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By email budget@fstb.gov.hk

5 February 2026

Dear Secretary,

Response to 2026–2027 Budget Consultation – Supporting Innovation, IP-Driven Growth and Inclusive Economic Participation

We welcome the opportunity to provide our views on the 2026–2027 Budget (the “**Budget**”). In response to Budget consultation, members of the Hong Kong Women Professionals & Entrepreneurs Association (“**HKWPEA**”) have set up a Task Force to consider the response.

As a non-profit organization representing local women professionals and entrepreneurs, HKWPEA has, over 29 years, aimed to make timely responses to consultation by the HKSAR government and regulators. Accordingly, please see below our proposals in relation to the Budget for your kind perusal. The views expressed in this submission are those of HKWPEA, based on consultation with our members, which include women professionals, business executives and entrepreneurs. These views are in line with HKWPEA’s position on the relevant issues (though not necessarily that of each and every member).

Yours sincerely,
Julianne Doe



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INTRODUCTION

As Hong Kong enters the first year of the National 15th Five-Year Plan, the Budget is particularly important in setting the overall policy direction for technological innovation, economic diversification, inclusive growth and long-term competitiveness. In this regard, the Budget also represents an important platform to enhance the effectiveness and inclusiveness of public policy, ensuring that economic development is broad-based and sustainable.

In view of the volatile international environment both in terms of economic and political developments, coupled with Hong Kong's significant, sustained fiscal deficit over the last few consecutive years, an overall prudent approach is recommended while investing for tomorrow. This means firmer adjustments from previous, default settings and sharper priorities as far as resource allocation is concerned.

In this context, we note the national strategy to “accelerate high-level technological self-reliance and strength, and lead the development of new quality productive forces,” alongside Hong Kong's objective of becoming an international innovation and technology centre. To support both national and local strategies, we believe that fiscal and policy measures in the coming Budget should focus on:

- Optimising the intellectual property (IP) and innovation-related tax regime;
- Strengthening support for innovation-driven enterprises and professional services; and
- Removing structural barriers that limit full and effective participation in the economy, including in entrepreneurship and workforce participation.

SPECIFIC PROPOSALS

1. Optimising the Intellectual Property Tax Regime

In order to support both national and local development strategies, it is timely for Hong Kong to review and optimise its intellectual property (“IP”)-related tax regime with a view to attracting international technology enterprises to locate, manage and transact high-value global IP assets in the city.

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Under the existing Inland Revenue Ordinance, section 16EC denies tax deductions for certain capital expenditures incurred in the acquisition of intellectual property rights from related parties, while section 17(1)(c) further disallows deductions for capital expenditures unless expressly provided for elsewhere in the Ordinance. The absence of any alternative allowance or amortisation mechanism for such IP acquisition costs places Hong Kong at a competitive disadvantage compared with jurisdictions such as Ireland and Singapore, and may discourage Mainland technology enterprises from establishing their overseas IP centres in Hong Kong.

As a matter of urgency, we recommend that Hong Kong examine the feasibility of allowing tax deductions or allowances for IP acquisition costs between related enterprises, as well as for trustee-based or contract R&D expenses, provided such arrangements comply with the arm's-length principle and are supported by substantial economic activities in Hong Kong. Addressing these structural gaps would enhance Hong Kong's attractiveness as a hub for IP ownership and commercialisation, enable the development of a higher-value tax base, create more high-end professional service employment, and strengthen Hong Kong's role as a centre for IP management and trading.

2. Supporting Women's Economic Participation and Innovation Entrepreneurship

We note that women remain under-represented among founders, fund recipients and leadership roles in innovation- and technology-driven enterprises. Unlocking women's full economic participation is essential to maximising Hong Kong's innovation capacity and talent pool.

We recommend that the Government consider:

- Targeted support for women-led and women-founded SMEs and technology start-ups, including access to early-stage funding, mentorship and digital transformation support;
- Improving transparency and accountability by introducing gender-disaggregated data in major public funding schemes for SMEs, innovation and start-ups; and
- Exploring dedicated funding tracks or pilot programmes for women-led STEM and deep-tech ventures, drawing reference from international peer economies.

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For example, the UK has introduced women-specific innovative awards under Innovate UK to directly address barriers faced by women-led enterprises, while Japan has supported women entrepreneurs through dedicated public-private funding vehicles. Establishing dedicated funding for women in STEM and high-growth sectors, would align Hong Kong with leading international practices.

Such measures would enhance capital efficiency, promote inclusive growth, and strengthen Hong Kong's innovation ecosystem.

