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cc:

Subject: suggestions on budget

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☐ Urgent

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Here are a few suggestions for the 2007-08 budget:

1. To broaden the tax base the personal allowances for salaries tax should be reviewed to bring them in line with international practices, such as in Europe, North America, Japan, Australia, P.R.China. Any reduction in personal allowances should be balanced by appropriate reduction of the tax rate, particularly for the lower income brackets.
2. To improve air quality and reduce greenhouse gas emissions, the vehicle registration fees should be revised from the current Engine capacity based system to one based on CO2 emissions. Low emission vehicles (hybrid and highly efficient diesel engines) should have lower rates than high emission vehicles.
3. To encourage companies to become more energy efficient, expenditures on reducing energy consumption/CO2 emission may be double-counted against profit tax. This will also encourage CLP and HK Electric to invest more on reducing green house gas emissions and use of sustainable energy sources (solar, wind, wave etc).
4. To reduce use of plastic bags, tax should be levied on their use.
5. Property Rates may be reduced by imposing tax on electricity and town gas consumption.