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☐ Urgent☐ Return Receipt

To: <taxreform@fstb.gov.hk>

cc:

Subject: Tax Reform - Proposed GST

Dear Mr. Tang

Although I have not read the consultation document in full (and I don't intend to do so), I want to begin by applauding and congratulating you on this bold initial move and to wish you success in the introduction of a GST. I hope that you will have the political will and conviction to carry it through.

I speak from the heart and in the longer term interest of Hong Kong and it saddens me that the majority of political parties and unions seem to have dismissed the idea (probably not having really considered the wider implications of its introduction and the status quo) for short term popularism and political points. Will we have the same levels of reserves to see us through another 5 year recession, heaven forbid should it happen again?

Hong Kong has been burying its head in the sand on this subject for far too long. In the very good years, the view has tended to be that the coffers are already overflowing and additional income from GST is not necessary. In the bad times, the fear has been "why kick the public when they are already down". These short term reactions are understandable, but it is your (and the Government's) job to wake the public up to the fact that GST is for Hong Kong's longer term good and its introduction now, with the right tickering of other taxes and allowances, will minimise any short term pains. Indeed, I believe that it should be possible to neutralise the initial GST rate for the majority. I leave the mathematics to you and your team.

Starting with a low rate of GST will make acceptance easier and once the principle has been accepted, albeit reluctantly, you can adjust it according to needs. The public needs to be reminded that the Hong Kong Government has never been one to tax for the sake of taxation and where it can give back in other areas that it has done so.

As to some people's argument that it will only complicate the system, I beg to differ. With today's technology, I am sure that you will be able to devise a simple way of ensure that even the simplest family business can be relied upon to compute and pay over the tax.

A little additional layer to our taxation system is a natural move as we develop further as a mature economy, in the same way that we have introduced the MPF. The doubters will quietly thank the Government for its conviction back in 2000. We need to continue to spread the financial burden across the wider society and must not let those with selfish political intentions sway you and the Government from this path.

My main concern now is that you too may have too many personal political considerations (perhaps your ultimate CE aspirations and the loss of political points in polls) which will wilt determination and conviction. Having said that, I would like to think that Donald Tsang's re-election to CE will be a given thing with you remaining FS in the next term which would give you the necessary time span to succeed in the introduction of the GST.

You have now dipped your toe in the shark infested waters. It is now time to take the plunge. The next window of opportunity may be another 10 to 15 years away after another recession and recovery.

You have my vote! Good luck!

Regards

Chiu Kwok Kau