

立法會
Legislative Council

Ref : CB2/BC/12/01

LC Paper No. CB(2) 1059/02-03
(These minutes have been seen by
the Administration)

**Bills Committee on
Inland Revenue (Amendment) (No.2) Bill 2001**

**Minutes of meeting
held on Friday, 3 January 2003 at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Eric LI Ka-cheung, JP (Chairman)
Hon Margaret NG
Hon HUI Cheung-ching, JP
Hon SIN Chung-kai

Members absent : Hon CHAN Kwok-keung
Hon Howard YOUNG, JP

Public Officers attending : Mr Martin GLASS
Deputy Secretary for Financial Services and
the Treasury (Treasury)

Mr Ivanhoe CHANG
Assistant Secretary for Financial Services and
the Treasury (Treasury)

Mr CHU Yam-yuen
Assistant Commissioner of Inland Revenue

Mrs Brenda LEE
Chief Assessor
Inland Revenue Department

Mr CHAU Ho-man
Chief Assessor
Inland Revenue Department

Mr Richard LEUNG
Chief System Manager
Inland Revenue Department

Ms Lonnie NG
Senior Government Counsel
Department of Justice

Clerk in attendance : Mrs Constance LI
Chief Assistant Secretary (2)5

Staff in attendance : Mr Arthur CHEUNG
Senior Assistant Legal Adviser 2

Miss Betty MA
Senior Assistant Secretary (2)1

I Confirmation of minutes of meeting
[LC Paper No. CB(2) 786/02-03]

The minutes of the meeting on 13 December 2002 were confirmed.

II Meeting with the Administration
[LC Paper No. CB(2) 794/02-03(01)]
[LC Paper No. CB(2) 610/02-03(01)]

2. The Bills Committee deliberated (Index of proceedings attached at **Annex**).
3. The Administration briefed members on its written response and follow-up actions on the issues brought up at the last meeting on 13 December 2002. The Administration then took members through its response (tabled at the meeting) on the proposal of adding specific provisions in the Bill to prescribe that the Inland Revenue Department (IRD) should use a trustworthy system in its Electronic Return Filing Services.

(Post-meeting note : The Administration's response was subsequently issued to members vide LC Paper No. CB(2) 819/02-03(01).)

4. Some members had raised concern about the level of security of the use of a six-digit numeric password in IRD's tax filing application under the Electronic Service Delivery (ESD) system, since some other overseas jurisdictions had adopted an eight-digit alphanumeric password for their PIN-based electronic tax return service.

5. The Chairman requested the Administration to take note of the concerns expressed by members and the information technology industry about the security and risks involved in using password as a signing device for filing tax returns, when considering enhancements to the ESD tax filing application.

6. The Bills Committee requested the Administration to -

- (a) provide an undertaking in the speech to be delivered by the Secretary for Financial Services and the Treasury during the resumption of Second Reading debate on the Bill that the Administration would continually review and improve the functionalities and compatibility features of the return filing application under the ESD platform, including the support for other operating systems, such as Linux;
- (b) advise whether it was a central policy decision that "official paid mail" should not be provided, and which bureau should be responsible for reviewing such a policy;
- (c) provide a comparison between the password used in IRD's tax filing application under the ESD system and the one used in similar system in the United Kingdom (UK), e.g. why IRD did not propose to adopt a 8-dight alphanumeric password as in UK;
- (d) review whether it was necessary to adopt the same password for filing tax returns by Internet and by telephone since taxpayers would not file a tax return under both systems; and
- (e) strengthen public education on the difference in the level of security between using a password and a digital signature in filing a tax return electronically.

III. Clause-by-clause examination

[LC Paper No. CB(2) 2612/01-02(02)]

[LC Paper No. CB(2) 610/02-03(02)]

[LC Paper No. CB(2) 794/02-03(02)]

7. The Bills Committee examined the Bill clause-by-clause, together with the draft Committee Stage amendments (CSAs) proposed by the Administration [LC Paper No. CB(2) 610/02-03(02)]. The Administration informed members that it would propose a further technical amendment to clause 1(2) of the Bill to amend the reference to "Secretary for the Treasury" to "Secretary for Financial Services and the Treasury". Members did not raise any queries to the CSAs proposed by the Administration.

8. Senior Assistant Legal Adviser 2 briefed members on his letter dated 30 December 2002 [LC Paper No. CB(2) 794/02-03(02)] to the Administration on the drafting issues of the Bill and the Administration's response.

(Post-meeting note : The Administration's response on the drafting issues of the Bill was issued to member vide LC Paper No. CB(2) 819/02-03(02).)

9. Members requested the Administration to consider the following drafting points -

Clause 2

- (a) to replace "adopting" in the proposed section 2(5) by "affixing of a digital signature to a return" and "inclusion of a password with a return"; and

Clause 8

- (b) to replace "for the purposes of this Ordinance" by "for the purposes of this section" in the proposed new section 51AA(7), so as to restrict the empowering provision to the proposed new section 51AA(5)(b);

10. The Chairman said that the Bills Committee might consider moving the above amendments if the Administration did not agree to take them up.

IV. Any other business

11. Members agreed that no further meeting would be held if members raised no objection to the Administration's response which would be circulated to members for consideration.

12. The Chairman said that as the proposed tax filing application under the ESD system and the telefiling system aimed at providing an additional option for filing tax returns, the Bills Committee had no objection to the resumption of the Second Reading debate on the Bill. He further said that the Bills Committee would report its deliberations to the House Committee after members had considered the Administration's response to the outstanding issues raised at this meeting.

13. There being no other business, the meeting ended at 10:03 am.

Bills Committee on Inland Revenue (Amendment) (No. 2) Bill 2001
Meeting on Friday, 3 January 2003 at 8:30 am
in Conference Room A of the Legislative Council Building

Time marker	Speaker	Subject(s)	Action Required
0001-0249	Chairman	Confirmation of minutes of meeting on 13 December 2002	
0250-1025	Administration Chairman	Administration's response to concerns raised at the last Bills Committee meeting on 13 December 2002 [LC Paper No. CB(2) 794/02-03(01)]	Admin to consider members' views
1026-1313	Administration Chairman	Administration's response to the proposal of adding specific provisions to the Bill that the Inland Revenue Department should use a trustworthy system in its Electronic Return Filing Services.	
1314-2345	Hon HUI Cheung-ching Administration Chairman Hon Margaret NG	Feasibility of providing a stamped self-addressed envelope [Paragraphs 17-18 of LC Paper No. CB(2) 794/02-03(01)]	Admin to consider members' views
2346-4820	SALA2 Administration Chairman Hon SIN Chung-kai Hon Margaret NG	Use of PIN in other overseas jurisdictions	Admin to provide a comparison with the UK system
4821-5040	Chairman	Clause-by-clause examination of the Bill	
5041-010828	SALA2 Chairman Administration	Comments on the drafting of the Bill [LC Paper No. CB(2) 794/02-03(02)]	Admin to consider

010829-010952	Chairman Administration	Committee Stage amendments (CSAs) proposed by the Administration to the Bill [LC Paper No. CB(2) 610/02-03(02)]	Admin to follow up and provide an updated list of CSAs
010953-011330	Chairman Administration	Clauses 1 to 7	
011331-012412	Administration Chairman Hon SIN Chung-kai	Clause 8	Admin to consider members' views
012413-012503	Chairman Administration	Clauses 9 to 14	
012504-013106	Chairman Hon SIN Chung-kai	Way forward	

Note : The audio records of the above proceedings are kept at the LegCo Library

Council Business Division 2
Legislative Council Secretariat
28 January 2003