

Sale of Home Ownership Scheme Flats 2020
Calculation Method of Income and Net Asset Value, and Documents Required
(Not Applicable to Flat Owners under TPS)

Note:

By the time of submitting the application form, only copies of identity documents or birth certificate (for persons aged below 11) of applicants and their family members are required. The HA will, according to the random order generated from ballot result by computer, notify the prioritized applicant and family member(s) listed in the application form to submit an “Income and Asset Declaration Form” together with relevant supporting documents within specified period for detailed vetting. Please keep details of your income and breakdown of assets to substantiate your declared income and assets for the HA’s further vetting in future if required

1. Income

The applicant and all family members (including those aged below 18 and with income) are required to declare the average monthly income (including income in and outside Hong Kong). The types of income that should be declared, calculation method and documents required are as follows:

Sources of Income	Calculation Method	Supporting Documents (To be submitted upon the request of the HA after ballot)
Income from employment	<p>Including monthly salary, bonus/ double pay, commission/ allowance and accommodation</p> <p>1. Monthly Salary</p> <ul style="list-style-type: none"> ● Those who earn a regular salary should calculate their income as at 30 September 2020 using their basic salary before tax plus the average monthly regular and irregular commission and allowance from 1 April 2020 to 30 September 2020 plus the average monthly income of year-end bonus and double pay received from 1 October 2019 to 30 September 2020 less total statutory employee’s contribution to MPF/ Provident Fund from 1 April 2020 to 30 September 2020. Please see Example 1. ● Those who are paid on an occasional basis, they should calculate their average monthly income for the period from 1 April 2020 to 30 September 2020 (a) <u>serving the employer for 6 calendar months</u>, they should declare their average monthly income by dividing the total income received over the period from 1 April 2020 to 30 September 2020 by 6 months plus the year-end bonus and double pay from 1 October 2019 to 30 September 2020 by 12 months less total statutory employee’s contribution to MPF/ Provident Fund from 1 April 2020 to 30 September 2020 by 6 months, please see Example 2(a); (b) <u>serving the employer for less than 6 calendar months</u>, the average monthly income is calculated by dividing the total income received from 1 April 2020 to 30 September 2020 to corresponding months or days of service period less the average of total statutory employee’s contribution to MPF/ Provident Fund from service period divided by corresponding months or days of service period. Please see Example 2(b). ● If there is income change for those who are paid on an occasional basis between the date of submission of application form and their invited flat selection date, they should declare their average monthly income over the 6-calendar-month period prior to the date of flat selection. (For example, supposing the date of flat selection is 30 June 2021, the average monthly income is calculated by dividing the total income received over the period from 1 December 2020 to 31 May 2021 by 6 months.) ● Those who have transferred to another job during the past 6 calendar months prior to the date of submission of their application form and their invited flat selection date are required to declare only the income received from the current employer. (For example, if a person who has transferred to another job 2 months ago is currently earning a regular income, he/ she is required only to declare his/ her present salary. If the person is now employed on an occasional basis, he/ she should declare the average monthly income by dividing the total 	<ul style="list-style-type: none"> ● With fixed employers, the original of the Employee’s Income Certificate (at Annex D) (revised) with the signature of the employer/ person in charge of the company and a copy of the applicable tax documents. The Employee’s Income Certificate form may be photocopied for use where necessary. ● Copy of the salary statement or income proof for a period of 12 calendar months (i.e. from 1 October 2019 to 30 September 2020) if failing to provide the Employee’s Income Certificate and a copy of the applicable tax documents. ● Copy of documentary proof of MPF contribution. ● Copy of rental statement for the accommodation. ● A copy of the latest Employer’s Return of Remuneration and Pensions/ Notice of Assessment.

income received over the past 2 months from the current employer by 2 months.)

