



2006/07/23 10:01 PM
Please respond to melody
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To: taxreform@fstb.gov.hk
cc:
Subject: Objecting GST !

Dear Sir/Madam,

I'm writing to express my **NEGATIVE** views on imposing GST in Hong Kong.

One of the main objectives of imposing GST is to broaden the tax base. By definition, to broaden the tax base means getting people not currently in the tax blanket, e.g. the low income people and the retired to pay tax. This means redistribution of income from the rich to the poor. Sales tax is a regressive tax while income tax is progressive. Why would it be good to the society in welfare perspective when we cut income tax and start imposing sales tax? Of course, the government is going to give low income families some tax breaks, but that is unlikely to cover the extra they need to pay, but will probably push low income people to give up their jobs to get social security.

Sales tax discourages consumption, consumption in HK to be exact. HK is a shopping paradise because of our zero sales tax policy. Imposing sales tax discourages tourists to come shopping and encourages HK people to shop somewhere else. The government will have measures blocking the loopholes but i think the negative effects will still be significant. Tax refund is very troublesome, based on my travel experience in European countries on tourists' side, not to mention the high administration cost on immigration's and retailers' sides.

The administration cost of this tax is huge. This tax not only affects the retailers, but also everyone along the supply chain. Some argue that this creates employment. But I think it is totally stupid to create employment by making the society less efficient.

In conclusion, I object imposing sales tax in Hong Kong as it leads to more serious income inequality, hurts our economy and tourism as well as making the society less efficient and imposing unnecessary burdens on corporations.

Sincerely,
Melody Keung

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