3. Improving the Care Economy to Unlock Workforce Potential

Structural constraints related to childcare and elderly care continue to limit workforce participation, particularly for women. Addressing these issues is critical to sustaining labour supply and supporting economic resilience amid demographic changes.

We recommend:

- Increased investment in affordable, high-quality childcare and elderly care services;
- Considering tax deductions or targeted subsidies for household care expenses; and
- Encouraging employers to adopt family-friendly workplace policies, including support for on-site or employer-supported care facilities.

Strengthening the care economy would help release workforce potential, improve productivity, and ensure that the benefits of economic growth are more widely shared.

4. Promoting Economic Diversification through Green Finance and Innovation

To support economic diversification beyond traditional sectors, we consider it appropriate for the Budget to further encourage the development of innovation-enabled green finance solutions, particularly those that can be scaled by SMEs. One area warranting further examination is the feasibility of developing carbon monetisation models that utilise innovation and technology to measure, verify and certify emissions reductions in a credible and cost-effective manner. Such models would enable SMEs undertaking decarbonisation initiatives to generate high-quality carbon credits for trading in voluntary markets, thereby creating supplementary revenue streams while advancing Hong Kong's green transition.

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These efforts would be consistent with recent initiatives involving HKEX and Greater Bay Area carbon exchanges, and would support Hong Kong's positioning as a regional platform for carbon trading and sustainable finance. In parallel, the Budget may consider facilitating the commercial application of emerging technologies—such as artificial intelligence, blockchain and real-world asset tokenisation—particularly where these technologies enhance transparency, verification and efficiency in green and sustainable finance. Advancing such applications would help foster new areas of economic activity and support demand for specialised professional and technical talent.

5. Supporting Job Creation through Targeted Innovation Funding

While existing public funding schemes have contributed to the growth of Hong Kong's innovation ecosystem, we note that early-stage deep-technology and STEM-based enterprises continue to face funding constraints, particularly where projects are capital-intensive or have longer development cycles. Addressing such gaps would be important to sustaining job creation in high-value sectors.

In this regard, the Government may consider exploring targeted funding mechanisms—potentially through existing institutions such as Hong Kong Science and Technology Parks Corporation—to support early-stage STEM enterprises, including those with more diverse founding teams. Any such initiative should be accompanied by a streamlined application process and supported by appropriate monitoring, verification and review mechanisms to ensure effective use of public resources. The introduction of clear performance and socio-economic impact indicators would further enhance transparency and accountability, while enabling data-driven policy assessment over time.

6. Leveraging Technology-Enabled Care Infrastructure to Support Workforce Participation

In addition to direct labour-market measures, we consider that strategic investment in technology-enabled childcare and elderly care infrastructure can play a meaningful role in sustaining workforce participation and enhancing economic resilience. The adoption of digital and AI-enabled solutions has the potential to improve service efficiency, accessibility and quality, thereby alleviating caregiving constraints that continue to limit labour supply. Such investments would complement broader workforce and social policies, helping Hong Kong address demographic pressures while ensuring that economic participation remains broad-based and inclusive.

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Against the backdrop of a rapidly ageing population and increasing fiscal pressures, we believe it is increasingly important for the Government to place greater emphasis on facilitating the continued economic and social participation of older persons. Enabling elderly individuals to remain active through flexible employment, consultancy, mentorship, volunteering and community-based services can help mitigate labour shortages, sustain productivity and broaden the tax base, while reducing reliance on income support and social assistance. At the same time, promoting active ageing and purposeful engagement can contribute to better physical and mental well-being, with potential long-term savings in healthcare and care-related expenditures. We recommend the Government to consider providing employer incentives for age-friendly employment, providing stipends for older adults undertaking lifelong re-skilling and volunteer programmes, to harness the valuable contribution of older persons. Such measures would represent a prudent investment in human capital, strengthening economic resilience while supporting inter-generational sustainability. We therefore urge the Government to make this strategic investment to activate Hong Kong's silver dividend, create a more inclusive, productive, and fiscally sustainable future for all generations.

CONCLUSION

Targeted improvements to the IP tax regime, enhanced support for women entrepreneurs, and investment in the care economy would collectively strengthen Hong Kong's competitiveness, unlock high-value growth opportunities, and support sustainable development aligned with national priorities.

We respectfully urge the Government to adopt a holistic and forward-looking approach in the 2026–2027 Budget by coupling innovation- and IP-focused fiscal reforms with measures that promote inclusive economic participation, while ensuring healthy fiscal developments.

HKWPEA stands ready to engage further with the Government and relevant authorities on these proposals, and would be pleased to contribute practical insights from our members across different sectors.

Should you have any questions, please feel free to contact Joyce Cheng, Chairlady, Public Affairs Committee of HKWPEA at 96225613.