

About Voluntary Health Insurance Scheme tax deduction



If you've purchased a Voluntary Health Insurance Scheme (VHIS) Certified Plan (Standard or Flexi Plan) ("Certified Plan"), you may be entitled to concessionary tax deduction. Here's how it works.

Who's entitled to the tax deduction?

Each Policy Holder can claim up to HKD8,000 in qualifying premiums of Certified Plans (excluding levy) per qualified Insured Person each year. There's no limit on the number of policies or Insured Persons claimed.

How can I know the amount eligible for tax deduction?

You'll receive a Premium Payment Record from Bupa by the end of April each year. It will show the qualified premium paid during the preceding 12 months ending in March of the same year.

What policies are eligible for tax deduction?

Tax deductions are available for Certified Plans with policy effective date of 1 April 2019 or later. Premiums paid (Standard Premium + Premium Loading - any discount received) for Certified Plans are eligible. Optional benefit(s) which are not part of the Certified Plans will not be eligible for tax deduction, i.e. these policy premiums don't qualify for tax deduction.

Who are the qualified Insured Persons?

According to the Inland Revenue Ordinance (Cap. 112), only the Policy Holder and the following "specified relatives"¹ of the Policy Holder who successfully enrolled as an Insured Person in the relevant tax year are eligible for tax deduction.

1. Spouse	
2. Children	a. Unmarried and b. age under 18; c. age 18 or older but under the age of 25 and receiving full-time education; or d. age 18 or older but incapacitated for work by reason of physical or mental disability
3. Siblings or spouse's siblings	a. Unmarried and b. age under 18; c. age 18 or older but under the age of 25 and receiving full-time education; or d. age 18 or older but incapacitated for work by reason of physical or mental disability
4. Parents and grandparents of Policy Holder or spouse	a. age 55 or more; or b. age under 55 but eligible to claim an allowance under the Government's Disability Allowance Scheme

I'm a taxpayer and I purchased a Certified Plan for myself. What tax deduction will I receive?

It depends on the amount of premium paid and your prevailing tax rate². If your annual premium is HKD3,000 and your tax rate is 10%, you'll save HKD300. With an annual premium of HKD12,000, only HKD8,000 is eligible. So if your tax rate is 15%, you'll save HKD1,200.

	Annual premium paid (HKD)	Eligible amount for tax deduction (max. HKD8,000 per Insured Person)
You (the Policy Holder and Insured Person)	\$3,000	\$3,000
Tax rate		10%
Amount of tax saved		\$3,000 x 10% = \$300
	Annual premium paid (HKD)	Eligible amount for tax deduction (max. HKD8,000 per Insured Person)
You (the Policy Holder and Insured Person)	\$12,000	\$8,000
Tax rate		15%
Amount of tax saved		\$8,000 x 15% = \$1,200

I'm the Policy Holder and I purchased Certified Plans for myself and my family. Can I receive multiple deductions as a taxpayer?

Yes. You'll receive a deduction for every eligible plan purchased for yourself and "specified relatives". Say you purchased plans for yourself (HKD5,000 premium), your spouse (HKD4,100 premium), your spouse's father (HKD12,000 premium) and your son (HKD2,500 premium). If your tax rate is 15%, you'll save HKD2,940.

	Annual premium paid (HKD)	Eligible amount for tax deduction (max. HKD8,000 per Insured Person)
You (the Policy Holder and Insured Person)	\$5,000	\$5,000
Spouse (Insured Person)	\$4,100	\$4,100
Spouse's father (Insured Person)	\$12,000	\$8,000
Son (Insured Person)	\$2,500	\$2,500
Total eligible amount for tax deduction		\$19,600
Tax rate		15%
Amount of tax saved		\$19,600 x 15% = \$2,940

Both my sister and I purchased a Certified Plan for our father. Will we each receive a deduction?

Yes, each Policy Holder can receive a tax deduction up to HKD8,000 in qualifying premiums for each Certified Plan purchased. Assume you and your sister each paid HKD6,000 in premiums for your father's plans. If both of your tax rates are 15%, you'll each save HKD900.

