

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2217/07-08  
(These minutes have been seen  
seen by the Administration)

Ref : CB1/BC/8/07/2

**Bills Committee on Revenue Bill 2008**

**Minutes of the fourth meeting  
held on Thursday, 5 June 2008, at 8:30 am  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Andrew LEUNG Kwan-yuen, SBS, JP (Chairman)  
Hon LEE Cheuk-yan  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHAN Kam-lam, SBS, JP  
Hon SIN Chung-kai, SBS, JP  
Hon Howard YOUNG, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon WONG Ting-kwong, BBS
- Members absent** : Hon Albert HO Chun-yan  
Hon CHAN Yuen-han, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon LEUNG Kwok-hung  
Hon TAM Heung-man
- Public officers attending** : Financial Services and the Treasury Bureau  
  
Mr Clement LEUNG  
Deputy Secretary for Financial Services and the  
Treasury (Treasury)  
  
Mr Kenneth CHENG  
Principal Assistant Secretary for Financial Services and  
the Treasury (Treasury)

Inland Revenue Department

Mr CHU Yam-yuen  
Deputy Commissioner (Technical)

Department of Justice

Mr Michael LAM  
Senior Assistant Law Draftsman

**Clerk in attendance :** Miss Polly YEUNG  
Chief Council Secretary (1)5

**Staff in attendance :** Ms Connie FUNG  
Assistant Legal Adviser 3

Ms Rosalind MA  
Senior Council Secretary (1)8

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Action

**I Confirmation of minutes and matters arising**

(LC Paper No. CB(1)1735/07-08 —Minutes of meeting on 20 May 2008)

The minutes of the meeting held on 20 May 2008 were confirmed.

**II Meeting with the Administration**

(LC Paper No. CB(1)1763/07-08(01) —Draft Committee Stage amendments

LC Paper No. CB(1)1784/07-08(01) —Marked-up copy of draft Committee Stage amendments (version as at 3 June 2008) prepared by the Legal Service Division

LC Paper No. CB(1)1731/07-08 —Motion passed by the Bills Committee at its meeting on 29 May 2008

LC Paper No. CB(1)1578/07-08(03) —Marked-up copy of the Bill prepared by the Legal Service Division

LC Paper No. CB(3)563/07-08 —The Bill)

The Bills Committee deliberated (Index of proceedings attached at **Appendix**).

Draft Committee Stage amendments (CSAs) prepared by the Legal Service Division

2. The Bills Committee considered the Committee Stage amendment (CSA) to clause 10(2) of the Bill (and some consequential amendments) to be moved in the name of the Bills Committee by Mr LEE Cheuk-yan (LC Paper No. CB(1)1763/07-08(01)). The CSAs had been prepared by the Legal Service Division pursuant to the motion passed at the meeting on 29 May 2008 and after consultation with Mr LEE. Members noted that the purpose of the proposed CSA to clause 10(2) was to amend Schedule 8 to the Inland Revenue Ordinance (IRO) (Cap. 112) to the effect that the first \$10 million of a corporation's assessable profits would be subject to the proposed reduced profits tax rate of 16.5%, while the remainder of the corporation's assessable profits would be subject to the existing tax rate of 17.5%.

3. Members noted that the other proposed amendments were mainly technical and consequential amendments to existing provisions of IRO to provide, among other things, for the interpretation of the reference to the rate specified in Schedule 8 in those provisions to avoid ambiguity. To simplify the drafting and application of the proposed new clauses 2B, 2C and 4A in the CSAs, Assistant Legal Adviser 3 (ALA3) invited members to consider whether reference to the rate specified in Schedule 8 for the purposes of sections 14A, 14B and 19CA of IRO should be simplified to mean a reference to 16.5%. ALA3 also pointed out that adopting the rate of 16.5% would achieve the same effect as that under the Administration's proposal to reduce the profits tax rate to 16.5% insofar as those sections were concerned. Members agreed to the suggestion.

