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To: taxreform@fstb.gov.hk

cc:

Subject: tax reform

Dear Sir,

I think we cannot introduce the GST without provision of better medical and social welfare for the lower class.

Actually, the difference and the ratio between poor and rich in HK is not low. Our society can remain safe and in order I think is greatly because we have public housing policy, government subsidized medical services and Comprehensive Social Security Assistance (CSSA) Scheme so that the poor people can still live in this city of high living cost.

However, the poor will suffer most with the introduction of GST because the cost of goods, even daily necessities will increase 5%. This increase will be meaningless to the rich but will be a great burden to the poor.

The consultation paper suggests that personal income tax can be lowered with the introduction of GST. However, the poor cannot be benefited as they are not tax payers originally. Meanwhile, the consultation paper suggests that subsidies will be provided to the poor in order to release their burden.

Then, where will the money come from?

I have a few suggestions for the introduction of GST as following: -

1. Increase of marginal tax rate of Profit tax and personal income tax to the certain percentage of company/ person who making highest profit/ incoming.
2. Provide tax benefit/ reduction to business which contribute to the employment of lower class with reasonable payment of salary.
3. Other than tax policy, we can encourage donation by companies/ individuals say with a proportionate contribution (e.g. 1:1) by the government to charity funds, which aim at helping local poor.

In short, the introduction of GST is not just a tax reform issue but also a matter relate to social stability and harmony. I hope that, should the GST being introduced, there would be a whole package of policies for avoidance of polarization of the rich and poor.

Regards,

Henry