- If those who are newly employed have no MPF contribution deducted from their income, they should calculate their income on the basis of their actual income received in the particular month.
2. Bonus/ Double Pay and Commission/ Allowance
- Year-end bonus/ double pay: The bonuses and double pay received on a regular or occasional basis from current employer for the period from 1 October 2019 to 30 September 2020 should be declared after being converted into a monthly average. (For example, if the double pay received from 1 October 2019 to 30 September 2020 is HK\$12,000, the monthly average is HK\$12,000/ 12 months = HK\$1,000.) (For payments received for a service period of less than 12 months, the average monthly amount should be calculated by adding up the payments received in the said period and divided the total amount by the corresponding months or days of service.)
 - Non year-end bonus/ double pay and allowances (For example, housing allowance, travelling allowance, food allowance, medical allowance, education allowance, hardship allowance (obnoxious duties), etc.): All commissions and various allowances received on a regular or occasional basis for the period from 1 April 2020 to 30 September 2020 should be declared after being converted into a monthly average. (For example, if the total overtime allowance over the period from 1 April 2020 to 30 September 2020 is HK\$3,600, the monthly average is HK\$3,600/ 6 months = HK\$600.) If a person's total household income exceeds the income limit after the irregular income received for the period from 1 April 2020 to 30 September 2020 has been converted into a monthly average, he/ she may convert the irregular income received for the period from 1 October 2019 to 30 September 2020 into a monthly average. (For payments received for a service period of less than 6 or 12 months, the average monthly amount should be calculated by adding up the payments received in the said period and divided the total amount by the corresponding months or days of service.)

Example 1 : Calculation method of average monthly income for those employed on a monthly basis (for reference only)

Basic salary of September 2020	+	Regular & irregular commission & allowance from 1.4.2020 to 30.9.2020	+	Year-end bonus & double pay from 1.10.2019 to 30.9.2020	-	Total statutory employee's contribution to MPF/Provident Fund from 1.4.2020 to 30.9.2020
		6 months		12 months		6 months

Example 2 : Calculation method of average monthly income for those employed on an occasional basis (for reference only)

(a) Total income received from 1.4.2020 to 30.9.2020	+	Year-end bonus & double pay from 1.10.2019 to 30.9.2020	-	Total statutory employee's contribution to MPF/Provident Fund from 1.4.2020 to 30.9.2020
6 months		12 months		6 months
(b) Total income received for the service period	-	Total statutory employee's contribution to MPF/Provident Fund for the service period		
Service period		Service period		

