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Tax Deduction Series



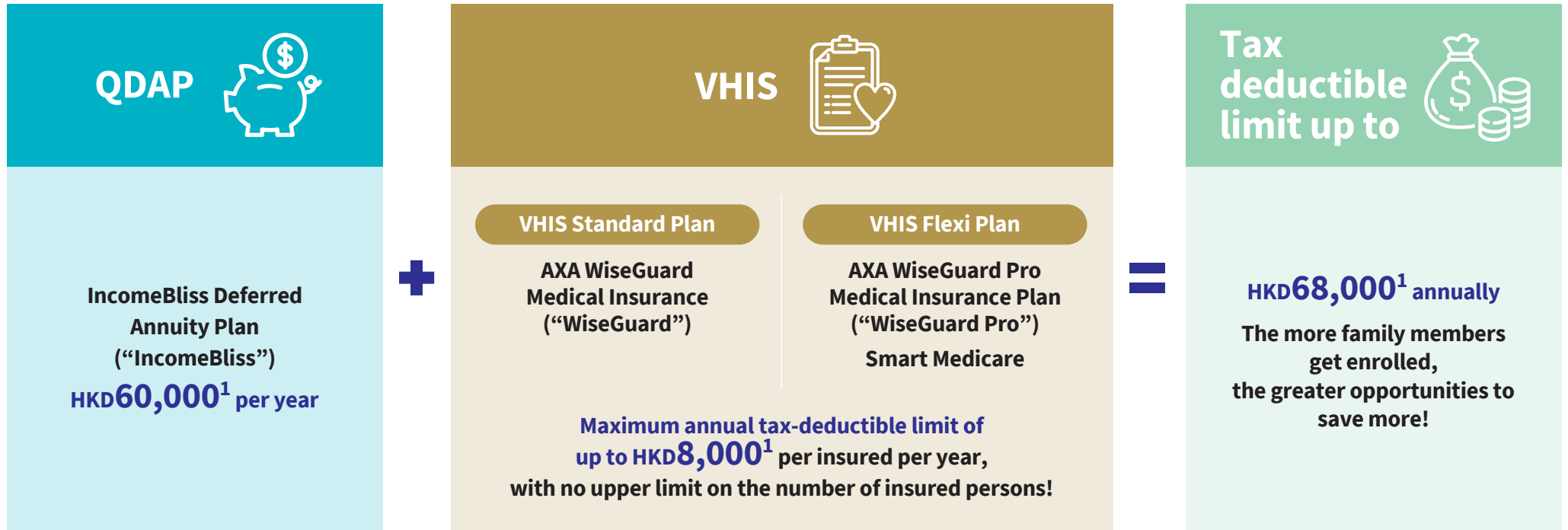
## A simple guide to AXA's "Tax Deduction Combo"

**AXA's  
"Tax Deduction Combo"**

Having worked day in, day out our whole lives, we all look forward to retiring with good health and wealth to maintain a high quality of life. However, faced with a continuous escalation in living<sup>^</sup> and medical expenses<sup>#</sup>, enrolling in a government-recognised Qualifying Deferred Annuity Policy ("QDAP") together with a Voluntary Health Insurance Scheme ("VHIS") plan<sup>1</sup> can provide significant benefits. Not only can reduce your tax burden with a tax deduction of up to **HKD68,000<sup>1</sup>** per year, but you'll also receive health protection and stable annuity income!

**AXA's "Tax Deduction Combo"**

Each Hong Kong taxpayer can enjoy a maximum tax deduction with a QDAP and VHIS<sup>1</sup>:



Source :  
<sup>^</sup> "Hong Kong Retirement Expense Index 2022" — The Institute of Financial Planners of Hong Kong (Jun 2023) ([https://www.ifphk.org/pdf/press\\_release/PR20230602\\_cn.pdf?fbclid=IwAR2SAzKzRopzJYFEEzYq1HkrIercRv38JxusrRoUkMWmQH\\_KLUEBzQqCcY](https://www.ifphk.org/pdf/press_release/PR20230602_cn.pdf?fbclid=IwAR2SAzKzRopzJYFEEzYq1HkrIercRv38JxusrRoUkMWmQH_KLUEBzQqCcY))  
<sup>#</sup> Global Medical Trends Survey by WTW 2022 (<https://www.wtco.com/en-hr/insights/2021/11/2022-global-medical-trends-survey-report>)

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## Smart tips



### Is QDAP only suitable for elderly people?

QDAP is not only suitable for elderly people but also for young people. Young people have the time advantage to accumulate wealth, and they should take the first step towards retirement planning as early as possible. By utilising a longer accumulation period and allowing money to grow within the policy, thereby gaining more potential returns. Younger people are advised to choose a longer premium payment term, such as 10 years, in order to accumulate more wealth and enjoy longer-term tax advantages.



