



25/10/2006 11:46

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To: &lt;taxreform@fstb.gov.hk&gt;

cc:

Subject: Voicing on GST Proposal

Dear Sir,

Whilst, in principle, I agree the introduction of GST to broaden the tax base in Hong Kong, I cannot agree with the fine details in the proposal in particular with its so called "FAIR" non-discriminatory principle. I agree, however, the non-essential and high-end/luxury services or products should be taxed more heavily as the rich can afford a lot more than ordinary people. We all know that there is no such thing as "Fairness to All". Ask tycoon, Lai Kai Shing how much personal tax he pays each year? The super rich can always find ways to get away with taxes because they can afford it!

The people in the sandwich class like me, are the hardest hit and usually shoulder most of the society's tax burden. With the introduction of so called "FAIR" GST which applies to school fees, medical, transport, food and all other life basic essential items, not only the poor will suffer further, the sandwich class will also be badly affected as this class of CITIZENS do not qualify to receive most of the benefits our taxes support. Even with the implementation of reduction in salary tax and "GST Allowance" per household to the lower-income families, the amount will hardly be sufficient to offset GST we pay out for a considerable number of households. Bear in mind that these figures the government presented are the outcome of number games and they do not truly reflect real life situations. How do you compare a household of 1 person, 4 persons, 6 persons, etc.?? Or how many kids or elderlies in each household?? It is very easy to average out everything and treat them as equal!!!!

The proposal also sighted that "more exemptions & zero-rating treatment" will only increase government administration costs and confuse businesses. Look at countries such as UK, Australia, Canada, USA, etc., they also have similar tax structure, introduced many years ago. Their systems incorporate different classes of taxable goods/services and allow exempted and zero-rated treatment. Why can't our government learn from them? These countries are far bigger than HK in term of scale. If they can do it, why can't HK? Since the proposal already allow exempted and zero-rated treatment into some classes of goods/services, why can't they work on further defining which types of goods/services we should be taxing instead of adopting an overly simplified structure?

At the other end of the issue, since this is a new thing for HK, why do our government want to roll it all out in one go? Can't we do it phase by phase and let people sink into the idea gradually. After all, people in other countries with this type of tax structure accepted it over time.

Regards,  
Ashley Burley