

**立法會**  
*Legislative Council*

LC Paper No. LS 14/01-02

**Paper for the House Committee Meeting  
of the Legislative Council  
on 2 November 2001**

**Legal Service Division Report on  
Inland Revenue (Amendment) Bill 2001**

**Object(s) of the Bill**

To amend the Inland Revenue Ordinance (Cap. 112) ("the Ordinance") to increase the maximum amount of home loan interest deduction for the years of assessment 2001/02 and 2002/03 and to provide for transitional matters.

**LegCo Brief Reference**

2. FIN CR 17/2201/01 issued by the Finance Bureau (undated) .

**Date of First Reading**

3. 31 October 2001.

**Comments**

4. The Bill gives legal effect to the proposal in paragraph 104 of the Policy Address of the Chief Executive by :

- (a) increasing the maximum amount of home loan interest deduction from \$100,000 to \$150,000 for the years of assessment 2001/02 and 2002/03; and
- (b) making transitional provisions to enable a person liable to pay provisional salaries tax in relation to the year of assessment 2001/02 to apply to have the payment of the whole or part of such tax held over until he is required to pay salaries tax for that year of assessment.

5. Under Part XA of the Ordinance, every person who is chargeable to salaries tax in respect of any year of assessment shall be liable to pay provisional salaries tax in respect of that year of assessment. A notice for payment of provisional salaries tax may be included in a notice of assessment to salaries tax. The Administration has confirmed that for the year of assessment 2001/02, notice for payment of provisional salaries tax has been given to taxpayers while the notice requiring taxpayers to furnish return for salaries tax would be issued in May 2002.

6. The Bill proposes an additional ground for application for holding over of payment of provisional salaries tax in relation to the year of assessment 2001/02, i.e. where a person has paid or is likely to pay during that year of assessment home loan interest of an amount exceeding \$100,000, or if he is not a sole owner of the dwelling concerned, a fraction of \$100,000 on a pro rata basis. The application procedures are the same as the existing procedures for making application for holding over of payment of provisional salaries tax on other grounds.

7. According to the Administration, the earliest date by which the provisional salaries tax for the year of assessment 2001/02 is payable would be 2 January 2002. For these taxpayers, the application for holding over must be made no later than 5 December 2001 (28 days before the day by which the tax is to be paid) or 14 days after the date of the notice for payment, whichever is the later. The Bill empowers the Commissioner of Inland Revenue to extend the time for application either generally or in a particular case if he is satisfied that it is appropriate to do so.

8. Under section 63F of the Ordinance, where any person had paid provisional salaries tax in respect of any year of assessment, the Commissioner shall apply the amount so paid in payment first of (a) the salaries tax payable by that person for that year of assessment, then (b) the provisional salaries tax payable in respect of the year of assessment succeeding that year of assessment, and shall refund to the person the amount not so applied.

9. The Bill provides that the maximum amount of home loan interest deduction for the year of assessment 2003/04 and for each year after that year would be \$100,000.

### **Public Consultation**

10. No public consultation has been carried out.

### **Consultation with the LegCo Panel**

11. No consultation has been carried out.

### **Conclusion**

12. The legal and drafting aspects of the Bill are in order. Subject to Members' view, the Bill is ready for resumption of the Second Reading debate.

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