### The higher the contribution amount on QDAP and VHIS, the better?

Since the maximum personal tax-deductible limit for QDAP is HKD60,000 per year<sup>1</sup>, the closer the contribution amount is to this maximum limit, the more tax benefits you would enjoy. However, with the main purpose of deferred annuities being to establish a retirement income, it is better to consider factors such as the desired retirement amount you need in the future, insurance needs, and the level of cash flow required with current contributions when purchasing insurance. Moreover, if you wish to reduce currency conversion and exchange rate risks, you may consider using the local currency (i.e. Hong Kong dollars) for both the contribution amount and policy currency.

For VHIS plan, a taxpayer can apply for tax deduction with a limit of maximum HKD8,000<sup>1</sup> per insured person per tax year. However, for each policy, increasing the contribution amount does not raise the tax deduction limit. When purchasing a VHIS plan, it is important to consider personal needs on medical insurance, the range of coverage and coverage limits, etc. In summary, tax deduction should not be the only consideration when purchasing a VHIS plan. Customers should compare premiums carefully and make wise choices that suit their own protection needs.



### The more family members get enrolled, the greater the opportunity to save on tax?

Whether taxpayers purchase VHIS plans for themselves or their family members, they have the opportunity to apply for tax deductions. In each tax year, each insured person can enjoy a maximum tax deduction of HKD8,000<sup>1</sup>. There is no limit on the number of eligible policies or the number of insured persons for whom tax deductions can be claimed. As long as taxpayers purchase VHIS plans for their specified relatives<sup>2</sup> (including spouses, children, siblings, and parents/grandparents/great-grandparents), they can also apply for tax deductions for their VHIS plans<sup>1</sup>.



## TaxBliss Calculator

**Estimate how much tax  
you will save!**

Be a smart taxpayer,  
plan your taxes ahead of time  
and get an estimate now!



### Tax assessment example 1

#### Smart and Worry-Free Tax Planning



Susan (29-year-old)

**Tax Savings: HKD9,708**

After 4 years in the workforce, 29-year-old Susan is ready to plan for her future. She is looking for both medical protection and finance security and takes advantage of any available tax deduction opportunities. To achieve this, she has decided to take out a **WiseGuard** policy along with an **IncomeBliss** policy.

The following tax assessment<sup>3</sup> is based on Susan's total annual income HKD384,000 for the year of assessment:

|  |           |
|--|-----------|
| Annual personal income                                   | 384,000   |
| Basic allowance  | (132,000) |
| Mandatory contributions to recognised retirement schemes | (18,000)  |

|            |                 |         |
|------------|-----------------|---------|
| Originally | Taxable income  | 234,000 |
|            | Tax payable (a) | 21,780  |

|               |                               |          |
|---------------|-------------------------------|----------|
| Tax deduction | ✓ Qualifying VHIS premiums    | (2,054)  |
|               | 🏷 Qualifying annuity premiums | (60,000) |

|     |                 |         |
|-----|-----------------|---------|
| Now | Taxable income  | 171,946 |
|     | Tax payable (b) | 12,072  |

|                              |  |              |
|------------------------------|--|--------------|
| <b>Tax Savings (a) - (b)</b> |  | <b>9,708</b> |
|------------------------------|--|--------------|



Note: The above data is as of April 2024.

## Tax assessment example 2

Enjoy peace of mind and maximising tax benefits



Insured: Kelvin (age 37) and wife (age 36)  
Insurance plans:  
**WiseGuard Pro** (Premier benefit level)  
(Deductible: HKD50,000)  
and **IncomeBliss**



Insured: Son (age 10) and daughter (age 6)  
Insurance plans:  
**Smart Medicare** with supplementary  
major medical (Superior benefit level)

**Tax Savings: HKD25,058**

Upon entering the prime earning years and cherishing his family, Kelvin has decided to take out VHIS policies<sup>1</sup> for himself, his wife and his beloved children. In order to maintain financial flexibility upon retirement, he has planned to secure deferred annuity policies<sup>1</sup> for both himself and his wife. The plan not only serves as a financial management tool but also offers the advantages of tax savings.

