Global Sustainable Buildings Guide - Hong Kong

Regulation

| Contents |
| --- |
| To generate table of contents, right-click here and select **Update Field.** |

# What other national regulatory measures are there, such as taxes on energy consumption and/or tax reliefs on energy-saving measures, that can encourage more efficient use of energy in buildings?

In addition to the Building Energy Efficiency Ordinance, in July 1995, the Hong Kong government enacted the Building (Energy Efficiency) Regulation ("**Regulation**"). The Regulation imposes energy efficiency requirements and aims to reduce heat transfer through building envelopes (i.e., the buffer zone between the indoor area of a building and the outdoor environment), thus saving on electricity consumption for air-conditioning.

The Regulation requires external walls and roofs of commercial buildings (and hotels) to be designed and constructed to have a "suitable" Overall Thermal Transfer Value (OTTV). The suitable levels are specified in the Code of Practice for Overall Thermal Transfer Value in Buildings 1995 ("**OTTV Code**") published by the Buildings Department, which were tightened in 2000 and further again in 2011. In April 2015, the OTTV Code was extended to the residents' clubhouses in residential developments. Compliance with the OTTV Code is a prerequisite for gross floor area (GFA) concessions.

For residential buildings, in September 2014, the government promulgated a Guideline on Design and Construction Requirements for Energy Efficiency of Residential Buildings ("**Guideline**") along with a practice note (PNAP-APP156). Similar to the OTTV Code, the Guideline sets out the required level of Residential Thermal Transfer Value (RTTV). It also states that residential buildings should be subject to similar control as the OTTV of commercial buildings (and hotels) and sets out other requirements for Natural Ventilation for Thermal Comfort (NVTC) and glass curtain walls. PNAP-APP156 requires all new building plans or major revisions of building plans for development proposals involving residential buildings to comply with the Guideline as of 1 April 2015. Compliance with the Guideline is also a prerequisite for GFA concessions.

Starting from the 2018-19 financial year, the capital expenditure incurred in procuring energy-efficient building installations and renewable energy devices can be fully deducted in the first year of purchase instead of the previous time frame of five years. Energy-efficient building installations are required to be registered under the EERSB to be eligible for accelerated tax deduction — see details of the EERSB in "Energy Performance Certificates and Minimum Energy Standards."

According to the Exemption from Profits Tax (Feed-in Tariff (FiT) Scheme) Order and the Business Registration (Amendment) Regulation 2019, individuals installing renewal energy systems at their residential premises (not in the course of any other business) are exempted from reporting in the tax return the FiT payments received through participating in the FiT Scheme and the requirement of applying for business registration.

In addition, there are also the following nontax incentives to encourage more efficient use of electricity in buildings and use of renewal energy:

**CLP Holdings Limited (CLP)**

Energy Audit Service: CLP provides a free energy audit service to its business customers to identify energy management opportunities.

Energy Saving Loan Scheme: CLP offers interest-free loans to its business customers to help them implement energy management opportunities identified from their energy audits.

Electrical Equipment Upgrade Scheme: CLP provides subsidies to its business customers to install or upgrade energy-efficient lighting or air-conditioning.

CLP Eco Building Fund: The CLP Eco Building Fund provides subsidies for energy-saving improvement works in communal areas of residential, commercial and industrial buildings.

**HK Electric**

Smart Power Energy Audit: HK Electric provides a free energy audit service to help its nonresidential customers identify energy-saving potential for improving energy efficiency at their business premises.

Smart Power Building Fund: The Smart Power Building Fund sponsored by HK Electric subsidizes building owners (except buildings directly owned and operated by the government (housing estates of the Hong Kong Housing Authority and Hong Kong Housing Society are eligible)) in carrying out retrofitting, retro-commissioning or building-based smart technologies projects to enhance the energy efficiency of communal building services installations (e.g., lighting, air-conditioning, lift, escalator, electrical installation, etc.).

Smart Power Loan Fund: Under the Smart Power Loan Fund, collaborating banks will provide loans for the implementation of energy efficiency enhancement projects, while HK Electric will subsidize the respective loan interests.