*(Post-meeting notes : The revised CSAs were issued to members vide LC Paper No. CB(1)1816/07-08 on 6 June 2008.)*

4. The Administration advised that its initial view was that the proposed CSAs might have the effect of changing the existing profits tax regime and might fall outside the scope of the Bill. Moreover, the other proposed CSAs to IRO would result in operational difficulties in tax assessment by the Inland Revenue Department. The Administration had also expressed concern that no public consultation had been carried out on the proposed amendments. Mrs Selina CHOW stated that Members of the Liberal Party did not support the proposed CSAs.

5. Members recalled that as the Chairman was not in support of the proposed CSAs, the CSAs would be moved by Mr LEE Cheuk-yan on behalf of the Bills Committee. They also noted that in the light of the Administration's views stated in paragraph 4 above, whether the proposed CSAs to the Bill could be moved would depend on the ruling of the President of the Legislative Council (LegCo) on their admissibility.

Voting on individual clauses of the Bill

6. Mr LEE Cheuk-yan enquired about the voting procedures in the event that the CSAs to be moved by him on behalf of the Bills Committee could not be moved, or were voted down during the Committee Stage at the Council meeting. ALA3 advised that if the CSAs could not be moved, Members could request separate voting on clause 10 of the Bill. If the CSAs were admissible, they would be considered when the Bill went through the Committee Stage when the Council sat as a Committee of the whole Council. In accordance with the procedures for voting at the Committee Stage, the Committee of the whole Council would vote on the CSAs first and if the CSAs were passed, the clause as amended would be put to vote. If the CSAs were voted down, the Committee would proceed to vote on the clause as proposed by the Administration in the Bill. Members could vote for or against the clause at this juncture. Responding to Mr Howard YOUNG's enquiry about voting on the consequential amendments to provisions of IRO in the CSAs, ALA3 advised that if the CSAs to be moved in the name of the Bills Committee were admissible, the Council would deal with the principal amendment to clause 10(2) of the Bill first. The consequential amendments would only be dealt with after the amendment to clause 10(2) was passed.

Legislative timetable

7. The Bills Committee had completed scrutiny of the Bill and noted the proposed legislative timetable as follows:

<b>Date of reporting to House Committee</b>	<b>Deadline to give notice for resumption of Second Reading Debate</b>	<b>Deadline for giving notice of Committee Stage amendments</b>	<b>Date of resumption of Second Reading debate (Date of Council Meeting)</b>
13 June 2008 (Friday)	16 June 2008 (Monday)	16 June 2008 (Monday)	25 June 2008 (Wednesday)

**III Any other business**

8. There being no other business, the meeting ended at 8:55 am.

Council Business Division 1  
Legislative Council Secretariat  
24 July 2008

**Proceedings of the  
Bills Committee on Revenue Bill 2008  
Fourth meeting on Thursday, 5 June 2008, 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>
000059 – 000129	Chairman	Confirmation of minutes of the 2 <sup>nd</sup> meeting held on 20 May 2008 (LC Paper No. CB(1)1735/07-08).	
000130 – 000807	Chairman ALA3	Briefing by ALA3 on the draft CSAs to be moved in the name of the Bills Committee (LC Paper Nos. CB(1)1763/07-08(01) and CB(1)1784/07-08(01)).	
000808 – 001243	Mr LEE Cheuk-yan ALA3 Mr Howard YOUNG Chairman	Enquiries of Mr LEE Cheuk-yan and Mr Howard YOUNG on the voting arrangements for CSAs and individual clauses of the Bill during Committee Stage at the Council meeting.	
001244 – 001611	Administration	The Administration's initial views on the CSAs to be moved in the name of the Bills Committee.	
001612 – 002042	Chairman Mrs Selina CHOW Mr LEE Cheuk-yan Clerk ALA3	(a) Mrs Selina CHOW's concern about the decision of the Bills Committee to move the CSAs in its name. She stated that Members of the Liberal Party did not support the proposed CSAs.  (b) The Clerk's advice that the proposed CSAs had been drafted pursuant to the motion passed at the last meeting on 29 May 2008 and after ALA3's consultation with Mr LEE Cheuk-yan, who would move the CSAs on behalf of the Bills Committee.  (c) Members agreed with ALA3's suggestion of simplifying the drafting of the proposed clauses 2B, 2C and 4A.	
002043 – 002257	Chairman Administration Mr SIN Chung-kai Mr Howard YOUNG	Legislative timetable	