



香港中小型企業商會有限公司

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The Hong Kong Chamber of Small and Medium Business Ltd.

August 18, 2007

The Honorable CHAN Kam-lam, SBS, JP  
Chairman

Bills Committee on Mandatory Provident Fund Scheme (Amendment) Bill 2007  
Legislative Council Building,  
8 Jackson Road, Central, Hong Kong.

Dear Mr Chan,

**Bills Committee on Mandatory Provident Fund Scheme (Amendment) Bill 2007**

I would like to submit our response to the Legislative Council of HKSAR Bills Committee on Mandatory Provident Fund Scheme (Amendment) Bill 2007 for your consideration.

1. We appreciate the opportunity of being consulted and we support most of the basic amendments proposed to improve the mechanism for recovering contribution in arrears by employers and to improve the administration and regulation of Mandatory Provident Fund (MPF) scheme.
2. We also support to enhance the enforcement of the MPF system proposed in the Bills.
3. One issue came to our attention that the Bill is to amend the definition of "relevant income" in the MPF Scheme Ordinance (Cap 485). We disagree of such notion to include housing allowance and other housing benefits to the definition of "relevant income" for computation of mandatory contribution purpose. We do not believe it is the primary intention of employers to restructure the remuneration package of their employees by converting a portion of salary to be a housing allowance so as to reduce the amount of relevant income. In fact, the employees must fulfill the criteria and conditions, such as they must incur rental expenses by furnishing valid tenancy agreement and payment evidence, in support of their claims of house allowance. As common case, it is a request initiated by employees to convert a portion of their salary to be a housing allowance so as to reduce their salary tax liability. We are seriously concerned the amendment will discourage the employer from accepting such request from employees so that the burden of employees will be increased significantly not only in the amount of contribution to MPF but also the salary tax. Particularly, this will surely increase the burden of middle-class employees rather than employers.

We trust the above views are adequately provided for the discussion of the Bills Committee and HKCSMB would be happy to answer any queries arise from this submission.

Yours faithfully,

NG Wang Pun Dennis, MH  
Chairman of Hong Kong Chamber of Small and Medium Business