

Motion Debate on “opposing the introduction of a Goods and Services Tax”

Progress Report

At the Legislative Council meeting on 18 and 19 October 2006, the motion on “opposing the introduction of a Goods and Services Tax” moved by Dr Hon YEUNG Sum was passed. The motion reads as follows:

“That this Council opposes the introduction of a Goods and Services Tax.”

2. This report informs Members of the follow-up actions taken by the Administration in respect of the motion.

3. We have taken note of the views expressed by Members during the motion debate. Late last year, we conducted a review of the views collected during the first half of the tax reform public consultation exercise. On 5 December 2006, an interim report of the consultation exercise was released. From the views gathered, we found that while the community generally agrees that our tax base is narrow and that there is a need to broaden it, the majority of the public, however, does not consider that the Goods and Services Tax (GST) is an appropriate option for broadening the tax base. The Government decided not to advocate GST during the remaining part of the consultation. We will continue to discuss with the public the other options for broadening the tax base. After the consultation exercise has been completed by the end of March this year, we will prepare a report for the Government of the next term to consider.

4. The interim report has been uploaded to the tax reform website (<http://www.taxreform.gov.hk>) for public access since its release on 5 December last year.

Financial Services and the Treasury Bureau

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