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☐ Urgent☐ Return Receipt

To: budget@fsib.gov.hk

cc:

Subject: Taxing all individuals on how much they earn

My opinion for the coming financial budget as following:

The Government should eliminate the tax loophole by taxing all employment benefits, whether in cash or kind, on their full market value. In the case of housing, whether rented from third parties or related parties, or owned by the employer, that would be either the rent paid or the ratable value, whichever is higher. Taxing all benefits would remove the tax incentive for rental schemes in the first place, so most employers would just pay cash and scrap the schemes.

Please refer to following link <http://webb-site.com/articles/housinglark.htm> for the full supportive reasons given by David Webb that I fully agree with.

Besides, we understand that there are many self employed individual pays no tax or little tax purely due to the Government can not evaluate the correct income of such individuals. Economy theory tells us that some one would take illegal action to avoid tax only if "expected revenue" > "expected cost". "Expected cost" = "probability of being caught" x "penalty of being caught". To tackle such tax loophole which can effectively broaden the income tax base, I would urge the Government to increase resource to increase the probability of catching the illegal tax behavior and to increase the penalty substantially to increase the "expected cost" substantially for those illegal tax escaper.

Regards,

(Name provided)

(Editor's note: The sender requested anonymity.)