

Henry Tong,
Financial Secretary of HKSAR,

My Opinion on GST

Recently, most of the Hong Kong citizens are talking about the Goods and Services Tax. As I am one of them, I would like to express my opinion on GST although I am just a student.

I have heard some of the opinions from my parents, classmates and even teachers. Some of them are for, but some of them are against. Both sides have their own reasons. It is really very hard for me to choose and for you to persuade the others especially the people who are against to support you.

As I know, GST is an indirect tax. The burden of it can be shifted from the taxpayer to another party. That means after imposing GST, we need to pay more. When something which affect the people's interest happen, people will try to stop it. It is why so many people are against the GST. They may go to the other places where do not have GST to buy things. It is not good for the sellers in Hong¹⁵⁷⁶ng as the competitive of their goods fall. If the fall of sale is too large, imposing GST is no use. There may be even a loss as the cost of collecting the tax is higher then the amount received. The government should ensure that there would not be such a problem.

Besides, GST is also a regressive tax. The tax rate of it decreases as taxable income increases. That means the poor pay more and the rich pay less. It is not good for our economy that GST would widen the income gap. At first, I really don't know why we need to have such tax. Do we have no choice? Is it the only way to increases the reserve? Although I doubt the benefit of GST, I believe the government is for our own good. I hope you have thought of all the other solution.

The government said that GST is for our own good in the future. We should be hard now and easy later. Moreover, the government would lower the salaries tax and use more resources on the low-income group. It is more beneficial for us. However, I still have many questions on it. If GST makes us happy that all of us do not need to pay more, then how can the

government have more reserves from the tax? It means GST is useless. If not, it seems that some groups need to suffer. Is that the low-income group? It seems that it is.

Some people from middle-income group have tried to calculate the tax they need to pay after the imposition of GST. It is very funny that they found they would pay less. That means the decrease in the salaries tax is larger than the increase in GST. Their loss is recovered. Therefore, most of them welcome GST so much. For the high-income group, it is sure that they will also welcome the tax, as the effect of GST for them is too small.

However, the low-income group is so poor. They need to pay tax after the imposition of GST. Although there would be some allowances for them, I am not sure that all of them could enjoy it. As my father said that the allowance would not fall into our hands, but GST would fly away from our hands. I think it is true. Someone must suffer from this tax and it is my group, which is slightly better than the low-income. I don't know whether it is the fact. I hope that it is not the fact or it will be changed.

For the GST, I don't want to have, as I don't know whether I would have benefit from it in the future. It is better for the government to explain the details of GST as soon as possible. Maybe it is just because we have some misunderstanding on GST. I would like to know the fact and try to accept the GST.

Yours sincerely,
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