	<p>3. Accommodation</p> <ul style="list-style-type: none"> ● Any accommodation provided by the employer of the applicant or any family member(s) listed in the application form is also deemed as a portion of the monthly income. It is calculated as follows: <ul style="list-style-type: none"> (i) Free accommodation - the contributory portion is calculated at 10% of the average monthly total personal income. (ii) Accommodation at a rent lower than the market level - the contributory portion is calculated at 10% of the average monthly total personal income less the rent payable to the employer. It will be taken as “0” if the balance is negative. <p>4. If the person has no income:</p> <ul style="list-style-type: none"> ● Those without any income in the 12 calendar months before the date of submission of application form should enter “0” or “Nil” in the column of “Total Monthly Income”. ● Those who are not employed or self-employed in the previous calendar month and by the time of submission of application form but were employed for part of the time over the 12 calendar months should convert their total income into a monthly average and declare it as their average monthly income. ● Students (aged 18 or above) should submit a photocopy of the latest student identification document (such as student identity card). <p>Remarks: Deductible items/ exclusions (Documentary proof must be provided) : These include employees’ contributions to the Mandatory Provident Fund (MPF) (at the statutory rate of 5% with a cap of HK\$1,500) or statutory contributions of other provident fund, alimony payments (capped at the amount determined by the court), contributions under the Surviving Spouses’ and Children’s Pensions Scheme/ Widows and Orphans Pension Scheme, education grants and scholarships, and Community Care Fund, old age and disability allowances received from the Government, etc.</p>	
Income from self-employment	<ul style="list-style-type: none"> ● Business operators: Income includes: profits from business activities (if loss, the income should be “0”), salary (may deduct the statutory rate of MPF), dividends or gratuities receivable by shareholders and private expenses. <ul style="list-style-type: none"> (a) For business with 1 year: the monthly average income earned over the 12 calendar months from 1 October 2019 to 30 September 2020 should be declared (For example, if business commenced on 1 October 2019, the total net profits received over the period from 1 October 2019 to 30 September 2020 should be divided by 12 months). If loss, the income should be calculated as “0”. (b) For business less than 1 year: the monthly average income earned during 1 October 2019 to 30 September 2020 should be declared (For example, if business commenced on 1 November 2019, the total net profits received over the period from 1 November 2019 to 30 September 2020 should be divided by 11 months). If loss, the income should be calculated as “0”. ● Self-employment without business registration: <ul style="list-style-type: none"> (a) Working with 1 year: the monthly average income earned over the 12 calendar months i.e. 1 October 2019 to 30 September 2020. (b) Working with less than 1 year: the monthly average income earned during the corresponding period from 1 October 2019 to 30 September 2020. 	<ul style="list-style-type: none"> ● A copy of a valid business registration certificate/ hawker licence (in case of hawking) and applicable tax documents. ● A copy of the latest 12 calendar months of business financial statement confirmed by chartered accountant. Original Auditor’s Report should also be submitted in case of limited company. ● Hawkers/ Fishermen/ Unlimited companies/ Business operators without business registration certificates/ absence of supporting documents, income and expenditure supporting proofs should be provided. The HA may request applicants/ members to sign relevant declaration forms during vetting period.
