



To: taxreform@fstb.gov.hk

Subject: GST consultation

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Urgent

Return Receipt

Dear Sir/Madam,

Our main concern is, can you keep the promise of the GST at 5%, and the highest personal tax rate at 11%?

It sounds good that the GST is only 5% and the personal tax rate can be reduced to 11%. But it makes sense only if these can be promised say for at least 50 years. Based on our experience, you would get less objection if rate of a new tax is low, so as a start you make it at 5%. Once the system is smoothly running, you will be free to increase the GST as you wish, without bothering to get any consultation.

May be you can find out how much was the Business Registration fee when it was first introduced. As far as I can remember it was HK\$50, or probably even lower. As the amount was small so there was not too much objection. And in about 30 years it has increased by over 50 times! Every time you are free to announce the increase and never has the public been consulted at all.

(On the other hand, when an employee makes any damages, the maximum compensation he has to make is HK\$300. This amount was set long time ago in the last century and is never changed as if inflation does not exist.)

And we are sure when the personal tax and corporate tax first introduced these were much lower.

What we are afraid is that you will start increasing the GST from 5% and the personal tax rate from 11% very soon, main reason is the increase in manpower to look after this GST, to check that everyone pays this correctly and promptly.

There will also be a lot of additional manpower on the side of the public in order to see that this GST be correctly computed and collected. All of these have to come from nowhere but the taxpayers.

Yours sincerely,

Francis Pan