Assume that the total annual incomes of Kelvin and his wife are HKD816,000 and HKD132,000 respectively for the year of assessment. The following tax assessment<sup>3</sup> is based on the total annual income of the couple assessed jointly at HKD948,000:

|  |           |
|--|-----------|
| Annual household income                                  | 948,000   |
| Mandatory contributions to recognised retirement schemes | (24,600)  |
| Married person's allowance                               | (264,000) |
| Child(ren) allowance                                     | (260,000) |

|            |                 |         |
|------------|-----------------|---------|
| Originally | Taxable income  | 399,400 |
|            | Tax payable (a) | 49,898  |

|               |                               |           |
|---------------|-------------------------------|-----------|
| Tax deduction | 🛡️ Qualifying VHIS premiums   | (27,398)  |
|               | 💰 Qualifying annuity premiums | (120,000) |

|     |                 |         |
|-----|-----------------|---------|
| Now | Taxable income  | 252,002 |
|     | Tax payable (b) | 24,840  |

|                              |  |               |
|------------------------------|--|---------------|
| <b>Tax Savings (a) - (b)</b> |  | <b>25,058</b> |
|------------------------------|--|---------------|



Note: The above data is as of April 2024.

## VHIS plans - Essential information

| AXA WiseGuard Medical Insurance Plan – Standard Plan |  |  |
|--|--|--|
| <b>Registered VHIS providers</b>                     | AXA China Region Insurance Company (Bermuda) Limited | AXA China Region Insurance Company Limited |
| <b>VHIS certification number</b>                     | S00014-01-000-02                                     | S00033-01-000-02                           |

| AXA WiseGuard Pro Medical Insurance Plan – Flexi Plan |  |                  |                  |                  |                  |                  |
|---|--|------------------|------------------|------------------|------------------|------------------|
| <b>Registered VHIS provider</b>                       | AXA China Region Insurance Company (Bermuda) Limited |                  |                  |                  |                  |                  |
| <b>VHIS certification number</b>                      |  |                  |                  |                  |                  |                  |
| <b>Deductible</b>                                     |  |                  |                  |                  |                  |                  |
| <b>Benefit level</b>                                  | <b>HKD0</b>  | <b>HKD20,000</b> | <b>HKD50,000</b> | <b>USD0</b>      | <b>USD2,500</b>  | <b>USD6,250</b>  |
| Regular   | F00034-01-000-04                                     | F00034-02-000-04 | F00034-03-000-04 | F00034-10-000-04 | F00034-11-000-04 | F00034-12-000-04 |
| Enhance   | F00034-04-000-04                                     | F00034-05-000-04 | F00034-06-000-04 | F00034-13-000-04 | F00034-14-000-04 | F00034-15-000-04 |
| Premier   | F00034-07-000-04                                     | F00034-08-000-04 | F00034-09-000-04 | F00034-16-000-04 | F00034-17-000-04 | F00034-18-000-04 |
| Noble   | F00034-19-000-02                                     | F00034-20-000-02 | F00034-21-000-02 | F00034-22-000-02 | F00034-23-000-02 | F00034-24-000-02 |

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Smart tips

Tax assessment  
example 1

Tax assessment  
example 2

VHIS plans -  
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## VHIS plans - Essential information (cont'd)

| Smart Medicare - Flexi Plan               |  |                  |  |                  |
|---|--|------------------|--|------------------|
| Registered VHIS providers                 | AXA China Region Insurance Company (Bermuda) Limited |                  | AXA China Region Insurance Company Limited |                  |
|   | VHIS certification number                            |                  |  |                  |
| Benefit level                             | HKD  | USD              | HKD  | USD              |
| Regular                                   | F00017-01-000-03                                     | F00017-04-000-03 | F00018-01-000-03                           | F00018-04-000-03 |
| Regular with supplementary major medical  | F00017-01-001-03                                     | F00017-04-001-03 | F00018-01-001-03                           | F00018-04-001-03 |
| Superior                                  | F00017-02-000-03                                     | F00017-05-000-03 | F00018-02-000-03                           | F00018-05-000-03 |
| Superior with supplementary major medical | F00017-02-001-03                                     | F00017-05-001-03 | F00018-02-001-03                           | F00018-05-001-03 |
| Premier                                   | F00017-03-000-03                                     | F00017-06-000-03 | F00018-03-000-03                           | F00018-06-000-03 |
| Premier with supplementary major medical  | F00017-03-001-03                                     | F00017-06-001-03 | F00018-03-001-03                           | F00018-06-001-03 |

