

立法會
Legislative Council

LC Paper No. LS64/08-09

**Paper for the House Committee Meeting
on 15 May 2009**

**Legal Service Division Report on
Inland Revenue (Amendment) Bill 2009**

I. SUMMARY

- 1. Objects of the Bill** To amend the Inland Revenue Ordinance (Cap. 112) to give effect to the one-off tax reduction for the year of assessment 2008-2009 as proposed in the 2009-2010 Budget speech.

- 2. Comments** The Bill seeks to add a new section 91 which refers to a new Schedule 19 to the Inland Revenue Ordinance. The proposed new Schedule contains provisions to reduce the amounts of salaries tax and tax under personal assessment payable for the year of assessment 2008-2009 by 50% or \$6,000, whichever is the lesser.

The policy reason for the reduction is to respond to the public expectation that the Government will relieve the public's burden during economic downturns, and having regard to the interests of the community as a whole and the financial position of the Government.

- 3. Public Consultation** According to the LegCo Brief, the Financial Secretary has conducted consultation with various business, professional bodies and the general public during the formulation of the 2009-2010 Budget.

- 4. Consultation with LegCo** No Panel has been consulted. However, Members have been consulted during the formulation of the 2009-2010 Budget.

- 5. Conclusion** No difficulties relating to the legal and drafting aspects have been identified. Subject to Members' view, the Bill is ready for resumption of the Second Reading debate.

II. REPORT

Objects of the Bill

To amend the Inland Revenue Ordinance (Cap. 112) (the Ordinance) to give effect to the one-off tax reduction for the year of assessment 2008-2009 as proposed in the 2009-2010 Budget speech.

LegCo Brief

2. Members may refer to the LegCo Brief issued by the Financial Services and the Treasury Bureau in April 2009 (File Ref: FIN CR 1/7/2201/08) for further information.

Date of First Reading

3. 13 May 2009.

Comments

4. At paragraph 127 of the Budget speech delivered on 25 February 2009, the Financial Secretary (FS) proposed a one-off tax reduction of 50% of salaries tax and tax under personal assessment for the year of assessment 2008-2009, subject to a ceiling of \$6,000. The reduction will be reflected in the taxpayer's final tax payable for 2008-2009. The proposal will cost the Government about \$4.1 billion and benefit about 1.4 million taxpayers.

5. According to the LegCo Brief, members of the public expect the Government to relieve their burden during economic downturns. For the long-term interests of the community as a whole and having regard to the Government's financial position, FS made the above proposals in the 2009-2010 Budget speech.

6. The Inland Revenue (Amendment) Bill 2009 (the Bill) was introduced to give effect to FS's proposals by adding to the Ordinance a proposed section 91 and a proposed Schedule 19. The proposed section 91 provides that Schedule 19 contains the relevant provisions on the reduction of salaries tax and tax under personal assessment for the year of assessment commencing on 1 April 2008. Schedule 19 provides that for the year of assessment commencing on 1 April 2008, the amount of salaries tax or tax under personal assessment as computed under the Ordinance is reduced by 50% or \$6,000, whichever is the lesser.

Commencement

7. There is no commencement provision in the Bill. The Bill will therefore come into operation on the day of gazettal after enactment.

Public Consultation

8. According to the LegCo Brief, FS has conducted consultation with various business and professional bodies, as well as the general public during the formulation of the 2009-2010 Budget.

Consultation with LegCo

9. According to the LegCo Brief, FS has consulted Members during the formulation of the 2009-2010 Budget.

Conclusion

10. No difficulties relating to the legal and drafting aspects have been identified. Subject to Members' view, the Bill is ready for resumption of the Second Reading debate.

Prepared by

Kelvin Ka-yun LEE
Assistant Legal Adviser
Legislative Council Secretariat
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