

**立法會**  
**Legislative Council**

Ref : CB2/BC/10/04

LC Paper No. CB(2)1901/04-05  
(These minutes have been seen by  
the Administration)

**Bills Committee on  
Revenue (Abolition of Estate Duty) Bill 2005**

**Minutes of the meeting  
held on Tuesday, 31 May 2005 at 8:30 am  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Miriam LAU Kin-ye, GBS, JP (Chairman)  
Hon James TIEN Pei-chun, GBS, JP  
Hon Albert HO Chun-yan  
Dr Hon LUI Ming-wah, JP  
Hon Margaret NG  
Hon CHAN Yuen-han, JP  
Hon Bernard CHAN, JP  
Hon CHAN Kam-lam, JP  
Hon SIN Chung-kai, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Abraham SHEK Lai-him, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, JP  
Hon LI Kwok-ying, MH  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon WONG Ting-kwong, BBS  
Hon Ronny TONG Ka-wah, SC  
Hon Patrick LAU Sau-shing, SBS, JP  
Hon TAM Heung-man
- Members absent** : Dr Hon David LI Kwok-po, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon CHIM Pui-chung

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

Miss Erica NG  
Principal Assistant Secretary for Financial Services and the  
Treasury (Treasury)

Mr K C KWOK  
Government Economist

Mr Arthur YUEN  
Hong Kong Monetary Authority  
Executive Director (Banking Development)

Mrs Millie NG KIANG Mei-nei  
Principal Assistant Secretary for Financial Services and the  
Treasury (Financial Services)

Mrs Teresa CHU WONG Lai-fun  
Assistant Commissioner of Inland Revenue

Mr Allen NG  
Deputy Commissioner of Estate Duty of Inland Revenue

Mrs Nancy HUI  
Principal Assistant Secretary for Home Affairs

Mr Gilbert MO  
Deputy Law Draftsman  
Department of Justice

Ms Vicki LEE  
Senior Government Counsel  
Department of Justice

**Clerk in** : Mrs Sharon TONG  
**attendance** Chief Council Secretary (2)1

**Staff in** : Ms Bernice WONG  
**attendance** Assistant Legal Adviser 1

Mrs Eleanor CHOW

Senior Council Secretary (2)4

---

**I. Meeting with the Administration**

The Bills Committee deliberated (index of proceedings attached at **Annex**).

2. The Bills Committee requested the Administration –

- (a) to provide a copy of the speaking note of the Deputy Secretary for Financial Services and the Treasury (Treasury);
- (b) to advise whether, as far as deceased persons who at the time of their death were neither domiciled nor residing in Hong Kong were concerned, simply amending the Estate Duty Ordinance (Cap.111) to exempt this category of people from estate duty could achieve the same effect as the abolition of estate duty in the Bill;
- (c) to provide information on the increase in foreign and domestic investment in the past five years in countries which had abolished estate duty, including India, Malaysia, New Zealand and Australia;
- (d) to explain, by means of a flowchart, the procedures and time taken for obtaining a grant of representation before and after the enactment of the Bill and to clarify whether the information to be provided covered cases of disputes between beneficiaries of various estates, and if so, the percentage of these cases;
- (e) to advise on the impact of abolishing estate duty on other ordinances in particular where there were references to estate duty such as the Land Titles Ordinance, and to reflect in the flowchart referred to paragraph (d) above such impact on the application procedures for a grant of representation;
- (f) to provide information on how other jurisdictions including the United States, abolished or proposed to abolish estate duty while imposing capital gains tax, together with the reasons for abolition;
- (g) to advise on whether Massachusetts of the United States had abolished estate duty, given that Boston was well-known for its asset management;
- (h) to provide information on the initiatives introduced by the Government which had resulted in an increase in foreign and domestic investment in Hong Kong, including the amount of investment generated;
- (i) to provide details of the survey conducted by the Estate Duty Office in

late 1997 which sought to assess whether estate duty encouraged the transfer of assets out of Hong Kong; and

- (j) to advise on the measures taken by the Government to further develop Hong Kong as an asset management centre.

*(Post-meeting note : The Administration's response was issued to members vide LC Paper No. CB(2)1778/04-05(01) on 2 June 2005.)*

- 3. The Bills Committee requested the Legal Service Division to provide information on other jurisdictions which exempted estate duty payable in respect of property of a deceased person who at the time of his death was neither domiciled nor residing in that place.

*(Post-meeting note : An extract of section 11 of the Singapore Estate Duty Act was issued to members vide LC Paper No. CB(2)1758/04-05(01) on 1 June 2005.)*

- 4. Ms Margaret NG undertook to provide an article relating to abolition of estate duty written by Professor Andrew HALKYARD for reference of the Bills Committee.