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## Remarks

1. This maximum tax deduction limit is the aggregate limit for Mandatory Provident Fund Tax Deductible Voluntary Contribution, premiums of deferred annuity and VHIS plan. Each taxpayer has a maximum tax deduction limit of HKD60,000, which is the aggregate limit for qualifying annuity premiums and Mandatory Provident Fund Tax Deductible Voluntary Contribution. While for VHIS, each taxpayer can enjoy a maximum tax deduction limit of HKD8,000 for qualifying VHIS premiums paid per insured person. It is also based on the information on allowance published by the Inland Revenue Department (“IRD”) as of the April 2024 and is subject to change from time to time. Only the qualifying annuity premiums/VHIS premiums paid in relation to the annuity/VHIS payments can be tax deductible. Please note any premiums paid for any supplements attached to **IncomeBliss** or any premium refund/discount will not be qualified for tax deduction. For more information, please refer to [www.ird.gov.hk](http://www.ird.gov.hk) or seek independent tax advice.
2. An individual is your specified relative if the individual is, at any time during the year of assessment -
  - your spouse;
  - a parent or grandparent of you or your spouse, who is at any time during the year of assessment -
    - aged 55 or more; or
    - under the age of 55 but eligible to claim an allowance under the Government’s Disability Allowance Scheme;
  - a child or sibling of you or your spouse, who is at any time during the year of assessment unmarried and
    - under the age of 18; or
    - aged 18 or more but under the age of 25 and receiving full time education at a university, college, school or other similar educational establishment; or
    - aged 18 or more but incapacitated for work by reason of physical or mental disability.For more details, please visit [www.gov.hk/en/residents/taxes/salaries/allowances/deductions/vhis.htm](http://www.gov.hk/en/residents/taxes/salaries/allowances/deductions/vhis.htm).
3. All tax assessment examples in this leaflet are for reference only. The actual tax savings may be lower than the above examples. The final calculation is subject to the actual assessment results of the IRD. Moreover, the above examples are calculated based on the allowances, deductions, and tax rates for the year of assessment 2024/25 and assume that (i) the tax payable is calculated at progressive rates; and (ii) the taxpayer has no other allowances, deductions, or tax concessions, except for the allowances and deductions illustrated above.

### Notes:

- You must meet all the eligibility requirements set out under the Inland Revenue Ordinance and any guidance issued by the IRD of Hong Kong Special Administrative Region before you can claim the tax deductions.
- It is not a policy. For detailed terms, conditions and exclusions of the plans, please refer to the relevant product brochures and policy contracts, which will be made available by the Company upon request.
- Any general tax information provided is for your reference only, and you should not make any tax-related decisions based on such information alone. You should always consult with a professional tax advisor if you have any doubts. Please note that the tax law, regulations or interpretations are subject to change and may affect related tax benefits including the eligibility criteria for tax deduction. We do not take any responsibility to inform you about any changes in the laws and regulations or interpretations, and how they may affect you. Please contact the IRD directly for any tax related enquiries.

**IncomeBliss Deferred Annuity Plan, AXA WiseGuard Medical Insurance Plan, AXA WiseGuard Pro Medical Insurance Plan and Smart Medicare** are underwritten by AXA China Region Insurance Company (Bermuda) Limited (Incorporated in Bermuda with limited liability) / AXA China Region Insurance Company Limited (collectively “AXA”, the “Company”, or “we”). All product information mentioned above are subject to the terms and conditions. AXA reserves the final right to approve any application. For detailed terms, conditions and exclusions of this product, please refer to the relevant product brochure and policy contract.





Find out more about the products



**IncomeBliss Deferred  
Annuity Plan**



**AXA WiseGuard  
Medical Insurance Plan**



**AXA WiseGuard Pro  
Medical Insurance Plan**



**Smart Medicare**

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