



06/12/2006 10:08  
 Urgent  
 Return Receipt

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

Dear Sirs,

We can increase the stamp duty on stock trading by 1% and increase tax by HK\$120 billion. The calculation is simple: assuming the average daily turnover of HK\$40 billion and 300 trading day a year so that HK\$40 billion  
x  
 $300 \times 1\% = \text{HK\$120 billion.}$

Don't say that it affects the competitiveness of Hong Kong as a financial centre because other places have abolished. Please note that there would be no effect on investment as the elasticity is zero. You will remember that other places have capital re-valuation tax at round 30% but Hong Kong has none.

Jim-ming