



19/07/2006 16:46

 Urgent Return Receipt

To: <taxreform@fstb.gov.hk>

cc:

Subject: My objection to the proposed introduction of GST

Dear Sir,

I oppose strongly to the introduction of GST in Hong Kong. Now that the local economy has barely recovered from the Asian financial crisis and SARS, adoption of such a new tax would surely impose hardship on the suppliers of goods and services in particular the retailers as well as the general public. This may likely curb the current economic growth leading to a structural downward turn. Hong Kong is known for its being a tax haven in that its tax rates are relatively low and the tax system simple. If we just simply copy Singapore and Australia to introduce GST, as a follower, what is our competitive advantage? Besides I don't see how these 2 countries have benefited much from widening their tax regime in such a manner.

Talking from self-interest, as a recent retiree in my mid-fifties living only on limited savings, I would be most adversely impacted by the adoption of such a tax. I would have to pay 5% extra on all my purchases. Out of the estimated \$28B annual net GST revenue, the bulk would be utilised to fill the gap on salaries tax reduction. There would be tax relief and other compensatory measures for low income families and those in the public welfare safety net to neutralise the impact of GST. Yet what would be there for those of us who have retired with no income from working, living on own savings without relying on social welfare? We would surely suffer the most. There would also be the inflation to deal with that would naturally follow a GST introduction. We have estimated that with our savings, we could live comfortably after retirement. Yet with the added tax burden and inflation, we would be in doubt.

Macau has no such tax and no intention to introduce one. It is doing so very well with its economy in bloom. I am so very ashamed of ourselves. Years ago we were so proud to be citizens of Hong Kong and looked down upon those who lived in Macau. Now we are so envious of their economic prosperity and personal well being. Their tax burden is much lower than ours already not to mention after introduction of the GST. We should really consider moving to live in Macau or Mainland China. Anyway more and more Hong Kong residents would travel across the border to buy goods and services as the suppliers in Hong Kong lose their competitive edge in terms of pricing. This would certainly hit our economy hard! I would beg your kind consideration of all comments made by the general public before deciding to proceed with your proposal.

Should you want to contact me, my mobile phone no is

Thanks for your kind attention.

Regards,

Miranda Cheung