

21 August 2007

Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

Attn: Mr Justin Tam  
Bills Committee

Dear Mr. Tam,

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

Thank you for your letter of 24 July 2007 addressed to Ms. Nancy Chan, my predecessor as Chairman of the Hong Kong Retirement Schemes Association ("HKRSA").

We are pleased to comment on point (a) of the Legislative Council's proposals as follows:

1. We agree that the definition of "relevant income" should be amended as proposed.
2. Furthermore, the HKRSA agrees that from time to time the cap for mandatory MPF contributions should be raised.
3. However, while salaries in Hong Kong have increased somewhat since the introduction of MPF, we would prefer to see the cap for mandatory contribution be raised in modest amount in phases over time and therefore suggest raising the cap to HK\$25,000 per month at this stage rather than HK\$30,000.
4. Most importantly, we submit that the tax relief limit must simultaneously be raised so that individuals receive tax relief on any increased level of mandatory contributions.
5. Indeed we believe the Government should give greater tax relief than just on the maximum mandatory contributions, so as to encourage additional voluntary contributions from scheme members.

Thank you for the opportunity to present our views and we hope you would find it useful for consideration by your Committee.

Yours sincerely,



Ka Shi Lau (Ms)  
Chairman

cc: Stuart Leckie, Vice Chairman, HKRSA  
Vivien Pun, General Manager, HKRSA