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 Urgent Return Receipt

To: taxreform@fstb.gov.hk

cc:

Subject: Views on Tax Reform Consultation

My view is -

- against GST
- HK tax base is not narrow
- FS needs to know the role of fiscal policy instead of a review of the tax system
- HK needs a new tax for the development of HK but not for generating a stable income.

Need for FS to study the role of fiscal policy instead of a review of the tax system

Compared with the colonial government, the existing top officials of the HK government are new to manage a government on their own decision. The imminent need for FS is a comprehensive study on the role of fiscal policy to facilitate the development of HK instead of a sole review of tax system.

Actually, to generate a stable revenue is absolutely not the top priority within these ten years. The urgent duty for FS is to ensure a continuous effort to minimize unnecessary expenditure, limit the scale of civil servants and to make it clear how to maintain and develop economic prosperity and social harmony through the fiscal policy to.

A new tax

The objective of a tax system is to generate revenue from the public on the principle of affordability for providing services to a place in the right manner. One of its functions is to discourage things no good to the society. In this regard, items to be taxed should be acceptable to most of the citizens. As there is so much opposition on the GST, the GST framework with few exemptions proposed by the government at this stage is considered not acceptable.

In long run, a new tax is absolutely required for protecting the environment but not solely for revenue generation. Most of the citizens would agree that environmental protection is very important. It is suggested implementing a comprehensive Environmental Protection Tax to tax items in a large scale as follows –

- Limited resources, such as electricity, water, paper, diesel oil, land
- Polluting items, such as plastics, municipal solid waste, construction waste, dyes, artificial favouring, hazardous items in the form of powder, smoke, liquid and solid
- Increase tax rate significantly on polluting items, including tobacco, diesel oil, vehicles, etc.
- Heavy fines and penalty for offences damaging/spoiling the environment, including air, land and sea

Relief measures to corresponding businesses have to be worked out in consultation with the sectors. At the same time, the Government has to facilitate the development of HK as the pioneer green industry management centre to manage all environmental related projects and industries in the region by providing one-stop service with quality management skills and top

operation techniques which would in turn boost HK economy, help economy structural change and improve unemployment.

Sammy Lau

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