



22/10/2006 00:57

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cc:

Subject: GST supporter feedback

Dear the Financial Secretary,<?xml:namespace prefix = o ns =
"urn:schemas-microsoft-com:office:office" />

I'm a CPA and my husband is a teacher, a typical marginal middle-class.
Have some comments as below, hope you can seriously take them into account for your next GST formulation.

1. **I strongly recommend to broaden tax base.** The current tax base is too highly dependable on a small group of tax payers.

Taking us as a real case for your reference, **we, the middle class, bear unaffordable financial burden in these years:**

- i. we need to feed our parents, grand-parents and also our siblings who are not able to be self-sustainable;
- ii. we have to pay "unavoidable" high rental or bear a life-long mortgage due to high land-tax rate policy; we need to pay various property-related tax such as rent & rate, stamp duty, etc.
- iii. when we became "net negative asset" class in 2003, we still "unwillingly" have to accept the tax rates incremental commended by the ex-FS at that moment.
- iv. Consequently, we have to consume very prudently to have our saving but these savings to the end are "all" used to pay tax each year.

We now have been 32 & 34 years old respectively, but still dare not to plan for having children.

2. GST is undoubted one of tax-broadening options. To reduce the resistance from the public, suggest to **adjust down** the GST rate from the proposed 5% to say **3% in the initial 5 years** at least. It can be raised when the public has gradually accepted this tax base. **In the initial stage, aiming to having this tax base going live is more important than any others.**

3. Strongly **support** the return of fund to the public by **reducing salary tax**. **Reducing profit tax is unacceptable** as this will not benefit the working class who are the primary suffered group in the launch of GST.

4. The resistance from the public to GST is mainly due to the perception that GST is to shift the tax burden from the high net worth to the lowest class. This perception is originated from the great reduction of the standard salary tax rate.

To avoid this perception, therefore, suggest to **double widen** the **bandwidth** of salary tax from 75K each bandwidth to 150K but **raise back** the **tax rate of the remainder and standard tax rate** from 14% and 11% to **17% and 13% respectively.**

The above are our heartfelt opinions to GST, we hope GST can be finally launched which can help release our tax burden.

We will support you and DO NOT GIVE UP although high resistance is encountered now.

Regards,
Shirley Poon and Eric Sau