

Tax - Employee Notes



Hong Kong	Incentive Plan/LTIP
When will I be taxed in relation to my plan benefits?	<p>Grant: No income tax. No social security.</p> <p>Vesting: Salaries (income) tax. No social security.</p> <p>Transfer to participant: No income tax. No social security.</p> <p>Sale by participant: No tax on capital gains. No social security.</p>
What is the maximum rate of income tax payable in relation to my plan benefits?	17% (2025/26). Any change in tax rates usually takes effect from 1 April.
Income tax rates	There are two ways to compute the salaries tax in Hong Kong. Taxpayers can pay tax on their net chargeable income (assessable income less deductions and allowances) at progressive rates ranging from 2% to 17%, or at a flat rate of 15% on net income (assessable income less deductions), whichever is the lower.
Will my employer withhold income tax in relation to my plan benefits?	No
Are my plan benefits subject to social security contributions?	No
Employee social security	<p>Employee social security (max rate): 5% Mandatory Provident Fund (MPF) contribution.</p> <p>Employee social security (cap): HKD1,500 per month.</p> <p>There are no social security taxes in Hong Kong. However, there is a requirement for both employers and employees to make contributions into the MPF, designed for retirement protection. An employee is required to contribute 5% of monthly income, which is matched by the employer. The maximum aggregated mandatory contribution is HKD3,000 per month. The employee's contribution is withheld at source from their monthly income.</p> <p>Note: contributions into the MPF are paid on salary or cash income (up to the cap) and are not payable on equity plan income.</p>
What is the maximum rate of capital gains tax?	None
What is the maximum tax rate payable on dividends?	None, however, dividends and dividend equivalents paid before vesting are deemed employment income and are taxable.

Do I have to report any income in relation to the plan to my local tax authority?	<p>Yes</p> <p>Report name: Individual Tax Return (BIR60). The assessable value of a share award will be included in the annual Employer's Return (Form IR56B), a copy of which must be delivered to the employee by the employer. A separate return (IR56F or IR56G) must be delivered to employees leaving employment or departing from Hong Kong. The return can be filed online.</p> <p>Forms and information can be accessed through the Inland Revenue Department (IRD) website (here).</p> <p>Tax period: 1 April to 31 March.</p> <p>Reporting deadline: Individual Tax Returns are usually issued in early May of each year and must be lodged within 1 month (2 months if filing electronically) from the date of issue unless an extension request is submitted and approved by the IRD. If the individual does not receive the required tax return form, they must notify the IRD in writing about their assessable income within four months of the end of the tax year (i.e. by 31 July).</p> <p>Payment of tax: tax will normally be paid in two instalments between January and April of the following year. The dates are notified by the Commissioner of Inland Revenue in an assessment notice. Estimated (provisional) tax payments are made during the current year. On departure from Hong Kong, the participant may elect for a deemed exercise of options or a deemed vesting of other awards. If an election is made, tax is paid based on the current share price and no later tax is due.</p>
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This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes; retention and holding periods; restrictions on the shares; clawback terms and periods; and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 9 February 2026. Changes in legislation or practice after this date may affect the tax treatment.

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