



05/12/2006 19:00

 Urgent Return Receipt

To: taxreform@fstb.gov.hk
cc:
Subject: Re: Budget

Dear Sir/Madam,

I note the recent decision not to proceed with the GST for the time being.

In this regard, this has to be looked at in light of the background. The HK government is presently sitting on a massive sum of money obtained from HK taxpayers over the years. Tax money obtained since the British took over the colony in the 19th Century. Thus, people disagree that the Government should be looking to squeeze even more money from taxpayers without dealing with this 'mountain' of money.

I would suggest that the Government consider 'spending' the mountain first, by making proposals such as payment of a pension to all HK people over the age of 60. This would satisfy people's needs in old age. In addition, it would remove the excuse that the Government is hoarding money for the sake of hoarding. By the diminution of the mountain of money, it will prepare the people to accept that there is a need to broaden the tax base. People would in effect be paying tax so that they will have a reasonable 'retirement'. All the tax that they are paying, will go in some way towards their pension in old age. They will then pay tax generously.

Furthermore, the Government really has to deal with the billions in the exchange fund. The HK Government can still balance the books without such a massive amount of money kept in the bank.

The generations of people who have toiled to provide the tax money are now elderly and may even have passed away. They have not benefitted properly from the mountain of money. The mountain should not be kept for a rainy day that may never come. It will definitely not come if GST is put forward straight away. Rather it will be a rainy day every day if the Government does not deal with the mountain of money. In which case, no one will support any new tax at all.

Thanks
KH Chan