



18/10/2006 10:14

 Urgent Return Receipt

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

Dear Sir,

In light of the adverse reaction to the introduction of GST which the media has been conveying, I had thought that I should send a quick email to say that I am a proponent of the idea of the introduction of a GST in Hong Kong to broaden the tax base.

In order to address concerns of the impact of such a GST affecting those in of low-income or near the poverty line, extra welfare benefits and concessions can be given by the government - eg if GST rate is 10%, then welfare benefits should increase by 10%, say to negative the effect of any GST upon people in those category. I believe these are all measures which the government is or should be considering.

So long as the rate of the GST is kept low, the impact on tourism should be minimal. Tax refunds for tourists spending over a certain amount in Hong Kong should be considered (as is in place in many other jurisdictions (eg Australia, Japan, etc)).

I also presume that the introduction of a GST will go hand in hand with the reduction in the salaries tax rate and corporate tax rates. This will be a crucial selling point to those currently in the salaries tax bracket and will be important to get the corporate community's backing on this. GST is a fair tax in that it spreads the burden of taxation across the whole of the community, so long as the low-income earners concerns are addressed, and is a tax that is based on consumption. The more one can afford to consume, the more tax one should pay.

Best of luck in promoting tax reform in Hong Kong.

Kind regards,

Alan Tai