COUNTRY PAYROLL GUIDE

Hong Kong Payroll, Benefits and Tax 2026

What employing someone in Hong Kong costs, what your employee takes home, and the three rule changes that landed while most cost models were not looking.

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The headline numbers

5%	HK$1,500	HK$43.1	17%
Employer MPF, the entire statutory employer cost	Monthly cap on employer MPF, whatever the salary	Minimum wage per hour from 1 May 2026	Top progressive salaries tax rate

Hong Kong has the lightest statutory employer burden in the region. MPF is the whole of it: 5% from each side on monthly relevant income between HK$7,100 and HK$30,000, capped at HK$1,500 per party. There is no social security tax, no unemployment insurance and no training levy.

The cap is an absolute figure, not a percentage

Employer cost stops growing above a HK$30,000 salary. You pay exactly the same HK$1,500 for a HK$30,000 hire and a HK$300,000 one, so model employer contributions as a flat line rather than a percentage.

What a hire actually costs

Tax resident with the basic allowance and no other reliefs. HK$ per month.

	Gross HK$30,000	Gross HK$80,000
Employer MPF	1,500.00	1,500.00
Total cost to employer	31,500.00	81,500.00
Effective employer uplift	5.000%	1.875%
Employee MPF	1,500.00	1,500.00
Salaries tax	1,475.00	9,975.00
Employee takes home	27,025.00	68,525.00

Below HK$7,100 a month the employee is exempt from their own contribution, but the employer still pays 5%.

Salaries tax

Hong Kong charges the lower of two calculations, which works in the taxpayer's favour.

Net chargeable income (HK$)	Progressive rate
First 50,000	2%
Next 50,000	6%
Next 50,000	10%
Next 50,000	14%
Remainder	17%

The alternative is the two-tiered standard rate: 15% on the first HK$5 million of net income and 16% above. Basic personal allowance is HK$132,000 and employee MPF is deductible up to HK$18,000 a year.

	Progressive method	Standard rate method
HK$30,000 a month	HK$17,700	HK$51,300
HK$80,000 a month	HK$119,700	HK$141,300

Annual figures. The progressive method wins in both cases; only very high earners with few allowances land on the standard rate.

There is no monthly withholding

Employers do not deduct salaries tax from payroll. Employees file and pay directly. Your obligation is reporting: file the Employer's Return (BIR56A and IR56B) each April, and file Form IR56G and withhold payments for one month before a departing employee leaves Hong Kong.

What changed in 2025 and 2026

- **1 May 2025:** MPF offsetting against severance and long service payment ended. A 25-year government subsidy shares the post-transition cost.
- **18 January 2026:** the 418 rule became the 468 rule. The weekly threshold dropped from 18 hours to 17, and an aggregate test of 68 hours over any four weeks was added.
- **1 January 2026:** statutory holidays rose to 15 days with Easter Monday added. The count reaches 17 by 2030.
- **1 May 2026:** the minimum wage rose to HK$43.1 an hour, the first rise under a new annual review mechanism.

One live proposal worth tracking

The MPF authority consulted in March 2026 on raising the contribution income limits to a HK$10,500 minimum and a HK$40,000 maximum, which would lift the monthly cap from HK$1,500 to HK$2,000. It is not law yet, and it is the single change most likely to move your Hong Kong cost model.

The continuous contract test

Continuous contract status is the gateway to paid annual leave, sickness allowance, severance and long service payment.

	Until 17 January 2026	From 18 January 2026
Known as	The 418 rule	The 468 rule
Weekly hours threshold	18 hours	17 hours
Aggregate alternative	None	68 hours across any four-week period
Weeks of service	4 or more consecutive	4 or more consecutive
Who this catches	Steady part-time hours only	Irregular and shift hours that swing week to week

Audit part-time, shift and irregular-hours staff against the new test rather than assuming last year's classification holds.

Severance and long service payment

- **Severance payment:** for employees with 24 months or more of continuous service who are made redundant or laid off.
- **Long service payment:** for employees with 5 years or more of continuous service, on other qualifying terminations.
- **Formula:** two-thirds of a month's wages per year of service, with the monthly wage figure capped at HK$22,500 and a total cap of HK$390,000.
- **Can still offset:** accrued benefits from employers' *voluntary* MPF contributions and contractual gratuities based on years of service.

Before 1 May 2025 the MPF offset made termination cheap for many employers because the MPF pot absorbed most of the liability. The post-transition portion is now a real cash cost, partly shared by the government subsidy scheme. Model termination with the subsidy, not without it.

Hours, leave, notice and visas

- **Hours:** no statutory cap and no statutory overtime premium. Overtime is a matter of contract. At least one rest day in every seven.
- **Annual leave:** 7 days after 12 months, rising by one day per year to 14 at nine years. Market practice is 15 to 20 from day one.
- **Sickness allowance:** four-fifths of average daily wages, for absences of four consecutive days or more from accumulated paid sickness days.
- **Maternity:** 14 weeks, with weeks 11 to 14 capped at HK$80,000 in total and reclaimable from the government. **Paternity:** 5 days.
- **Notice:** per contract, minimum 7 days on a continuous contract, one month where the contract is silent. No notice in the first month of probation.
- **Visas:** no quota and no fixed minimum salary. The General Employment Policy is the sponsored route; the Top Talent Pass Scheme gives a 24-month visa with no job offer required.

The monthly cycle

- **Enrol** every eligible employee in an MPF scheme within 60 days of the start date.
- **Pay wages** within 7 days of the end of the wage period.
- **Remit MPF** by the 10th day of the following month.
- **File the Employer's Return** within one month of issue each April, and Form IR56G one month before a foreign employee leaves.

Check which platform your MPF scheme sits on before setting up submissions. Schemes are migrating in stages to the centralised eMPF Platform, and the submission route differs depending on whether yours has moved across yet.

Sources

- MPFA: mandatory contribution rates and the HK$7,100 to HK$30,000 relevant income limits.
- Labour Department: abolition of the MPF offsetting arrangement from 1 May 2025, and the 25-year subsidy scheme.
- Employment (Amendment) Ordinance 2025, gazetted 27 June 2025: the 468 continuous contract rule from 18 January 2026.
- Employment (Amendment) Ordinance 2021: statutory holidays rising from 13 to 17 days by 2030, reaching 15 in 2026.
- Minimum Wage Ordinance: HK$43.1 an hour from 1 May 2026, under the new annual review mechanism.
- Inland Revenue Department: salaries tax progressive rates and two-tiered standard rates.
- Immigration Department: General Employment Policy and Top Talent Pass Scheme.

This guide is general information, current as at the date shown, and is not tax or legal advice. The MPF contribution thresholds are under active review and the minimum wage now moves annually. Confirm your position with a qualified adviser before acting.