Tax deductible voluntary contributions ("TVC")

Save income tax & better prepare for retirement with TVC

TVC is a new type of contributions under the MPF system. Eligible members can now enjoy tax savings with tax deductible voluntary contributions. Starting April 1, 2019, eligible members can receive tax deductions for TVC and qualifying deferred annuity premiums - an effort by the Hong Kong government to encourage saving early for retirement on top of the current tax savings for mandatory contributions.

Learn more about tax deductible voluntary contributions (TVC)

- **Maximum HKD 60,000 tax deductions per year (the aggregate limit for TVCs and qualifying deferred annuity premiums)**
- **Effective from the assessment year 2019/20, you can claim deductions when filing your tax returns**
- **Open a separate TVC account. Only contributions made to TVC accounts are tax deductible.**
- **Simple and convenient! Make contributions regularly or at any time directly to the account. The amount can be changed at any time.**
- **Same withdrawal conditions as mandatory contributions. Unless exempted on other statutory grounds, TVC can only be withdrawn upon reaching the age of 65.**

How much can you save?

Tax saving amount depends on personal income, entitled tax allowances and deductions. Below are two examples of a single person with different incomes and their tax saving per year.

Monthly income	Scenario 1 HKD 30,000		Scenario 2 HKD 60,000	
	Before TVC	After TVC	Before TVC	After TVC
Annual income	360,000	360,000	720,000	720,000
Basic allowances	(132,000)	(132,000)	(132,000)	(132,000)
Deductions for MPF mandatory contributions	(18,000)	(18,000)	(18,000)	(18,000)
Deductions for TVC	---	(36,000)	---	(60,000)
Net chargeable income	210,000	174,000	570,000	510,000
Tax payable	**17,700**	**12,360**	**78,900**	**68,700**

You save **HKD 5,340**

You save **HKD 10,200**

The examples are for illustration and reference only. Assume that the taxpayer is only entitled to basic allowance and tax deductions from mandatory contributions, and 10% of the annual income is used to make TVC. Tax savings are computed based on the tax rate for the year of assessment 2018/19.While the tax deduction for TVC can help the taxpayer save up to $10,200 per year, it does not mean that any taxpayer who uses up to $60,000 deduction cap can save $10,200 in tax.

Source: Investor and Financial Education Council, the Mandatory Provident Fund Schemes Authority, data as of Apr 1, 2019

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Invesco provides a one-stop solution for MPF members to enjoy the latest tax deductions.

No matter you are the holders of a contribution or personal account in an MPF scheme or members of any MPF-exempted ORSO schemes can open a TVC account now by scanning the QR code, or contact us for any questions!

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