

Bills Committee on Inland Revenue (Amendment) Bill 2000

List of issues requiring follow-up actions by the Administration
(position as at 3 February 2004)

Date of meeting	Issue	Outcome
13 November 2003	<p>Clauses 2, 4 and 8</p> <p>The arrangement prescribed in clause 2 for the retrospective application of the proposed amendments to section 12(6) on self-education expenses and section 26E(8) on home loan interest needs to be reviewed, and that the public should be well-informed of the arrangement.</p>	<p>LC Paper No. CB(1)531/03-04 (02) <i>(English version issued on 5 December 2003, Chinese version issued on 3 February 2004)</i></p>
9 December 2003	<p>Clause 4 - Adjustments to assessable income</p> <p>To clarify the intended scope of self-education expenses eligible for deduction from the assessable income of a person, having regard to the promulgated policy of encouraging life-long learning and the varied modes of provision/operation of education courses nowadays. Specifically, members have raised the following concerns -</p> <p>(i) the scope of "trade, professional or business associations" under proposed section 12(6)(b)(ii) and 12(6)(c)(ii) is not clear;</p> <p>(ii) whether the following courses would be covered under proposed section 12(6)(c)(ii) -</p> <ul style="list-style-type: none"> • courses jointly provided by a trade, professional or business association or education provider with other organizations; • courses accredited or recognized but not "provided" by a trade, professional or business association; <p>(iii) whether the Administration would consider revising section 12(6) to cover the above courses;</p>	<p>LC Paper No. CB(1)921/03-04 (01) <i>(issued on 3 February 2004)</i></p>

Date of meeting	Issue	Outcome
	<p>Clause 4 - Adjustments to assessable income <i>(Cont'd)</i></p> <p>(iv) whether the wordings "to gain or maintain qualifications for use in any employment" used in proposed section 12(6)(b)(ii) and 12(6)(c) imply that in claiming self-education expenses deduction, a taxpayer is required to prove that the course in question relates to his current employment or an employment which the taxpayer is likely to take up in future; and</p> <p>(v) whether there is discrepancy between the Chinese and the English versions of proposed section 12(6)(b)(ii) and 12(6)(c), in particular the wordings "in any employment".</p>	
9 December 2003	<p>Clause 5 - Certain amounts deemed trading receipts</p> <p>To reconsider the concerns raised by the Association of Chartered Certified Accountants Hong Kong and the Hong Kong Society of Accountants that the proposed section 15(1)(ba) deviated from the fundamental territorial principle ("source principle") of taxation.</p>	LC Paper No. CB(1)921/03-04 (01) <i>(issued on 3 February 2004)</i>
9 December 2003	<p>Clause 6 - Ascertainment of chargeable profits</p> <p>To reconsider the exemption options ("safe harbour" or "de minimis" exemption) proposed by the Capital Markets Tax Committee of Asia (Hong Kong Chapter) and the Joint Liaison Committee on Taxation to alleviate the compliance burden, having regard to the actual operation of the market-making activities on debentures and other instruments and hence the compliance burden imposed on financial institutions under proposed section 16(2C) and 16(2F).</p>	LC Paper No. CB(1)921/03-04 (01) <i>(issued on 3 February 2004)</i>

Date of meeting	Issue	Outcome
13 November 2003	Clauses 9 to 13 To provide the Bills Committee with a paper on the reasons and effects of clauses 9 to 13 of the Bill together with the relevant proposed Committee Stage amendments in respect of initial and annual allowances for commercial and industrial buildings and structures . The paper should also address the concern that the definitions of "commercial" and "industrial" buildings and structures under the Inland Revenue Ordinance (Cap. 112) were not consistent with those adopted in other legislation.	LC Paper No. CB(1)531/03-04 (02) <i>(English version issued on 5 December 2003, Chinese version issued on 3 February 2004)</i>

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