



04/11/2006 06:32

 Urgent Return Receipt

To: taxreform@fstb.gov.hk
cc:
Subject: GST for Hong Kong

I was born and raised in HongKong, attended unievrsity in USA and became a Chartered Accountant in Canada and have been providing professional accounting services via national CA firms and my own practice for 30+ years

I fully support Hong Kong to adopt the GST to broaden the tax base. To me, GST is a fair tax system because "user pay" is a lot fairer than having the bulk of tax on the middle income earners. There is no fair reason why a hard working professional person, or a high income earning person, to pay higher rates of tax. These people studied hard, work long hours and take risks to achieve realtively higher compensation.

While GST imposes hardship on "poor" people, your provisions of low income supplements and subsidies should be more than enough to compensate.

While I think GST is fair I think the very basic needs e.g. grocery and education shoould be subject to a GST rate of 0%

Also, I feel that implementing a 0% GST initially may not be a very good idea because the costs of administration is really very high. We have seen this in the Canadian government.

There will always be a lot of opposition noices whenever a new tax is proposed. But I think this will be good for the future of Hong Kong. In Canada we pay 7% GST plus up to 46% of personal income tax (depending on the province) with a very very low personal exemption. Canada is still maintaining a high standard of living in the world. The tax revenues enable the government to maintain and support high social welfare system- which in turn results in a more stablized society which benefits all residents.

My respect to all of you who will go ahead without bowing to pressure from all the opposition groups.

Nelson Chan, CA