

立法會

Legislative Council

LC Paper No. CB(1)1080/07-08

Ref : CB1/SS/7/07

Background Brief on the Rating (Exemption) Order 2008

Purpose

This paper highlights certain issues in connection with the Rating (Exemption) Order 2008 (the Order).

Background

2. In the 2008-09 Budget, the Financial Secretary (FS) announced a package of initiatives to leave wealth with the people of Hong Kong. One of the measures is the proposal to waive rates for the 2008-09 financial year, subject to a ceiling of \$5,000 per quarter for each rateable tenement. The Administration has estimated that 99% of domestic properties and 85% of non-domestic properties will be subject to no rates in the new financial year. The rates waiver will cost the Government \$11.2 billion.

The Order

3. The Order was made by the Chief Executive (CE) in Council under section 36(2) of the Rating Ordinance (Cap.116) to declare that all rateable tenements are exempted from the payment of rates in respect of any quarter in the period 1 April 2008 to 31 March 2009 wholly, if the amount of rates payable for the quarter is \$5,000 or less, or up to \$5,000, if the amount is more than \$5,000.

4. The Order is subsidiary legislation subject to negative vetting by the Legislative Council (LegCo). It was gazetted on 27 February 2008 and tabled at the Council on 5 March 2008. The Order will come into operation on 1 April 2008.

Issues arising from the Order

5. In principle, there is general support from the community and LegCo Members for the rates exemption announced by FS in the 2008-09 Budget. When considering the Order at the House Committee meeting on 7 March 2008, Members

agreed that a subcommittee should be formed to study the Order. In this connection, Members may wish to follow up with the Administration on certain issues arising from the Order.

Implementation of the rates exemption

6. While Members have not expressed any objection to the policy objective of the rates exemption and the Order made by CE in Council to give effect to the exemption, it has been pointed out that the amount of rates may have been included in the rent payable by some tenants to their landlords; or in some cases, the tenant is responsible for the payment of rates. Members are thus concerned about the arrangement, if any, for passing on the "savings" or the waived amount to the party who actually pays the rates.

Legislative timetable for scrutiny of the Order

7. Recent cases of rates exemption are the Rating (Exemption) Order 2007¹ and the Rating (Exemption) (No.2) Order 2007². The respective legislative timetable for the Order and the two Orders made in 2007 is as follows:

	Rating (Exemption) Order 2007	Rating (Exemption) (No.2) Order 2007	Rating (Exemption) Order 2008
Date of gazettal	28 February 2007	23 November 2007	27 February 2008
Date of tabling in LegCo	7 March 2007	28 November 2007	5 March 2008
Expiry date for scrutiny [expiry date extended by resolution]	28 March 2007 [25 April 2007]	19 December 2007 [16 January 2008]	12 March 2008 [23 April 2008]
Commencement date	1 April 2007	1 January 2008	1 April 2008

8. Members did not set up a subcommittee to consider the two Orders made in 2007 and they came into operation on the scheduled dates without any amendment thereto. In the case of the Rating (Exemption) Order 2008, a subcommittee has been set up and the scrutiny period for the Order has been extended to 23 April 2008 by a resolution passed by Members on 12 March 2008.

¹ The exemption was announced in the 2007-08 Budget.

² The exemption was announced in the CE's Policy Address in October 2007.

9. In all the three cases, the Order in question came/will come into operation on a date prior to the completion of the extended period for scrutiny. This arrangement is not unprecedented, in particular in connection with initiatives announced in each year's Budget³, as the Administration has considered it desirable to implement one-off relief measures to tie in with the start of the new financial year. Nevertheless, Members may wish to seek confirmation on the relevant arrangement (statutory and/or administrative) and the implications, if any, on rates payers in the event that the Order is amended or repealed during the scrutiny period.

Council Business Division 1
Legislative Council Secretariat
18 March 2008

³ For waivers of fees announced in the context of the Budget, see, for example, the report of the Subcommittee on Revenue (Variation and Reduction of Fees and Charges) Order 2002. The one-year waiver of business registration fee came into operation on 1 April 2002, before the expiry of the scrutiny period of the Order on 10 April 2002, or 17 April 2002 as extended by resolution of the Council.