



香港工程師學會

THE HONG KONG INSTITUTION OF ENGINEERS

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By mail and by fax at 2121 0420

28 May 2008

Clerk to Bills Committee
Bills Committee
Legislative Council Secretariat
3rd Floor, Citibank Tower
3 Garden Road, Central
Hong Kong

(Attn: Miss Polly YEUNG)

Dear Polly,

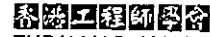
LegCo Bills Committee on Revenue Bill 2008

In consideration of the Revenue Bill, the Hong Kong Institution of Engineers (HKIE) being a professional body representing a multiplicity of engineering specialties, in general supports the proposed tax deduction and we are pleased to submit hereunder our opinions and suggestions.

We are pleased to note that Government has given consideration and taken our recommendations to provide subsidies for environmental protection initiatives in business operations by means of tax reduction for capital expenditure on environment-friendly machinery and equipment. We notice that the Inland Revenue Department and the Environmental Protection Department are working on the list of environment-friendly facilities that would qualify for the proposed deduction. We would like to point out once again that our Registered Professional Engineers (R.P.E.s) possessing invaluable experience in various engineering fields are pleased to offer their expertise to contribute in certifying the required qualification.

Whilst the HKIE supports the measures to improve air quality by offering of a concessionary duty rate for Euro V diesel and reduction in the First Registration Tax for environment-friendly commercial vehicles, we wish to reiterate that the Government should introduce different types of green tax which would not only build a wider tax base without too much administrative expenses, but also help promoting new business initiatives in areas like waste reduction and energy efficiency for our environmental protection practitioners.

Aside from the provisions of 800 additional publicly funded places for postgraduate research programmes in phases from the 2009-10 school year as well as a one-off grant of \$18 billion to establish a Research Endowment Fund to promote diversified R&D activities, the HKIE is of the view that tax reduction/allowance would give a greater impact in promoting R&D in the private sector.



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Taking Singapore as an example, the Government initiated three schemes in its 2008 Budget to provide significant incentive to all companies, namely the Tax Reduction for R&D expenditure, R&D Tax Allowance and the R&D Incentive for Start-Up Enterprises, to carry out R&D. Taking this opportunity, we would like to reiterate that Government should facilitate necessary assistance in the investment of new technology and innovation especially for R&D by means of double or triple tax reduction and other subsidies so that companies are encouraged to invest in the areas.

We hope that our suggestion could be earnestly considered by the Administration.

Thank you.

Yours sincerely,

Ir Dr LO Wai Kwok MH JP
President