



SEMINAR-END EXERCISE

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1. EXERCISE – TEST YOURSELF

	Yes	No
(a). Will Scale 1 rates apply if a HKPR purchases a non-residential property on 30 July 2013?	✓	
(b). Will Scale 1 rates apply if Mr. Chan and the vendor entered into a Provisional Agreement for Sale and Purchase in respect of a property on 20 February 2013 and signed an Agreement for Sale and Purchase on 7 March 2013?		✓
(c). Mr. Lee already owned a residential property in Hong Kong. On 1 March 2013, he inherited another residential property in Hong Kong in accordance with a will. Will Scale 1 rates apply?		✓
(d). If property prices have plummeted, will the buyers be able to base on the lowered market price to pay the AVD?		✓

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2. Where a company whose shareholders and directors are all HKPRs acquires a property on or after 23 February 2013, will Scale 1 rates apply?

Ans: If a limited company, regardless of the residency status of its shareholders and directors, acquires a residential property or non-residential property on or after 23 February 2013, Scale 1 rates will apply unless the transaction is specifically exempted.

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3. A HKPR purchased a residential property jointly with his spouse. At the time of acquisition, the HKPR did not own any other residential property and his spouse already owned a residential property in Hong Kong. Would AVD at Scale 1 rates be payable?

Ans: If a residential property is jointly acquired by more than one person and any of the purchasers already owned a residential property in Hong Kong at the time of acquisition, AVD at Scale 1 rates will be payable. The fact that the joint owner is a close relative does not make any difference in this respect.

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4. A HKPR purchased a non-residential property on 1 March 2013. He did not own any other residential property in Hong Kong at the time of acquisition of the non-residential property. Is AVD chargeable at Scale 1 rates?

Ans: AVD is chargeable at Scale 1 rates as the property acquired is a non-residential property. Unless specifically exempted or otherwise provided, such as in the case of a residential property transaction, the purchaser or transferee is a HKPR acting on his/her own behalf and he/she does not own any other residential property in Hong Kong at the time the PASP is entered into of acquisition of the property, the AVD at **Scale 1** rates is payable on an agreement for sale for the acquisition of any residential or non-residential property.

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5. Mr. Chan is a HKPR. On 1 March 2013, he signed a PASP to purchase a residential property. At that time he only owned a non-residential property in Hong Kong. Will the PASP be charged with AVD at Scale 1 rates?

Ans: If Mr. Chan did not own any residential property in Hong Kong at the time of acquisition of the subject residential property and he was acting on his own behalf in acquiring the property, Scale 1 rates would **not** be applicable. Whether or not Mr. Chan owns any non-residential property at the material time is not relevant.

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6. A HKPR does not own any residential property and car parking space in Hong Kong. He enters into an ASP to acquire a residential property and a car parking space. How is AVD chargeable?

Ans: If the HKPR is acting on his own behalf in acquiring the properties, AVD charged at Scale 2 rates will apply.



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7. A HKPR does not own any residential property and car parking space in Hong Kong. He enters into two separate ASPs to acquire a residential property and a car parking space. How is AVD chargeable?

Ans: If the HKPR is acting on his own behalf in acquiring the properties

ASP for acquisition of the residential property



AVD at Scale 2 rates is chargeable

ASP for acquisition of the car parking space



AVD at Scale 1 rates is chargeable



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8. A HKPR entered into an agreement for sale on his own behalf to acquire a residential property (First Property) on 1 March 2013. Before the property was assigned to him, he signed another agreement for sale to acquire another residential property (Second Property). He does not own any other residential property. How will AVD be chargeable?

Ans: ASP in respect of the First Property → AVD at Scale 2 rates is chargeable

ASP in respect of the Second Property → AVD at Scale 1 rates is chargeable

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9. Mr. Wong, a HKPR, and his spouse Ms. Cheung, jointly purchased a residential property on 1 March 2013. Ms. Cheung is not a HKPR. Neither Mr. Wong nor Ms. Cheung owns any residential property in Hong Kong. How would AVD be chargeable?

Ans: ✓ The residential property was acquired jointly by close relatives

✓ They do not own other residential property in Hong Kong

✓ One of them is a HKPR

→ Scale 2 rates applies

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10. Mr. Chow is a HKPR. He inherited on 1 March 2013 a residential property (Property A) in Hong Kong from the estate of a deceased. In November 2014, Mr. Chow is prepared to purchase another residential property (Property B). Will AVD at Scale 1 be chargeable in respect of Property B?

Ans: Scale 1 will apply to the agreement for sale / conveyance on sale in respect of Property B since at the time of its acquisition, Mr. Chow already owned another residential property in Hong Kong i.e. Property A. How Mr. Chow became owner of Property A is not relevant.

