

**立法會**  
**Legislative Council**

LC Paper No. FC48/10-11

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From : Clerk to the Finance Committee  
To : Members of the Finance Committee

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**Finance Committee**

**Background brief on  
the Appropriation Bill and the Estimates**

At the request of the Chairman of the Finance Committee, the Legislative Council Secretariat has prepared a background brief to provide information on the procedure for implementing or amending proposals in the Appropriation Bill and the Estimates. The information is set out in the following papers:

- (a) a note on the Appropriation Bill and the Estimates, and implementation of the Budget proposals (**FC48/10-11(01)**);
- (b) a note on the legal provisions on changes to the Appropriation Bill and the implementation of revenue proposals (**LS41/10-11**); and
- (c) fact sheets on selected cases of proposed amendments to the Appropriation Bill (**FS13/10-11**), implementation of revenue proposals (**FS14/10-11**) and implementation of relief measures (**FS15/10-11** (*Chinese version to follow*)).

(Mrs Constance LI)  
Clerk to the Finance Committee

Encl.

# 立法會

## *Legislative Council*

LC Paper No. FC48/10-11(01)

### **The Appropriation Bill and the Estimates and implementation of the Budget proposals**

#### The Appropriation Bill and the Estimates

In late February or early March each year, a bill seeking authority for the appropriation of a sum out of the General Revenue Account (“GRA”) for financing the services of the Government in the coming financial year, which runs from 1 April of that year to 31 March of the following year, is introduced by the Financial Secretary (“FS”) into the Legislative Council (LegCo). This bill is known as the Appropriation Bill and FS’s speech in moving its second reading is generally known as the Budget speech.

2. The amounts of votes for the various heads of expenditure are set out in the Schedule of the Bill, and explained in detail in the Estimates which set out the estimated revenue and expenditure of the GRA and the nine purpose-specific funds established under section 29 of the Public Finance Ordinance (Cap. 2).

3. The Estimates of Expenditure provides under each head an expenditure analysis by the Controlling Officer, with details on the estimated total expenditure, the provision sought in respect of each subhead, changes in the establishment (if any), and the limit (if any) to the commitments which may be entered into in respect of expenditure which is not annually recurrent.

4. The relevant legal provisions on the presentation of the Appropriation Bill and the Estimates are set out in sections 5 and 6 of the Public Finance Ordinance (Cap. 2). Rule 67 of the Rules of Procedure (RoP) provides for the procedure on their presentation to LegCo.

## Examination of the Estimates of Expenditure by the Finance Committee

5. Rule 71(11) of RoP provides that the Estimates of Expenditure presented to LegCo in accordance with Rule 67 of RoP may be referred by the President to FC for examination before consideration of the Appropriation Bill in committee of the whole Council. FC convenes special meetings to examine the Estimates of Expenditure in accordance with the procedures set out in paragraphs 49 to 53 of the FC Procedure.
6. In accordance with paragraph 49 of the FC Procedure, the purpose of the examination by FC is to ensure that the provision sought in the Estimates of Expenditure is no more than is necessary for the execution of approved policies.
7. Prior to the special meetings, members may raise questions on the Estimates of Expenditure for written replies from Controlling Officers, through their respective Directors of Bureau as appropriate.
8. A series of special meetings, currently comprising 20 sessions on different policy areas, are held by FC for examination of the Estimates of Expenditure. Directors of Bureau will attend with their key Controlling Officers, and they may make a short introduction to highlight their policy areas, the priorities for the year ahead and the provisions being sought. Members may ask questions on points made during the introduction, the written replies to members' initial questions and the Estimates of Expenditure. Members may also request for supplementary information in writing after each of the meetings, if necessary.
9. In these special meetings, Members often raise questions on the details of the Estimates of Expenditure, such as the provisions requested, the justifications for such provisions, key performance targets and allocation of resources for the various programme areas under different heads or subheads. The relevant Directors of Bureau or Controlling Officers respond to Members' questions and provide the necessary information.
10. After the special meetings, the FC Chairman presents a report on the proceedings of the meetings to the Council.

## Resumption of Second Reading debate of the Appropriation Bill and Committee Stage amendments

11. When the second reading debate on the Appropriation Bill is resumed in the Council, the debate is confined to the financial and economic state of Hong Kong and the general principles of Government policy and administration as indicated by the Bill and the Estimates.