Income from rented properties/ lands	<ul style="list-style-type: none"> ● Monthly rental income from the letting of lands, parking spaces or properties solely or jointly owned in and outside Hong Kong (The White Form applicant and all family members must not own domestic properties in Hong Kong), including the income from subletting as a principal tenant, has to be declared. Both the rates and government rent payable per month are deductible from the monthly rental 	<ul style="list-style-type: none"> ● Copy of relevant supporting documents on the average monthly rental income (For example: rental agreement).

	<p>income, and a further 20% of the remaining sum is also deductible for meeting expenses. Calculation method (for reference only)</p> $\left(\text{Monthly rental income received} - \frac{\text{Rates of prevailing quarter}}{3 \text{ months}} - \frac{\text{Government rent of prevailing quarter}}{3 \text{ months}} \right) \times 80\%$ <ul style="list-style-type: none"> If the landed property, parking spaces or land let out without duly stamped tenancy agreement and the rent received is lower than the rateable value, its monthly rental income should be calculated by deducting the monthly rates and government rent from the monthly rent value equivalent of the rateable value of the 2020/21 financial year, and a further 20% of the remaining sum for meeting expenses. Calculation method (for reference only) $\left(\frac{\text{Rateable value}}{12 \text{ months}} - \frac{\text{Rates of prevailing quarter}}{3 \text{ months}} - \frac{\text{Government rent of prevailing quarter}}{3 \text{ months}} \right) \times 80\%$	<ul style="list-style-type: none"> Copy of the latest demand note for rates and government rent.
Income from non-rented properties/ lands	<ul style="list-style-type: none"> If the landed property, parking spaces or land is not let out, no matter left vacant/ self used, its monthly rental income should be calculated by deducting the monthly rates and government rent from the monthly rent value equivalent of the rateable value of the 2020/21 financial year, and a further 20% of the remaining sum for meeting expenses. Calculation method (for reference only) $\left(\frac{\text{Rateable value}}{12 \text{ months}} - \frac{\text{Rates of prevailing quarter}}{3 \text{ months}} - \frac{\text{Government rent of prevailing quarter}}{3 \text{ months}} \right) \times 80\%$ <ul style="list-style-type: none"> For properties jointly owned with others, the income calculated as above should be adjusted on a pro rata basis according to the share of interest. Calculation method (for reference only) $\left(\frac{\text{Rateable value}}{12 \text{ months}} - \frac{\text{Rates of prevailing quarter}}{3 \text{ months}} - \frac{\text{Government rent of prevailing quarter}}{3 \text{ months}} \right) \times 80\% \times \text{share of interest}$	<ul style="list-style-type: none"> If landed properties, parking spaces or lands are left vacant/ self used, a copy of the latest demand note for rates and government rent should be provided.
Other income	<ul style="list-style-type: none"> Alimony and child maintenance, financial provision/ financial support from children/ relatives not listed on the application form, the guaranteed monthly annuity payment under annuity plans (including Hong Kong Mortgage Corporation Annuity Plan), pensions/ dependent pensions under the Surviving Spouses' and Children's Pensions Scheme, scholarship given as remuneration to be taxable, etc.: (a) Regular amount: amount received in September 2020. (b) Irregular amount: average monthly amount received over the 6 calendar months i.e. 1 April 2020 to 30 September 2020. Any interest/ bonus/ dividend received from fixed term deposits and transactions of any nature, such as shares, funds, annuity, etc.: average monthly amount received over the 6 calendar months from 1 April 2020 to 30 September 2020. <ul style="list-style-type: none"> Any interest/ bonus received from savings or investment-linked insurance policies: average monthly amount received over the last 12 calendar months i.e. 1 October 2019 to 30 September 2020. Any other income not stated above. 	<ul style="list-style-type: none"> Alimony: copy of Court Order; Interest from shares and fixed term deposits: copy of supporting documents for relevant investment; Annuity Plan: Copy of relevant supporting documents; Pension: Copy of pension statement; Copy of supporting documents for income received from investment; and Copy of relevant supporting documents.

