Government's Budget for 2025/26, and estimated a fiscal deficit of HK\$92 billion for 2024/25.

In 2024, the Central Government's various supportive measures have benefited the Hong Kong SAR Government's initiatives aimed at boosting market sentiment. However, geopolitical uncertainties, along with a trade deficit, shifts in consumer behaviour, and slower-than-expected interest rate cuts have affected the overall economic growth of Hong Kong. In light of these challenges, ACCA Hong Kong has proposed 20 recommendations that focus on three key areas: economising on expenditures, broadening the sources of income, and supporting the diverse needs of the community. These recommendations aim to facilitate sustainable recovery and enhance long-term competitiveness for Hong Kong.

A Three-Pronged Approach to Promoting Hong Kong's Sustainable Development

Stanley Ho, Chairman, ACCA Hong Kong, said, 'The financial assistance programmes and tax relief measures implemented by the Government last year have demonstrated certain favourable outcomes. However, the local GDP growth for the whole of last year was 2.5%, which only met the lower end of the Government's forecast. In light of the prevailing fiscal challenges and rapidly shifting international conditions, it is crucial for the Government to conduct a comprehensive review of Hong Kong's public finances and adopt innovative strategies to foster a resilient and enduring economic revival.'

Stanley continued, 'This year, ACCA has put forward 20 recommendations, urging the Government to reduce expenditures and enhance revenue, while also addressing the needs of the community. For example, the Government could leverage more technology and artificial intelligence to improve service efficiency to save costs in the long run and drive transformation. Also, attracting foreign businesses and family offices to establish a presence in Hong Kong could create more high-quality job opportunities and further strengthen Hong Kong's competitive edge. While some of these suggestions may lead to additional immediate costs, investing in the future during the economic recovery phase will help enhance public confidence. ACCA remains committed to supporting the profession, the wider business community and the general public, leveraging its expertise to provide constructive advice for the sustainable growth and long-term competitiveness of Hong Kong.'

Broadening Income Sources by Optimising Asset Management

In terms of broadening the sources of income, ACCA has proposed nine recommendations. One key suggestion is for the Government to better utilise its assets, including commercialising excess space within Government-owned properties and disposing of Government's fixed assets. **Gloria Chan, Co-chairman, Tax Sub-committee of ACCA Hong Kong** said, 'The Government owns a large amount of properties in the city and by strategically leveraging these assets, it can generate financial returns

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to alleviate current fiscal pressures. For example, the Government could partner with the commercial sector to occupy vacant stalls. Additionally, the Government may consider disposing of certain Government-owned properties which do not serve alternative beneficial purposes, thereby reducing costs and creating immediate revenue streams. By adopting these measures, the Government can optimise its asset management policies, enhance fiscal sustainability, and lay the foundation for prudent long-term financial management.'

Moreover, ACCA has proposed expanding the scope of sports betting to include basketball matches. **Gloria** added, 'According to research from the United States, basketball is the second most popular betting sports in the world, following soccer. Currently, the Government imposes a 50% charge on the net stake receipts from betting on football matches, with the betting duty revenue contributing approximately 4% to the Government's total revenue. This strategic expansion of the sports betting domain not only aligns with current market trends, diversifies revenue sources but also regulate illegal gambling activities. Furthermore, ACCA urges the Government to enhance public education campaigns aimed at preventing gambling disorder.'

Economising on Expenditure by Enhancing Government Efficiency & Supporting the Community

In additional to broadening the sources of income, ACCA has proposed six cost-saving measures and five recommendations focused on community support. **Polly Wan, Co-chairman, Tax Subcommittee of ACCA Hong Kong** said, 'Our cost-saving proposals aim to foster fiscal responsibility, enhance operational efficiency, and ensure the sustainable management of financial resources in the city. For instance, the HK\$2 scheme and the public transport fare subsidy scheme have incurred substantial expenditures over the years. We recommend that the Government reassess their structure to explore cost-reduction measures, such as transitioning from a flat-rate system to a tiered subsidy system, and offering discounts based on ticket prices. Moreover, given Hong Kong's expenses in social welfare, health, and education consistently remaining high, we propose that the Government take inspiration from initiatives in the United States to establish a Department of Government Efficiency to evaluate departmental operations and eliminate unnecessary expenditures.'

To support the community, **Polly** added, 'Many middle-income families hire domestic helpers to manage household responsibilities. To ease their financial burden, we propose the introduction of a tax deduction for the wages paid to one domestic helper or caregiver. This initiative could empower more to remain in or rejoin the workforce, boosting productivity of the city, which in turn can enhance income tax revenues for the Government. Additionally, to boost efforts to encourage childbirth, in addition to financial incentives, we recommend updating the Employment Ordinance to ensure that parents have adequate time off work to care for their newborns. At present, statutory paternity leave covers 5 days, while statutory maternity leave covers 14 weeks. Employers can seek reimbursement for maternity leave pay during the 11th to 14th weeks from the Government, capped at \$80,000 per employee.'

The 20 recommendations from ACCA:

Economising on expenditures

1. Reducing Government spending through the strategic use of technology and adoption of AI
2. Enhancing Government effectiveness and efficiency through the establishment of an independent Department of Government Efficiency
3. Revisiting the effectiveness of subsidies for projects that are supposed to bring benefits and transitioning them towards self-financing models
4. Delaying Hong Kong's less critical public projects and reviewing payment terms.

5. Revisiting the transport subsidy schemes
6. No one-off reduction for the upcoming assessment year

Broadening the sources of income

7. Providing incentives for the set-up of regional headquarters/service centres
8. Attracting foreign enterprises to establish privately offered funds, family-owned investment holding vehicles, and carried interest in Hong Kong
9. Implementing a progressive tax structure for affordable taxpayers
10. Implementing a tax on digital business conducted by non-Hong Kong resident
11. Increasing air passenger departure tax
12. Expanding the scope of sports betting to include basketball matches
13. Commercialising excess space within Government-owned properties and selling Government's fixed assets
14. Increasing rental fees for Government-owned leisure facilities
15. Reinvesting on additional revenue

Supporting the community

16. Increasing tax deductions for approved charitable donations for causes that benefit the local community
17. Providing tax deductions for the cost of employing domestic helpers/caregivers
18. Extending statutory maternity and paternity leave
19. Building a greener Hong Kong
20. Building a smarter Hong Kong

The ACCA Hong Kong Budget Proposal 2025/26 is available online at: [ACCA Hong Kong Budget Submission 2025/26](#)

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Photo captions:



ACCA Hong Kong today presents its recommendations for the HKSAR Government's Budget for 2025/26. The three speakers, from left to right, are:
Gloria Chan, Co-chairman, Tax Sub-committee of ACCA Hong Kong
Stanley Ho, Chairman, ACCA Hong Kong
Polly Wan, Co-chairman, Tax Sub-committee of ACCA Hong Kong



ACCA Hong Kong proposes 20 recommendations that focus on three key areas: economising on expenditures, broadening the sources of income, and supporting the diverse needs of the community. These recommendations aim to facilitate sustainable recovery and enhance long-term competitiveness for Hong Kong.

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About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

ACCA now has over **29,000** members and **125,000** future members in China, with representative offices and contact points in 11 cities including Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Shenyang, Qingdao, Wuhan, Changsha, Hong Kong SAR and Macau SAR.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by [our purpose and values](#), our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

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