12. The Appropriation Bill, upon being read a second time, is then considered in committee of the whole Council. Rule 69 of RoP sets out the rules and procedures in respect of proposed amendments to the Appropriation Bill. Rule 69(1) provides that an amendment which, in the opinion of the Chairman of the committee of the whole Council, would increase the sum allotted to any head of expenditure whether in respect of any item or subhead or of the head itself shall only be moved by a designated public officer. Rule 69(2) provides that an amendment to increase a head shall take precedence over an amendment to reduce the head in the same respect. If an amendment to increase a head is carried, no amendment to reduce the head in the same respect shall be called. Rule 69 (3) provides that an amendment to reduce the sum allotted to any item in a head of expenditure may be moved by any Member. FS13/10-11 gives examples on amendments moved by Members in the last term of LegCo to reduce the sums allotted to certain subheads in the Appropriation Bill. There is no record that any amendment had been moved by a designated public officer to increase any sum provided in the Appropriation Bill since the First LegCo.

13. When all the amendments to the Appropriation Bill have been dealt with, the Bill is then proposed to be read the third time and voted on.

## Approval of the Estimates

14. According to section 6(2) of the Public Finance Ordinance (Cap. 2), upon the enactment of the Appropriation Ordinance, the Estimates of Expenditure are deemed to be approved to the extent they are provided for in the Ordinance and shall have effect from the first day of such financial year.

15. Expenditure for the financial year on the services of the Government is arranged in accordance with the heads and subheads and limited by the provision in each subhead shown in the Estimates as

approved, or as may subsequently be changed from time to time in accordance with section 8 of the Public Finance Ordinance (Cap. 2).

### Changes to the approved Estimates

16. Section 8(1) and (2) of the Public Finance Ordinance (Cap. 2) provides that no change may be made to the approved Estimates of Expenditure except with the approval of FC upon a proposal of FS, or by FS in the exercise of power delegated by FC under the same section. Changes to the approved Estimates of Expenditure include the creation of new heads or subheads, supplementary provision in approved or new subheads, variation in the establishments of posts, and increase in the limit to the commitments which may be entered into in respect of expenditure that is not annually recurrent.

17. Section 8(6) of the Public Finance Ordinance (Cap. 2) provides that the Chief Executive can make any proposal, or allow or direct any proposal to be made, to LegCo to require a change to approved Estimates of Expenditure.

18. FC holds regular meetings to consider proposals from FS to change the approved Estimates of Expenditure, or to accept the financial implications of new proposals where no immediate change to the Estimates is required. FC may also be invited to delegate power to FS subject to specified conditions, exceptions and limitations<sup>1</sup>. Changes made to the Estimates of Expenditure under delegated powers are reported to FC quarterly.

19. Proposals from FS to seek FC's approval to change the approved Estimates or acceptance of financial implications are items included on the agenda of FC meetings upon the request of the Administration. The procedures for giving notice and despatch of agenda items for FC meetings are provided in Paragraphs 21 and 22 of the FC Procedure.

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note 1 Finance Committee has delegated powers to the Financial Secretary to:

- (a) approve supplementary provisions and to increase and create capital account commitments in respect of expenditure under the General Revenue Account each with a limit of \$10 million;
- (b) create Category D items in the Capital Works Programme each up to \$21 million;
- (c) create financial commitments each up to \$10 million for projects on major systems and equipment, and computerization under the Capital Works Reserve Fund;
- (d) establish and delete non-directorate posts subject to the establishment ceiling not being exceeded; and
- (e) create supernumerary directorate posts for not more than six months.

These agenda items are decided by a majority of FC members present and voting. If FC does not approve a proposal, it would be for FS to consider whether to make a fresh proposal amended in such a way as may make it acceptable to FC.

### Implementing measures announced in the Budget

20. Where the implementation of Budget measures requires FC's approval of the creation of new commitments or a change to the approved Estimates of Expenditure, the Administration will, after the enactment of the Appropriation Bill, provide the proposals in the form of an agenda item for FC's consideration.

21. In the past few years, a number of measures were announced in the Budget to provide relief or support to various sectors of the community. Examples include tax relief or waivers, support measures and financial assistance for disadvantaged groups, increasing the loan guarantee commitment to support small and medium enterprises, paying two months' rent for public housing tenants, and providing an extra allowance to social security schemes recipients. While measures which have an impact on the revenue are implemented through revenue bills, other measures which incur new financial commitments under the respective subheads require FC's approval. Where a sum has been reserved under Head 106 (Miscellaneous Services) Subhead 789 (Additional commitments) in the Estimates of Expenditure for the one-off measures announced in the Budget speech, FC's approval is necessary to transfer the required amounts from this Subhead to the appropriate Head/Subhead for the implementation of such measures.