2. Net Asset Value

- (i) The applicant and all family members (including those aged below 18) are required to declare the net asset value as at **9 September 2020** (including assets in and outside Hong Kong).
- (ii) Deductible items/ exclusions:
Applicants or family members who have received the compensation for loss of earning power due to injuries sustained at work, traffic and other accidents may claim deduction from their own assets values for the amount of compensation received. The nature of compensation, the organisation from which this compensation is issued and the amount they have received for that purpose have to be stated. (To provide copies of relevant receipts, insurance policy, etc.)
- (iii) The types of asset that should be declared, calculation method and documents required are as follows:

Assets	Calculation Method	Supporting Documents (To be submitted upon the request of the HA after ballot)
Land	<ul style="list-style-type: none"> For land in and outside Hong Kong such as land held by way of government grants or Letters "A"/ "B" land exchange entitlements, the net value is calculated by deducting the outstanding mortgage amount from the asset value as at 9 September 2020. In the case of joint ownership, only the current net value of the interest held needs to be declared. 	<ul style="list-style-type: none"> A copy of the latest valuation report of the land. A copy of proof of ownership of the land. Copies of the relevant mortgage documents.
Landed properties	<ul style="list-style-type: none"> For landed properties of any uses (including ancestral houses) (The White Form applicant and all family members must not own domestic properties in Hong Kong) in and outside Hong Kong, which are completed or for pre-sale, or which are the subject matter of a sale and purchase agreement, the net value is calculated by deducting the outstanding mortgage amount from the asset value as at 9 September 2020. In the case of joint ownership, only the current net value of the interest held needs to be declared. 	<ul style="list-style-type: none"> A copy of the latest valuation report of the landed properties. A copy of proof of ownership of the landed properties. Copies of the relevant mortgage documents.
Vehicle	<ul style="list-style-type: none"> For private cars, vans, light vans, lorries, coaches, taxis, public light buses, container tractors and trailers, motorcycles, etc., the net value is calculated by deducting the outstanding hire purchase repayment and depreciation from the sum of purchase price and the residual values of vehicle registration fee and insurance premium as at 9 September 2020. Depreciation: 60% initial depreciation allowance on down payment of vehicle and payment of the principal by installments in current year, and 30% annual depreciation on the residual value. Formula: $[(Purchase\ price - outstanding\ mortgage) \times (1 - 60\%)] \times (1 - 30\%)^n + (residual\ values\ of\ vehicle\ registration\ fee\ and\ insurance\ premium\ as\ at\ 9\ September\ 2020)$ $n = \text{number of year of purchase} - 1$ (Note: purchased less than 1 year is also counted as 1 year) If a vehicle is for the private use or exclusive use of a transportation business, the net asset value should be declared in the field of "Vehicles" of the "Income and Asset Declaration Form" If a vehicle is owned by a business other than that of transportation, say a lorry of a hardware store, its value should be incorporated in the net asset value of the entire business. 	<ul style="list-style-type: none"> A copy of vehicle registration document (both front and back sides). Copies of relevant vehicle purchase agreement, registration document, the hire purchase agreement which shows repayment schedule for the months of August 2020 and September 2020, the valid insurance policy and payment receipts as at 1 September 2020, etc.
Taxi/ Public light bus licences	<ul style="list-style-type: none"> The net value is derived by deducting the outstanding mortgage amount from the market value as at 9 September 2020. If the licence is co-owned, only the current net value of the interest held needs to be declared. 	<ul style="list-style-type: none"> A copy of the licence; Copies of the relevant mortgage documents; and If hired out, a copy of the relevant documents and income proof.
Investments	<ul style="list-style-type: none"> These include listed shares, bonds, commodity futures, paper gold, certificates of deposits, deposits with brokers, mutual fund, unit trust fund, annuity plans (including Hong Kong Mortgage Corporation Annuity Plan), the cash value and the accumulated bonus of savings or investment-linked insurance schemes (the insurance asset belongs to the policy holder rather than the beneficiary) etc. The value of these investment instruments is determined by the unit closing price as at 9 September 2020, or the most recent unit closing price (whichever is the latest). Note: Any interest/ bonus received from savings or investment-linked insurance policies are treated as income. 	<ul style="list-style-type: none"> Copies of documentary proof of the relevant investments and their values.

Annex A(6) (revised)

<p>Business undertakings</p>	<ul style="list-style-type: none"> ● These include interests in business of sole proprietorship, partnership and limited companies. The net value of business assets is based on items in the latest audited account/ provisional account, including net book value of plant and machinery, stock in hand, accounts receivable, balance of bank accounts, cash in hand, residual value of vehicles, market value of landed properties, etc., less various liabilities. ● If the business is in the form of partnership or a limited company, only the current net value of the interest held needs to be declared. 	<ul style="list-style-type: none"> ● A copy of a valid business registration certificate; ● A copy of relevant financial report; ● In case of hawking, a copy of the relevant hawker licence is required. ● For limited company, the latest original audited financial report is required.
<p>Deposits at bank, cash in hand and others</p>	<ul style="list-style-type: none"> ● The applicant and/or his/ her family member(s)'s asset and bank account(s) under applicant's or his/ her family member(s)' would be regarded as total household asset as at 9 September 2020. ● Deposits at bank include balances of savings/ current accounts deposits and fixed deposits in both local and foreign currencies as at 9 September 2020. In case of joint account, the balance of amount should be divided equally according to the number of people holding the joint account. ● Cash in hand as at 9 September 2020 includes local currency in the value of HK\$5,000 or above and foreign currencies of the same value. The amount that has been withdrawn or can be withdrawn from MPF/ Provident Fund. ● Outstanding loans to others as at 9 September 2020 in both local and foreign currencies. 	<ul style="list-style-type: none"> ● Copies of bankbook (must show the name and bank account number at first page); ● The bank statement and the screenshot picture from e-banking (must show the name, bank account number and balances of deposits as at 9 September 2020); ● Copies of the fixed deposits statement; or ● Copies of the relevant supporting documents.

3. If necessary, the HA may invite the applicant or his/ her family member(s) listed in the application form for an interview and to provide supporting documents to prove that they meet the eligibility criteria for the application.