To: budget@fstb.gov.hk
cc:
Subject: BUDGET 2007-08 - SUGGESTIONS

2007/02/25 09:28 PM
☐ Urgent
☐ Return Receipt

I write this to repeat my earlier suggestion concerning GST. I suggested last year that instead of a General Sales Tax, the government should consider introducing a Wholesales Tax (WST).

The advantages of a WST in brief, in my opinion, are:

a) WST is cost-effective in terms of collection of the tax;
b) the effect of WST may not be directly felt by the general public;
c) the wholesale merchants have the option of absorbing the tax themselves or passing it on to the retailers/consumers by incorporating it in the quoted product price.
d) the government need not come out with elaborate plans to pay back the tax
so collected as was done when GST was first proposed.

The main disadvantage is the tax-base obviously will not be as broad as what
the Government had anticipated in proposing the GST. However, the Government
has the option of being selective and reducing the impact of the tax on the community as a whole. In other words, the Government can impose a surcharge (instead of a GST), over and above the stated cost, on certain services such
as transport-related services, trade-related services, legal services and so
on, and the cost-absorption will not be greatly felt by the end-users of such services. Whereas, many day-to-day services and trade affecting the community at large can be spared of the effects of such a tax.

Once a tax on the above lines is introduced and well-established, the Government can of course consider introducing a surcharge on more governmental services.

These are just my random thoughts on the subject, and should the Government decide to reconsider introducing a GST at a later date, it might find it fit
to consider the above proposals too as a part of any of its overall plans to
widen the tax-base.

Thanks for the opportunity given to express my views.

(Name provided)

(Editor's note: Cannot ascertain whether the sender agrees to disclose his/her identity.)