	Annual premium paid for father as Insured Person (HKD)	Eligible amount for tax deduction (max. HKD8,000 per Insured Person)
You (the Policy Holder, taxpayer)	\$6,000	\$6,000
Tax rate		15%
Amount of tax saved		\$6,000 x 15% = \$900

	Annual premium paid for father as Insured Person (HKD)	Eligible amount for tax deduction (max. HKD8,000 per Insured Person)
Your sister (the Policy Holder, taxpayer)	\$6,000	\$6,000
Tax rate		15%
Amount of tax saved		\$6,000 x 15% = \$900

I've enrolled in a VHIS plan and I need to fill in the Tax Return - Individuals for the current tax year. Where can I find the qualifying premiums paid for myself and/or my specified relative(s)?

Only premiums paid for the Certified Plan (including Standard Premium and Premium Loading, if any) are eligible for tax deduction. You can find the Standard Premium on page 5 of your application form copy, which was enclosed in your welcome pack. All discounts, premiums paid for optional benefits and levy aren't eligible for tax deduction.³

For yearly payment, please use the annual premium paid for the Certified Plan when filling in the Tax Return for the same tax year. For monthly payment, you should multiply the monthly premium by the number of months your plan was in effect in the tax year. Plus, you can only claim up to HKD8,000 in qualifying premiums per eligible Insured Person each year. An example calculation for Global Prestige VHIS Plan with annual payment is shown below:

	Annual Premium	Eligible for tax deduction?
Certified Plan Benefit (inclusive of Premium Loading, if any)	\$47,682.00	Yes
Family discount	- \$4,768.20 (10% off for 2 family members enrolling together)	No
Clinical Benefit	+ \$42,680.00	No
Total	= \$85,593.80	
Qualifying premiums eligible for tax deduction in a tax year	= Premium for Certified Plan Benefit- Family discount × Number of months the plan was in effect (for monthly payment only)	= \$42,913.80 (capped at \$8,000 per person per year)

I purchased a Certified Plan in April 2019. If I renew it and pay the renewal premium in March 2020, how does the tax deduction work?

The date of premium payment determines the tax year for tax deduction. In this situation, both premiums are paid in the same tax year. That means the total amount of qualified premiums (up to a limit of HKD8,000 per Insured Person) will be eligible for tax deduction. However, any premiums paid over HKD8,000 can't be carried forward to the next tax year for tax deduction.

Why can't I receive a tax deduction for plans purchased for my domestic partner, grandchild or domestic partner's parents/child(ren)?

Because these relationships aren't in the list of "specified relatives" in Inland Revenue Ordinance (Cap. 112).

If you have any questions about the VHIS, please contact the VHIS Office of the Health Bureau at vhis_enquiry@healthbureau.gov.hk.

The example scenarios above are provided by Bupa and for illustrative purposes only. Please refer to Inland Revenue Ordinance (Cap. 112) for details. For questions about tax deduction, please consult your own tax and accounting advisors or contact the Inland Revenue Department.

¹For the family members shown, age limits do not apply to those who are disabled. Policies purchased by the Policy Holder for grandchild(ren), domestic partner (i.e. civil partner, or the person with whom the Policy Holder lives in a continuous, committed, exclusive relationship during which period neither the Policy Holder or that person were or are married to or partnered with any other person) or domestic partner's child/parents are not eligible for tax deductions.

²Applicable tax rate ranges from 2-17%.

³If Premium Loading was applied to your Policy, please refer to the loading offer letter enclosed in your welcome pack. Remember to subtract any discount applied to your Policy in the calculation.

Disclosure of information

The insurance plans listed in this document are underwritten by Bupa (Asia) Limited ("Bupa") which is authorised and regulated by the Insurance Authority in Hong Kong. Hang Seng Bank Limited ("Hang Seng Bank") is an insurance agent authorised by Bupa for distribution of these plans. Premium will be payable to Bupa upon enrolment in these plans. Bupa will provide Hang Seng Bank the relevant commission and performance bonus in accordance with the selling of these plans. The existing sales staff remuneration policy offered by Hang Seng Bank will take into account various aspects of staff performance but not solely the sales amount. HealthPro Concierge Service is provided by Bupa. In respect of an eligible dispute arising between Hang Seng Bank and the customer out of the selling process or processing of the related transaction, Hang Seng Bank is required to enter into a Financial Dispute Resolution Scheme process with the customer; however, any dispute over the policy terms or performance (claims and service) of the product should be resolved directly between Bupa and the customer. Hang Seng Bank is a member of HSBC Group.