



10/12/2006 22:23

 Urgent Return Receipt

To: <taxreform@fstb.gov.hk>
cc:
Subject: Opinion

Dear Sir/Madam,

I am glad to see the drop of the consultation process of GST. However, don't get me wrong, I originally support the establishment of GST. I just don't agree to the timing of the GST consultation and its implementation.

I believe I can be classified under the "middle class" category judging upon the annual income basis. I do share the view that the nowadays tax base is too narrow and that the "middle class" seems to always be the group who "donates" more than they can "enjoy". Thus, in that sense, I should vote 100% for government's plan or initiative to consider to widen the tax base and taxes whoever "spends" or "consumes". The reason why I am against it for the time being is that I don't want to see a scenario under which, the government continues to expand indiscriminately and citizens end up paying not only the income tax/salary tax but also, the GST. Though I heard that the government has plan to reduce the income tax by a certain percentage after implementing the GST, when the government finds itself under a deficit situation, it is very likely for the government to raise the tax rate back again. Having one more taxing channel introduced (GST), we could end up paying the same amount of income tax, plus GST.

Before proposing the GST, the government needs to promise to the citizens that the government has determination to continue to optimize the structure and size of the government. Just taking the example of Singapore, (HK SAR Government likes to bring Singapore up to serve as an example whenever for GST discussions) HK government needs to demonstrate first, the efficiency is as good as that of the Singapore government. From population size and government size ratio standpoint, HK government seems to still have a long way to go. I think, only after HK government attains that goal of being a government of the "right size" or "competitive size, can we the citizens be persuaded that the new revenue stream of the government, the GST, would not be used to fund an inefficient growth of the government.

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