



07/08/2006 12:37
 Please respond to mailme
 Urgent
 Return Receipt

To: <taxreform@fstb.gov.hk>
 cc:
 Subject: Input to GST proposal

Dear Sirs,

It is with interest that I have read your paper and listened extensively to the debate on GST introduction to Hong Kong.

As a permanent resident and tax payer, I feel it is my duty to provide feedback to you.

I am 100% against the GST being introduced for the following reasons:

1. This tax increases the burden on the middle class tax payer like me. I already contribute taxes and feel that I should not have to contribute more. The current tax rate is enough of a burden. I have private healthcare and do not use the public hospitals. I own a car and pay tax on my petrol and car registration. I own businesses and pay profits tax each year. I pay for my own and my families education, we do not attend Hong Kong schools as we do not seem to fit the demographic.
2. GST also increases the burden on the small to medium business owner (I own several small businesses). It is with dread that I think of the increased administrative requirements of a GST. The MPF has already increased my costs in terms of administration, a GST will likely kill my business.
3. As a parent, I am concerned that families will bear a higher burden of GST as we have higher costs for food, education and clothing. My daughter is starting primary school at a Private School in Hong Kong, not through choice, but because I cannot get her into the local English-medium schools. I will bear a higher tax because she attends a private school.
4. Having a GST on such areas as food and education is, in my view, ridiculous. Having tax on food and education undermines human rights and provides more arguments against such a tax. It is a basic necessity to eat. It is enshrined in the International Rights of the Child to have an education. Taxing food and education is not acceptable to me.
5. Tax refunds are also a ridiculous proposal. I travel extensively for work and leisure and can tell you that all tax refund schemes add excessively to administration and cause frustration and inconvenience to tourists. It leaves a bad feeling when we have to queue up for refunds. Hong Kong should remain a tax free port in order to remain an attractive shopping tourist destination.
6. GST taxes all members of society, but disproportionately taxes the low and middle income families. A dividends tax would lead to a more equitable tax structure for Hong Kong. I know of many people in Hong Kong who boast that they pay no tax because they take their income through dividends, leaving the company to pay the tax on their behalf.
7. The attractiveness of living in Hong Kong would be greatly diminished if a GST were introduced. At present, the favourable tax situation in Hong Kong is

a great attractive for educated expatriates to live here and to contribute to Hong Kong Society. I have invested greatly here. I have established companies, bought a home here, raised a family here. I have lived through the Asian Financial Crisis. I have lived through the plummeting property market. I have made this my home. I cannot support a GST to be inflicted on my home and its citizens when there is little to support its introduction.

8. Are there any guarantees that tax rates will be reduced and remain low in terms of taxes on income, profits, etc?

I anticipate with interest the future debates on this GST .

Best regards,

Nicola Davies