



10/11/2006 14:40
 Urgent
 Return Receipt

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

Dear Sirs,

I do believe the need to broaden our tax base. However, I am firmly against the introduction of GST, and in particular GST that may arise from the property transactions. This would substantially increase the costs of doing business in Hong Kong.

I believe the tax rate can be broadened by the following methods:-

1. introducing a tax that is linked with the consumption of the electricity, water and gas. It may sound unwelcome but if such tax can be scaled in a way that only above a certain amount of usage threshold, that would need to pay such tax. Such threshold should be an amount that would take most of the ordinary residential with, let say, units of under 2000 sq. feet out of such tax net. This would in a way mean that people such as hotel owners or big land owners would have to pay such bill. Although it would increase the cost of operating a hotel or similar establish, I believe the cost of such tax can be quite easily transferred to the room rate.

With regard to the large land owners such as the owner of shopping malls or owner of service apartments, etc, they can be quite earlier transferred to the management fee.

2. A tax that relates to the usage of the internet. Nowadays, internet is a very common tool of communication. A large majority of offices as well as residential rooms will have internet access. In relation to homes, it is now common to have more than one outlet. In the case of offices, there are many many more outlets. Therefore, a tax should be charged on the no. of outlets of internet.

3. "Pay as you earn" system, although straightly speaking this is not a broadening of the tax base, if the employer withhold the salary tax that the individual employee has to pay, it will mean that the government will able to have such tax earlier.

4. A tax on the petrol consumption of private vehicles (i.e. excluding taxies and commercial lorries). This would not only broaden the tax base, it would also discourage drivers to drive and thus improve the air quality.

5. I often see private vehicles in Central with a diver waiting for their boss and the engine is turn-on so that the driver can enjoy the air-conditioning of the car. I would suggest some kind of punishment for vehicles having the engine turn-on for a long period of time.

Kind regards,
 Jonathan Cheng