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25 August 2006

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Tax Reform
Hong Kong

Dear Sir:

After reading the 89-page consultation document on GST released last month by government, I am of the view that there could be merit in the Chief Executive's exhortation to keep an open mind and to have greater dialogue on the subject in the months ahead.

In the consultation document, the government urges the public to send in suggestions on how to return the funds from GST back to the community.

In the coming months government should continue reaching out to the community, both at the grassroots and at professional, business and other levels, to explain the longterm benefits if GST were to come into force.

If by having GST, Hong Kong will be able to have a much broader tax base of taxpayers, I would very much like to have an insight on government's thinking on the feasibility of the 20.4 billion balance appearing on page 79 of the consultation document being utilized, for example, as follows:

- (a) refund one-third back to salaries taxpayers who represent our backbone middleclass community;
- (b) reduce the Profits Tax from 16% to say 14.5% or 14.75%, in order to strengthen Hong Kong's international competitiveness as a financial and services hub; and
- (c) the balance one-thirds to go mainly towards increasing much needed social expenditure, such as education, health, welfare, the aging population, etc.

If GST can lead to more value-added spending in those areas which clearly have to do with improving the quality of Hong Kong's human resources, economic productivity and the quality of living, then as a permanent Hong Kong resident, I would certainly want to keep an open mind on the introduction of GST at an appropriate date aimed at the longterm sustainability of Hong Kong as a global city.

Yours sincerely,

(Signed)

Hilton Cheong-Leen

cc: The Chief Executive, HKSAR – Fax 2971 0854, 2509 9144
The Financial Secretary, HKSAR – Fax 2840 0569
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