



07/09/2006 16:59  
Please respond to jalanb  
 Urgent  
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To: <taxreform@fstb.gov.hk>  
cc:  
Subject: the case against GST from an Expat. perspective

Dear Financial Secretary—

I have read through the Consultation Document on Broadening the Tax Base posted on the tax reform website. Thank you for the opportunity to respond. I wish to give you a perspective from a large and influential but perhaps overlooked segment of the population—namely, the Foreign Expatriate Community.

The non-profit organization for which I work has employed Expats in Hong Kong since 1954. Currently, our Expat workforce is small, but we have employed as many as 100 at one time, all living and working for the benefit and betterment of Hong Kong and the surrounding region. Though the organization is exempt from profits tax, we contribute to the tax base in Hong Kong in the form of salaries tax. However, that salaries tax, as per our standard contract, is payable by the organization and not by us as individuals. I fear that the proposed GST would raise my personal costs for goods and services by 5%, but that the tax relief and compensation measures proposed would be passed on to the organization rather than to me as an individual. In addition, a one-off credit in property Rates would also be passed on to my organization as I live in quarters provided for me by the organization. As you know, the Expat community in Hong Kong has shrunk by a large percentage due to the increasing cost of living in Hong Kong. Hong Kong has become one of the most expensive cities in the world in which to live and work. I find it increasingly difficult to provide for my family as my salary and benefits package is not keeping up with the rising cost of living. I fear that an increase of even 5% in my expenses would push me over the edge and make it even more difficult to remain in Hong Kong.

Additionally, while I understand the desire to broaden the tax base, in my experience, a GST or VAT has typically shifted the tax burden to the least able to afford it. Those who benefit the most from this type of regressive tax tend to be the most wealthy of society who have means at their disposal to lessen their tax burden. Let's take a look at other countries with a GST or VAT and learn from their examples by choosing some other way to broaden the tax base.

Thank you for the opportunity to voice my views. I trust that all views, both for and against, will be equally weighed when considering the GST.

Best regards,

Jeffrey Alan Bell  
Property Manager and Treasurer  
The International Mission Board of the Southern Baptist Convention (Hong Kong Baptist Mission)