

From:
To: ceo@ceo.gov.hk <mailto:ceo@ceo.gov.hk>
Sent: Tuesday, April 24, 2007 7:00 PM
Subject: Re: New tax proposal

Hong Kong is a miracle. Our past success was dedicated to our Hong Kong people who worked hard, followed the world global market and never gave up on Hong Kong, their people and themselves. They were real contributors to the success of Hong Kong. But change is constant. 21st century is an era of imagination and innovation. More and more things are emerging from areas that we cannot imagine before. Good ideas are in fact this new century's currency. We are not and will not be staying in the same places. To take a further step and to become the world's leading financial and trading center, following the market alone is not enough. We must become our own master and create a new market.

To expand our tax base is no exception. It also requires imagination and innovation. Hong Kong's economy is starting to grow again. Many citizens can in theory afford to pay more taxes than in the past few years and they are aware of our need to expand our tax base. It is just how to find a suitable tax to catch the heart, mind and wallet of most of them becomes critical. In my opinion, *an ideal tax would be those monies that the taxpayers do not 'want'* *and they are thus willing to contribute these monies to the Government for the benefit of Hong Kong people.* The Government can then make an effective re-allocation of resources to those in need or some other meaningful purposes. The concept of 'unwanted monies' may sound fictitious in the first place. But as can be seen below, there actually exists 'unwanted monies' in our society.

To construct a new tax can be easy if we have good methods. Hong Kong is an international financial and trading center, millions and millions of financial and commercial transactions, which includes international trades, foreign currencies exchange, closing financial/commercial accounts and on-sale transactions, are being carried out everyday. Because of the technology advancement and historical reasons, most of the financial and commercial transactions will involve cent or 10 cent dollars. But, on the other hand, as a result of our economy becoming prosperous, cent coins have already been obsolete. 10 and 50 cent coins are starting to fade out and some of the shops even do not accept 10 and 50 cent coins nowadays. Further, when we convert 'paper cent or 10 cent dollars' into cash and in view of the small amount, we often do not pay too much attention to their disposal. We simply let one of parties to the transactions to have the cent or 10 cent dollars. *It appears that cent or 10 cent dollars are our 'unwanted' monies.* I in fact have a personal experience last year. When I closed my bank savings account with Hang Seng Bank Limited with a balance involving cent dollars, the bank teller told me that cent dollars are obsolete and advised me to donate them to a charitable organization which I accepted. At the time, I started thinking of the possibilities of paying 'unwanted monies' to the Government and I now make this new tax proposal to you.

I believe that being an international financial and trading center, huge volume of financial and commercial transactions are being carried out in every second in Hong Kong. *If we can levy tax on cent and/or 10 cent

dollars in each and every financial and commercial transaction involving cent and/or 10 cent dollars and exceeding 10 HK dollars, the amount may be very substantial. *At the same time, in general, parties to the transactions may not take too much care of cent and/or 10 cent dollars in the transactions and may be willing to pay these cent and/or 10 cent dollars to the Government. This will create a win-win situation; Taxpayers are willing to pay their 'unwanted monies' to the Government and the Government is more than happy to make use of them for the benefit of Hong Kong people.

But to carry out this proposal in its fullest extent may not be possible in the present stage as the scope involved may be too wide and people may not accept it completely at a time. *As a start, I would propose that we may consider levying tax on cent and/or 10 cent dollars in each and every transaction involving cent or 10 cent dollars in financial institutions' accounts and utilities bills (i.e. deposit, withdrawal or closing transactions). *I would name this new tax as *cent tax (**零錢稅)*. *The administration costs for levying the cent tax would be minimal *as these taxes will be paid through or by the financial institutions and utility companies on behalf of their customers and themselves. Further, this sum may also be significant. I recalled a criminal offence committed in United States several years ago. A boy stole cent dollars from the bank customers' accounts' balances using his computer and it was later found that this sum exceeded millions of US dollars.

To conclude, cent and 10 cent dollars are our 'unwanted monies' and the citizens will most likely to accept the cent tax. The Government can then make use of the cent tax for the benefit of Hong Kong people. The administration costs for levying the cent tax may be minimal but the amount of tax involved may be substantial. A simple idea coupled with simple 80/20 steps may produce enormous social and economic efficiency and benefits.

(Name provided)

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