



To: taxreform@fstb.gov.hk
cc:
Subject: Comments on Tax Reform

26/09/2006 23:08

- Urgent
- Return Receipt

Dear Mr. Tang,
please have a look of the attached file.
Thank you very much for your time.

yours truly,
Esther Chan
a secondary school student



comments on GST.doc

26th September, 2006

Dear Mr. Henry Tang,

I have seen the promotion movie which talks about broadening the tax base of Hong Kong. And I would like to comment on this issue and share my opinions with you.

As we all know, the tax base of Hong Kong is narrow and we are relied on the profit taxes and salary taxes heavily. Government's revenue is unstable and the ability of making long-term investment and sustainable development is limited. However, because of the following points, I do not support the implement of GST.

First of all, it taxes on most of the consumer goods and services, such as groceries, public transport, medical services, education, etc. Nearly all of these goods and services are the basic needs of Hong Kong people. GST will increase the tax burden of citizen, especially to the poor. The poor people do not have much money, their lives are so hard. If the GST is introduced, they need to pay more. Although the government will provide subsidies, it is still a burden for them.

Second, according to a survey which was done by Democratic National Committee, 76% of the citizen said that it would affect their demand of consuming in Hong Kong. Since GST will increase the consumer price index, the prices of the commodities will rise, it lowers the desire of buying things of people. This will seriously affect the retailers, the businessmen, and the tourism, etc. The GST may stop the visitors of Individual Visit. Therefore, this will affect the economy of Hong Kong.

Third, GST is an indirect tax. It is taxes on the goods and services. It is fair as the more money one spends, the more money one pays. However, it will increase the wealth gap between the rich and the poor. The poor do not have much money. It is a quite large proportion of their income but it is relatively a small proportion of those who are rich. In this case, it is inequality.

Fourth, there are many opposite voices in the society. We can hear those voices from the mass media most of the days. If the government ignores those opinions, and decides to introduce the GST, I am afraid that there will be another large-scale demonstration and assembly in Hong Kong. This will unstable the political condition. Also implement of GST may bring a lot of social problem as I have

mentioned before, the low-level residents do not have much money.

In my opinion, it is not necessary to introduce GST in this stage because Hong Kong still has a lot of fiscal reserves. The economic development is steady and there is no view to show that it will go downturn. In order to maintain the harmonic society and a good economy, the government should not introduce GST in the coming days.

Hope the Government will look before you leap and please consider the above opinions. Thank you for your time and attention.

Yours truly,

Esther Chan

A secondary school student