



13/09/2006 17:27

 Urgent Return Receipt

To: <taxreform@fstb.gov.hk>  
cc:  
Subject: My views on tax reform

Dear Sir/Madam,

I am writing to express my views on the implementation of GST. At first glance, it seems that GST is not a good thing. After some consideration it may seem that implementing GST has many advantages, especially broadening the tax base and help prepare the next financial recession. However, after even more careful consideration, I must say that it may lead to disastrous effects.

The government thinks that implementing GST may increase its profits and help prepare the next financial recession. However, this is only true when the number of people who buy things in Hong Kong sustains at its current level. I forecast after the implementation of GST, the number of local people/ tourists who will buy things in Hong Kong will significantly decrease because of the risen prices, or just because of the impression GST gives to the local population/ tourists. (Face to the fact, that most people only care about "yes" and "no", but not the degree!) Besides, the government even proposed too many economical relief measures. There would be not only the risk of that the increase of government revenues by GST (or other advantages of GST) would be far below expected, but also a dramatic decrease the company profits tax collected due to declined sales, and also the further reduction of government revenues due to the economical relief measures proposed! What happens in the end would be that the government had drastically reduced revenues, which was probably what all of us do not want to see.

I hope the government realizes that the impementation of GST might be downright harmful! Up to now the government had only tried to find the advantages and needs for GST, but had not seriously considered its disadvantages. I advise the government to consider very seriously the disastrous effects GST may bring us, and weigh between the pros and cons of GST. I also suggest the government to poll not only on the local population and expatriates, but also on tourists so that we will understand better their views and hence the degree of the disadvantages GST may bring us.

Regards,

Raphael Mak