



To: <taxreform@fstb.gov.hk>
 cc:
 Subject: Taxreform

10/11/2006 00:06

- Urgent
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Dear Financial Secretary

How are you, sir? This may be a pointless letter because I don't know much about the tax matter. However I used to be an overseas student from Australia and I had gone through the period from no GST tax based to GST legislative. It gave me some impressions of it. Thus I'd like to share my feeling of it and hope it can be useful for you.

When the time the Australian Federal Government proposed GST, some people were shocked and disliked it. Although there were some voices against it, GST still passed. Just before the beginning GST, the sales of most goods were stimulated because Australians worried about the price would increase after GST and yet this situation didn't last for long. After the GST had been carrying out for a while, Australians got used to it and so was I.

Regarding to the taxreform in Hong Kong, I have some opinions of it. Firstly, Hong Kong is facing the aging population problem. In other words, taxable people will become less and less and thus the government income will also become less. Also the productivity population will take the burden from the non-productivity population. If let it go on, the situation will become worse and worse.

Secondly, there is a good point to obtain "The Shopping Paradise" for Hong Kong. GST return to the tourism in order to maintain competitiveness and the government can also collect the tax in advance. However not only tourism can enjoy the tax return but also someone like me, an overseas student, I can enjoy the GST return once going back to my country for holidays, will this be a reference point?

At last, the Federal government set the GST rate at 10% when the time GST came to Australia and yet reduced the income tax at 10% also. Will this be a good weapon to fight the against? But as everyone knows, Hong Kong is one of the lowest tax around the Asian Pacific, does this strategy work? Perhaps there should be some adjustments of this strategy, shouldn't it?

In conclusion, I will accept GST because of the aging population problem, narrow tax based and it's good for Hong Kong in long term. These problems are foreseeable and we should go for it. It is not only good for us and also beneficial to the next generation. In Australia, when the GST came, about 30% population didn't like it and yet most people got used to it eventually. I think the same situation will happen in Hong Kong as well. Moreover being Hong Kong people and the people who love this city should support the taxreform.

P.S. I've forgotten to mention one point is that is it necessary to put GST on the daily products? Those daily products such as eggs, vegetable and fresh meat are exemptional in Australia, will it be treated the same way in HK? In my opinion lower income householders will spend on the daily products in order to save money, on the hand, higher income householders will spend more on outside catering.

I don't know this letter whether is pointless or useful to you but I just wanna share my experience in Australia and thank you so much to read my letter.

Freeman Wong
 10/11/2006