



freest in the world by different international institutions. These accolades bear testimony to the highly autonomous administration of Hong Kong and the successful implementation of the “One Country, Two Systems” principle.

Independent finances and taxation

In accordance with Article 106 “the HKSAR shall have independent finances”. The finances of Hong Kong are not incorporated into the finances of the State and the Central People’s Government (CPG) does not levy taxes in Hong Kong. Hong Kong is thus able to use its revenues exclusively for its own purposes, striving to achieve fiscal balance by keeping expenditure within the limits of revenues when drawing up its budget.



The Financial Secretary, Mr John C Tsang, attends a television panel discussion programme on the 2011-12 Budget at Central Government Offices.

Article 108 provides that “the HKSAR shall practise an independent taxation system. The HKSAR shall, taking the low tax policy previously pursued in Hong Kong as reference, enact laws on its own concerning types of taxes, tax rates, tax reductions, allowances and exemptions, and other matters of taxation”. This provision enables Hong Kong to maintain a low tax regime, which is essential for attracting investments and enhancing the city’s economic competitiveness.



Bank of China Tower. ©



HSBC Main Building.



The Basic Law also provides for Hong Kong to continue its independent currency system, under which designated banks are authorised to issue local banknotes.

Hong Kong as an international financial centre

Hong Kong's economic prosperity depends very much on its continued success in maintaining its status as an international financial centre. This is



Exchange Square.