



To: taxreform@fstb.gov.hk  
 cc:  
 Subject: My view for a tax reform

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- Urgent  
 Return Receipt

Dear Ladies and Gentlemen,

You want to have more ministers and a new office with seaview on Tamar, so you are looking for more tax income and you call it "broadening of the tax base without raising salaries tax or burdening businesses".

I don't believe that is possible. There's no such thing as free lunch.

So I suggest to dump the tamar plan and the new ministers.

If that is not possible, because it has been decided (or whatever reason there might be) I suggest to issue an energy tax. Any kind of energy sold or used in the territory shall be taxed.

1. This is a very broad tax base, as everybody is using energy in some way or other.
2. As inefficient users have to pay more energy tax the tax favors innovative users.
3. As tenants would probably favor low-energy using building, this could give a boost to the construction industry for refurbishing old houses with energy saving measures, as well as architects for designing efficient buildings.
4. It gives the taxpayer the opportunity to opt out of the paying of this tax by using just enough energy as absolutely necessary.

Further benefits:

- Less energy usage, for example for air-conditioning, requires less coal to be burned, therefore less air-pollution;
- Less air-pollution leads to less respiratory diseases and less health costs;
- Reduced health costs are beneficial for Hong Kong's finances;
- Less sick leave is beneficial to HK's companies and leads to more GDP, and more income tax;
- If Hong Kong is innovative enough in energy reduction, these innovations could be sold to other cities in the region, like Guangzhou, Singapore, Manila, Bangkok, increasing the income for Hong Kong companies.

What should be taxed:

- Electricity Use
- Fuel:
  - \* Gasoline (e.g. for cars)
  - \* Kerosine (e.g. for airplanes)
  - \* Diesel (e.g. for trucks, busses, lorries, ships, generators, etc.)
  - \* LPG, LNG (e.g. used for transport, cooking, lighting)
  - \* Coal (e.g. used for electricity generation)
- Fuel sold in the territory
- Fuel bought outside of the territory and used in financial reports as costs for tax reductions (for example shipping, trucking companies);
- If truck companies buy their diesel in China and that diesel is inferior and causes higher air-pollution, then there should be some measures in

place  
to discourage that practice.

What should not be taxed:

- human powered energy, e.g. bicycles, hiking, energy burning in fitness centers (you never know what kind of reasons politicians invent)
- photovoltaics
- solarcollectors (e.g. for water heating)
- renewable energy, such as from biogas (sewage, landfills)
- wind energy

I'm sure you will find a reason, why this is not feasible and a GST is better, that taxes those with no income so that you can give them back some money later, and for that reason you need to employ 16 more ministers and build a new head office in Tamar and so on and on.

Anyway, you asked for my opinion. Here it is.

Yours sincerely,  
Andreas Renn, Sai Kung

PS: Think about this: In about 20-40 years the fossile fuels are gone (my estimation is 2028). Until then you need to change all buildings in Hong Kong to no-energy-using buildings if you want to remain competitive. Which means, every year from now on you need to replace 2%-5% of living space and office space with energy efficient buildings. I guess, the current rate is zero.

How about a law against idling engines?

Fine HK\$ 1,000 per idling engine and you could get HK\$1,000,000 per day in fines, easily. How is that?