

A BILL

To

Amend the Inland Revenue Ordinance to give effect to some of the proposals in the Budget introduced by the Government for the 2006–2007 financial year.

Enacted by the Legislative Council.

1. Short title, commencement and application

- (1) This Ordinance may be cited as the Revenue Ordinance 2006.
- (2) Subject to subsection (3), this Ordinance shall come into operation at the beginning of the day on which it is published in the Gazette.
- (3) Section 2 shall be deemed to have come into operation on 1 April 2005.
- (4) Section 3 shall apply in relation to the year of assessment commencing on 1 April 2006 and to all subsequent years of assessment.

Inland Revenue Ordinance

2. Home loan interest

- (1) Section 26E(4)(c) of the Inland Revenue Ordinance (Cap. 112) is amended by repealing “7 years” and substituting “10 years”.
- (2) Section 26E(10) is amended—
 - (a) by repealing “the commencement of section 3 of the Revenue Ordinance 2004 (9 of 2004)” and substituting “1 April 2003 or in force immediately before 1 April 2005”;
 - (b) by repealing “as amended by section 3 of that Ordinance”.

3. Rates

(1) Schedule 2 is amended by repealing “For the year of assessment 2004/05 and for each year after that year” and substituting “For the years of assessment of 2004/05 and 2005/06”.

(2) Schedule 2 is amended by adding at the end—

“For the year of assessment 2006/07
and for each year after that year

SECOND COLUMN	THIRD COLUMN
(a) Upon the first \$30,000	2%
(b) Upon the next \$30,000	7%
(c) Upon the next \$30,000	13%
(d) Upon the remainder	19%”.

Explanatory Memorandum

The purpose of this Bill is to amend the Inland Revenue Ordinance (Cap. 112) to give effect to some of the proposals in the 2006–2007 Budget.

2. Clause 2 increases the number of years for which deductions for home loan interests paid by a person are allowable from 7 years of assessment to 10 years of assessment.

3. Clause 3 revises the marginal tax rates for the year of assessment 2006/07 and thereafter.