*(Post-meeting note : An article entitled "The death of estate duty? The case for retention and reform" written by Professor Andrew HALKYARD and Mr Wilson CHOW was issued to members vide LC Paper No. CB(2)1752/04-05(02) on 1 June 2005.)*

## **II. Date of next meeting**

- 5. The Bills Committee agreed that in addition to the meeting on 6 June 2005 at 3:00 pm, further meetings be scheduled as follows –

- (a) Thursday, 2 June 2005 From 4:30 pm to 6:30 pm;
- (b) Tuesday, 7 June 2005 from 10:45 am to 12:45 pm;
- (c) Thursday, 9 June 2005 from 2:30 pm to 4:30 pm;
- (d) Monday, 13 June 2005 from 10:45 am to 12:45 pm
- (e) Tuesday, 14 June 2005 from 8:30 am to 10:30 am; and
- (f) Thursday, 16 June 2005 from 4:30 pm to 6:30 pm.

- 6. Members noted that the next meeting would be held on 2 June 2005 at 4:30 pm.

Regarding the meeting on 6 June 2005 to receive views from deputations, the Chairman asked members to provide to the Clerk the names of individuals and organisations which they wished to invite.

7. The meeting ended at 10:35 am.

Council Business Division 2  
Legislative Council Secretariat  
10 June 2005

**Proceedings of the meeting of the  
Bills Committee on  
Revenue (Abolition of Estate Duty) Bill 2005  
on Tuesday, 31 May 2005 at 8:30 am  
in Conference Room A of the Legislative Council Building**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
000000 - 000825	Chairman Hon Jeffrey LAM Hon James TIEN Hon TONG Ka-wah	Application of late membership	
000826 - 004810	Chairman Hon TONG Ka-wah Hon James TIEN Hon Jeffrey LAM Hon SIN Chung-kai Dr Hon LUI Ming-wah Hon Audrey EU Hon TAM Heung-man Hon Andrew LEUNG Hon CHAN Kam-lam Hon Abraham SHEK Dr Philip WONG Hon WONG Ting-kwong Hon Bernard CHAN	Timeframe to scrutinise the Bill and schedule of meeting	
004811 - 005930	Chairman Admin	Introduction to the Bill	<b>Admin to provide a copy of the speaking note</b>
005931 - 010514	Chairman Admin Hon TONG Ka-wah	Whether by amending the Estate Duty Ordinance to exempt estate duty of a deceased person who at the time of his death is neither domiciled nor residing in Hong Kong would achieve the same effect as the proposed abolition of estate duty in the Bill	<b>Admin to provide a response to the question</b>  <b>Legal Service Division to provide information on other jurisdictions having similar practice</b>
010515 - 010703	Hon James TIEN Admin	Increase in foreign and domestic investment in countries which had abolished estate duty, including India, Malaysia, New Zealand and Australia	<b>Admin to provide the requested information</b>

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
010704 - 011306	Hon TONG Ka-wah Admin Chairman	Procedures and time taken to obtain a grant of representation before and after enactment of the Bill	<b>Admin to provide the requested information</b>
011307 - 011831	Hon Andrew LEUNG Admin	Impact of Hong Kong becoming an asset management centre on the local economy and employment opportunities in Hong Kong	
011832 - 012318	Hon Margaret NG Chairman Admin	Impact of abolishing estate duty on other ordinances in particular where there were references to estate duty such as the Land Titles Ordinance  How other jurisdictions including the United States, abolished or proposed to abolish estate duty while imposing capital gains tax, and the reasons for abolition	<b>Admin to provide the requested information</b>
012319 - 013224	Hon SIN Chung-kai Admin	Whether Massachusetts of the United States had abolished estate duty, initiatives introduced by the Government which had resulted in an increase in foreign and domestic investment in Hong Kong, and the amount of investment generated  Places competing with Hong Kong as an asset management centre	<b>Admin to provide the requested information</b>

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
013225 - 013921	Hon James TIEN Admin	<p>Whether the abolition of estate duty would result in attracting investors from the United States and the Mainland to invest in or transfer their assets to Hong Kong</p> <p>Whether the Administration had discussed with the Central Authorities on the impact of abolition of estate duty on Mainland investors</p>	
013922 - 015520	Hon TONG Ka-wah Admin Chairman	<p>Factors contributing to foreign and domestic investment in Hong Kong</p> <p>The attractiveness of the abolition of estate duty to overseas investors who may not pay any duty through tax planning</p> <p>The benefits of having cash deposited in the banks of Hong Kong</p>	
015521 - 015553	Chairman	Arrangement for the next meeting	
015554 - 015700	Dr Hon LUI Ming-wah Admin	Impact of abolition of estate duty on manufacturing, commercial and service industries in Hong Kong	



<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
015701 - 015852	Hon Margaret NG Admin	An article relating to abolition of estate duty written by Professor Andrew HALKYARD  The survey conducted by the Estate Duty Office in late 1997 to assess whether estate duty encouraged the transfer of assets out of Hong Kong  Measures taken by the Government to further develop Hong Kong as an asset management centre	<b>Ms Margaret NG to provide a copy of the article to the Bills Committee</b>  <b>Admin to provide the requested information</b>
015853 - 020343	Chairman Hon Margaret NG Hon James TIEN CCS(2)1	Invitation of submissions and deputations to give oral representations at the meeting on 6 June 2005	<b>The Secretariat to issue invitation letters</b>