



06/09/2006 02:59

 Urgent Return Receipt

To: taxreform@fstb.gov.hk

cc:

Subject: Agree with the proposed GST

Dear Sir

I would like to respond to your consultation on tax reform and GST.

I agree with the proposed reform to introduce GST. HK should have introduced a sales tax long time ago, This is to ensure a fairer system with contribution from all parts of the society. There is only one-third of working population paying income tax who has to sustain the whole economy. We overly rely on this group of people to contribute to the running of the society. A GST of 5% would be affordable in most cases, even for people on social benefits. In fact the impact to families on social benefits would be less than those with marginal income. A GST would also enable a reduction in income tax.

Almost everyone - both citizens and non-citizens - in HK enjoys Govt services in one way or another (healthcare, road network, and other subsidised govt services etc.) - it is only fair to ask them to contribute to the system.

I cannot believe that with the present tax system we could sustain a lot longer, and I have huge reservation in increasing salary tax. Increasing Profits tax is a viable alternative, having considered the strong recovery of the economy.

The people of HK have been enjoying a number of Govt services without paying for the operations. There are two extremes - on the one hand, a small group of high-income earners contribute to 80% of the tax, on the other hand, a large proportion of people enjoy the services without making the relevant contribution. Having GST would only make it fairer on the society.

I do not agree with the proposed reduction in Motor vehicle first registration tax, and duties on liquor, petrol, aircraft fuel etc.... They only affect a relatively small group of people who by nature, can afford the existing level of tax. In fact, there is room for further increase.

Having said that, there should also be a reform in social benefits to match the anticipated benefits of the proposed GST. GST cannot be the only vehicle to balance the book.

Yours sincerely,  
Rebecca Fong