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cc:

Subject: GST consultation - tax reform

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☐ Urgent

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To whom it may concern,

I agree that the GST in principle is a fair tax system where the more you buy or consume, the more tax you pay. However there are certain points in the proposal that I do not agree with.

Based on my personal experience with the launch of the GST in Australia, I think it is important to protect the poor in the society by allowing certain goods to be exempted from the GST. In Australia goods that are considered "daily necessities" are exempted and that includes sunscreen, dairy products, and all unprocessed food produce. These are for the benefits of their people so that even the very disadvantaged proportion of the population can afford these goods so as to keep them alive, basically.

In the proposal it was argued that the cost of administration with making exemption is considered too much and hence is not considered. I think this is a ridiculous argument as it is really not an ambiguous term - "daily necessities". As long as the government set down solid definitions, there is not much to argue about. In terms of food, any fresh, unprocessed, unpackaged food are exempted. For example, bread sold from a bakery should be included in the GST scheme while fresh vegetables sold in wet market should be exempted. Another example: fresh oranges are exempted while marmalade is taxed. Fresh pork shouldn't be taxed while sausages are taxed. Fresh tofu is not taxed while packaged tofu is taxed. Easy. I personally also think that rice, as a staple food for our population, should be exempted as well. This would not only benefit poor people, in a way it would also encourage people to buy unprocessed products which are better for their health. As far as I'm aware most countries that have GST would have certain exemption and those are often daily necessities. I don't see why it can't be done in a place like Hong Kong.

Another interesting point is that even though the government seems to not want to lose a cent from the GST by not having any exemptions, they are surprisingly lenient on the financial sector. With all financial services exempted from GST, the government is losing billions upon billions of money on tax revenue. High users of our financial sector are the minority that also happens to hold majority of our society's wealth - and yet they are not taxed on the services they use on a daily basis to generate more money for themselves. If that is not robbing the poor to feed the rich, I don't know how to call it.

In terms of tax offsets - I think people would expect a generous reduction on income tax as people are already paying a large part of their tax in GST - I think we need mathematicians and economists to tell us whether it is really worth it to have GST in our society. The argument for generating tax revenue to fund welfare programmes, I think we should stop kidding ourselves here. In Australia they have a much better welfare system where unemployed or disadvantaged family gets enough money from the government that is also equivalent to the minimum wage of an average unskilled worker. They also have FREE medical service. Hong Kong's existing welfare system is NO WAY comparable to the Australian's system in terms of the amount of financial support and professional support

(medical, social etc) and those limited resources are used mostly by mainland immigrants anyway. I really don't see our tax money is going anywhere near our pockets. I am not saying the Australian system is better because it has its own social problems too but what I'm trying to say here is that if one doesn't have the capacity to provide such level of services, one shouldn't be asking for the amount of money.

My main concern with the GST is that it would drive the poor and the weak into desperation when right now they are barely making their ends meet. GST IS taxing the poor more in proportion to their income. I don't have an economy background and my maths is not strong, but anyone with a calculator can tell.

For example the caretaker of a residential building earns \$5000 a month and say spend \$50 a day on eating/food. In a month he would spend \$1500 on food and with a 5% GST he needs to pay \$75 just on the GST on his food consumption - which works out to be 1.5% of his monthly income.

The solicitor that lives in that building earns \$200,000 a month and say he spends \$1000 a day on food. (in actual fact he has to eat in a fancy restaurant every meal to spend that much on food). In a month he spends \$30,000 on food and pay \$1500 for GST on food alone. That is only 0.75% of his income.

And right now I don't see the government would have the ability to initiate welfare programme and tax cuts that would offset the impact of the proposed GST to the low-income families.

A government should make their policy with the benefit of the majority of the population, in particular the poor and the weak at heart. It seems that the current government seems to be putting their own benefit, and the benefits of a few who's holding majority of the society's wealth, first when making policies.

If there is going to be a future for our society, the government and the people with the power would need to have a "heart".