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Urgent

Return Receipt

To: taxreform@fstb.gov.hk

cc:

Subject: Making life simple for Henry T..best regards Stephen BROWN

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Stephen Brown making life simple.txt

making life simple.txt

Dear Sirs,

The Government does not realize how complex an issue their misrepresentation of the budget position and differentiation between fiscal income and the government's annual and recurrent income from its assets such as exchange fund, has made the GST issue

We have HK\$ 800 billion in free total assets in the 2005 accruals accounts including HA, Airport etc.

but income from the Exchange Fund portfolio is booked already as an accruals item in the "Cash" accounts (get that !) creating the volatility in income as that income is not merely based on income from the bond and currency assets but also includes part of the bond portfolio's loss or gain every year.

Then we have other recurrent, non fiscal income, from selling development rights and charging lease modifications etc (the capital value of which is not even shown in any accounts) booked, contradictorily, only as a cash item in the year it is paid by the developer.

Actually, if you wanted merely to balance the books and reduce volatility as Govt says .. no reason why even existing land revenue income from auctions etc could not be paid into a reserve account and drawn down over the length of the lease sold, bringing it into revenue in a consistent manner at 2% per annum with accrued interest every year if you wanted.

And, similarly, do that to capex to match the items and ...hey presto...separately fund the pension liability, by reducing reserves, saves you HK\$ 14 billion in annual budget expenses and then just take income from the bond portfolio and not changes in its value.....

Henry you want to discuss alternatives...!! rather more simple than putting in a whole new tax and screwing the poor or my benefit

S Brown