

**立法會**  
***Legislative Council***

LC Paper No. CB(3) 839/09-10

Ref : CB(3)/M/MM

Tel : 2869 9205

Date : 24 June 2010

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

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**Council meeting of 7 July 2010**

**Motion on  
“Enhancing the administration of tax policy in Hong Kong”**

Hon Paul CHAN Mo-po has given notice to move the attached motion on “Enhancing the administration of tax policy in Hong Kong” at the Council meeting of 7 July 2010. The President has directed that “it be printed in the terms in which it was handed in” on the Agenda of the Council.

( Mrs Justina LAM )  
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion on**  
**“Enhancing the administration of tax policy in Hong Kong”**  
**to be moved by Hon Paul CHAN Mo-po**  
**at the Legislative Council meeting**  
**of Wednesday, 7 July 2010**

**Wording of the Motion**

That, whereas:

- (a) Hong Kong, through its membership of the Global Forum on Transparency and Exchange of Information for Tax Purposes under the Organization for Economic Co-operation and Development and the comprehensive agreements on avoidance of double taxation to be signed with many countries in the world, is increasingly involved in international taxation matters;
- (b) international organizations such as the Group of Twenty (‘G-20’) are proactively developing tax policies for implementation by the member countries and jurisdictions which are actively involved in the global economy and financial system, including Hong Kong;
- (c) complementary tax initiatives must be introduced in Hong Kong to facilitate the development of industries with competitive edge and the smooth transformation of the Hong Kong economy;
- (d) Hong Kong must compete with other jurisdictions, which offer tax concessions, to attract external investors to establish their regional headquarters in Hong Kong;
- (e) tax initiatives can be an effective tool in addressing the problems of economic and social inequalities in Hong Kong; and
- (f) the tax base of Hong Kong remains very narrow, posing a risk of instability in public finance,

matters relating to the tax policy in Hong Kong have therefore become increasingly complex and important, yet the Administration has so far vested such matters primarily in the Inland Revenue Department (‘IRD’) but its function should be confined to the implementation of tax laws; if IRD is required to undertake in-depth and substantial studies on tax policy, it will encounter a conflict of roles as well as resources constraints; as such, this Council urges the Administration:

- (i) to adopt a proactive approach in responding to international agreements on tax initiatives and their requirements, including the tax policies and initiatives introduced by the G-20 and other multilateral international organizations;
- (ii) to critically review the existing taxation system with a view to identifying feasible initiatives to enhance the competitiveness of Hong Kong as a regional business centre;
- (iii) to study the use of tax initiatives as one of the means to address the problems of social and economic inequalities;
- (iv) to study afresh the identification of reasonable and sound initiatives that can broaden the tax base of Hong Kong without undermining its competitiveness; and
- (v) to establish a specialist tax policy unit within the government structure, to be staffed by local and international tax experts with the relevant professional knowledge, technical expertise and practical experience, to assist the Administration in undertaking the tasks in (i) to (iv) above, so as to ensure effective formulation of future tax policy in Hong Kong.