Energy-Efficient Equipment Subsidy: The Energy-Efficient Equipment Subsidy subsidizes 50% of nonresidential customers' costs to retrofit energy-efficient equipment for enhancing energy efficiency, subject to certain caps.

**Government**

Green Tech Fund (GTF): The GTF was established in 2020 to provide better and more focused funding support to R&D projects, which can help Hong Kong decarbonize and enhance environmental protection. A total of HKD 400 million has been allocated to the GTF. There are certain themes that will be prioritized when allocating funding, and "energy saving and green buildings" is one of them. Public research institutes, designated R&D centers and local companies are eligible to apply for funding of up to HKD 30 million per project.

"Solar Harvest" scheme: The government introduced the "Solar Harvest" scheme in 2019 to subsidize schools (except government and profit-making schools) and welfare NGOs financially supported by the Social Welfare Department in installing small-scale solar energy generation systems at their premises. These schools and welfare NGOs can then join the FiT Scheme operated by the two local power companies (whereby they can sell the renewable energy generated by solar panels to the power companies at a rate higher than the normal tariff rate). The government will fully cover all the expenses in relation to the solar energy generation installation and FiT application (including capital costs of the solar energy generation systems, installation costs, costs of professional services, etc.). The scheme will run for five financial years from 2019/20 to 2023/24. As of March 2024, the scheme has already closed for applications.

Facilitation Measures on the Installation of Solar Photovoltaic Systems in Open Car Parks by the Private Sector: In 2022, the Environment Bureau and the Development Bureau introduced a set of measures to facilitate the installation of solar photovoltaic systems in open car parks by the private sector. Upon meeting the specified requirements and obtaining the Environment Bureau's policy support, the private sector may install solar photovoltaic systems (including the supporting structure(s)) not exceeding three meters in height in car parking spaces of larger-scale open car parks located on the ground or on the main roof of nondomestic premises. The Buildings Department will grant a 100% GFA concession to car parking spaces (excluding driveways) that are covered by these solar photovoltaic systems. It will accept the mean height of the roof over the highest usable floor space of the existing building for the purposes of calculating building height restrictions in determining the approved site coverage and the plot ratio of the building.

EV-Charging at Home Subsidy Scheme: The government rolled out a HKD 3.5 billion "EV-Charging at Home Subsidy Scheme" in 2020 to subsidize the installation of infrastructure that enables EV charging in car parks of existing private residential buildings, and hence further help EV owners to install EV chargers in the car parks of their residences according to their own needs in the future simply and easily. As of March 2024, the funding had reached the HKD 3.5 billion funding ceiling, and the applications closed on 31 December 2023.

©Copyright © 2025 Baker & McKenzie. All rights reserved. **Ownership**: This documentation and content (Content) is a proprietary resource owned exclusively by Baker McKenzie (meaning Baker & McKenzie International and its member firms). The Content is protected under international copyright conventions. Use of this Content does not of itself create a contractual relationship, nor any attorney/client relationship, between Baker McKenzie and any person. **Non-reliance and exclusion**: All Content is for informational purposes only and may not reflect the most current legal and regulatory developments. All summaries of the laws, regulations and practice are subject to change. The Content is not offered as legal or professional advice for any specific matter. It is not intended to be a substitute for reference to (and compliance with) the detailed provisions of applicable laws, rules, regulations or forms. Legal advice should always be sought before taking any action or refraining from taking any action based on any Content. Baker McKenzie and the editors and the contributing authors do not guarantee the accuracy of the Content and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the Content. The Content may contain links to external websites and external websites may link to the Content. Baker McKenzie is not responsible for the content or operation of any such external sites and disclaims all liability, howsoever occurring, in respect of the content or operation of any such external websites. **Attorney Advertising**: This Content may qualify as “Attorney Advertising” requiring notice in some jurisdictions. To the extent that this Content may qualify as Attorney Advertising, PRIOR RESULTS DO NOT GUARANTEE A SIMILAR OUTCOME. **Reproduction**: Reproduction or copying of the Content on this Site without express written authorization is strictly prohibited.