



16/11/2006 22:23

 Urgent Return Receipt

To: taxreform@fstb.gov.hk  
cc:  
Subject: GST

Dear sir/madam,

After reading the consultation document, I find the following areas very difficult to understand and I think the Government should seek to explain more to the public/businesses:

1. how the Deferred GST Payment Scheme works? Examples should be given so that the public can understand how the scheme could relief the cash flow problems of importers.
2. how the Qualifying Exporters Scheme works? Is it just the same scheme as that of Singapore (I have no idea at all)? The Government should explain more on how exporters can benefited from joining the scheme.
3. what will be the licensing requirements of the bonded warehouse/ temporary storage areas? The existing licensing requirements for application of warehouse licence for storage of dutiable goods are very complicated and strict. Would it be similar or simpler given the low tax rate? The Government should explain on this.

Since Hong Kong relies a lot on import/export/logistics businesses, the Government should seriously plan the details of these trade facilitation schemes and should think about more facilitation measures and assistance to those SMEs if GST was to be introduced. Otherwise, GST will undermine HK's competitiveness as logistics and trading centre and these businesses will be lost to the neighbouring competitors in the Pearl River Delta region and the China ports nearby like Yantian.

One final point on household relief measures - I think the most households (especially those low-income group and those living in public housing estates) may not be able to utilise fully the \$3,000 GST credit on Rates and \$500 GST credit on water and sewage charges. Instead of giving credits on these areas, I suggest the Government could consider giving credits on electricity and charges on public transports (or even exempt public transport services from GST altogether!)

Citizen X