



2006/07/18 11:20 AM

☐ Urgent☐ Return Receipt

To: <taxreform@fstb.gov.hk>

cc:

Subject: tax reform

I am fully in support of introducing GST in HK. For too many years I have looked on at the criminal loss of tax revenue caused by the lack of a proper tax regime. Far too many people in HK pay no tax on their income at all, take for example prostitutes, hawkers, beggars, criminal gangs like triads extorting money, drug traffickers, the list is endless. With GST, everyone who buys something pays an equal amount of tax at the point of sale. This evens out the playing field. Richer people will still be subject to income taxes (unfortunately those higher end non-tax payers will still get away with it!!!!).

The BIG question is how to fairly put the 20 Billion back into the community to relieve the burden on those paying larger amounts of GST. Well, let's assume that 50% of income gets subjected to GST. Therefore a low end earner on \$7,500 per month will pay out \$187.50 in GST. A medium earner, receiving \$30,000 per month will pay out \$750 in GST. The more you earn, the more you spend, the more you pay in GST.

I believe an equal balance between reducing income tax, profits tax, and investing in infrastructure is warranted. I would suggest a 40/40/20 split between the three areas respectively. Placing too much emphasis on income taxes would be unfair as, having calculated my own circumstances using your Table 17 (Reduction in Salaries Tax Only), my income tax liability will be reduced from \$25,000 per annum to \$5,000 per annum. Much as I would like this, it is too great a reduction and would be unfair on lower level earners.

Hope this helps.

John Alan Cox