22. In some of the Administration's proposals to FC for implementation of the Budget measures, adjustments were made to these measures like expanding the scope of the target recipients and refining the work plan or implementation timetable. Some examples are given in FS15/10-11.

### New measures announced after the presentation of the 2009-2010 Budget

23. After the passage of the Appropriation Bill on 23 April 2009, the Financial Secretary announced on 26 May 2009 additional relief measures, costing about \$16.8 billion, taking into account the then developments in global economy. These measures included one-off

grants to needy students, creation of short-term posts and expanding Operation Building Bright to provide more employment opportunities, special rent payment for public housing tenants and enhancing the support to small and medium enterprises. Some of these measures were approved by FC on 19 June 2009.

Budget measure not provided for in the Estimates of Expenditure

24. In the 2008-2009 Budget speech, FS pledged to draw \$50 billion from the fiscal reserve to assist the implementation of health care reform. So far, the amount has not yet been sought or included in any of the Estimates.

Council Business Division 1  
Legislative Council Secretariat  
15 March 2011

# 立法會

## *Legislative Council*

LC Paper No. LS41/10-11

### Note on the legal provisions on changes to the Appropriation Bill and on the implementation of revenue proposals

This note sets out the legal provisions on changes to the Appropriation Bill and on the implementation of revenue proposals. It also sets out the views of the Legal Service Division as to whether Members of the Legislative Council (LegCo) can propose changes to the Appropriation Bill and the Estimates.

#### **Government's estimates of expenditure and the Appropriation Bill**

##### *Basic Law*

2. Article 64 of the Basic Law (BL) provides that the Government of the Hong Kong Special Administrative Region must abide by the law and be accountable to LegCo: it shall implement laws passed by LegCo and already in force; it shall present regular policy addresses to LegCo; it shall answer questions raised by members of LegCo; and it shall obtain approval from LegCo for taxation and public expenditure.

3. Article 73(1) of BL provides that LegCo shall exercise the power and function to enact, amend or repeal laws in accordance with the provisions of BL and legal procedures. Furthermore, under Article 73(2) and (3), LegCo has the powers and functions to examine and approve budgets introduced by the government, and to approve taxation and public expenditure.

4. Based on BL, the Government is accountable to LegCo through the requirement, among other things, that public expenditure has to be approved by LegCo. In practice, approval of the annual Budget by LegCo is through the enactment of an Appropriation Ordinance. For the enactment of Ordinance, the relevant Rules of Procedure apply.

##### *Public Finance Ordinance (Cap. 2)*

5. The Public Finance Ordinance (Cap. 2) (PFO) provides for the control and management of the public finances of Hong Kong. Under section

5(1) of PFO, the Financial Secretary (FS) shall cause to be prepared in each financial year estimates of the revenue and expenditure of the Government for the next following financial year, and shall cause such estimates to be laid before LegCo before or as soon as practicable after the commencement of the financial year to which they relate. Under section 5(3) of PFO, the estimates of expenditure shall classify expenditure under heads and subheads with the ambit of each head described. In respect of each head, the estimates of expenditure shall show the estimated total expenditure, the provision sought in respect of each subhead, the establishment of posts (if any), and the limit (if any) to the commitments which may be entered into in respect of expenditure which is not annually recurrent.

6. Under section 6(1) of PFO, the heads contained in the estimates of expenditure for a financial year shall be included in an Appropriation Bill which shall be introduced into LegCo at the same time as the estimates. Section 6(2) specifies that upon the enactment of the Appropriation Ordinance, the estimates of expenditure for the financial year to which the Ordinance relates shall be deemed to be approved to the extent that they are provided for in the Ordinance and shall have effect from the first day of such financial year. Under section 6(3), expenditure for the financial year on the services of the Government shall be arranged in accordance with the heads and subheads and be limited by the provision in each subhead shown in the estimates of expenditure as approved or as may subsequently be changed from time to time in accordance with section 8. Section 8(1) provides that subject to section 8, no changes shall be made to the approved estimates of expenditure except with the approval of the Finance Committee (FC) upon a proposal of FS.

### *Rules of Procedure*

7. The rules and procedures relating to the Appropriation Bill are set out in Rules 67 to 70 of the Rules of Procedure (RoP). Under Rule 67(1), Estimates containing the details of the financial requirements for expenditure on all the services of the Government shall be presented to LegCo not later than the commencement of the meeting at which the first reading of the Appropriation Bill (containing the estimated financial requirements for expenditure) takes place. Rule 67(2) provides that after the motion for the second reading of the bill has been proposed, the debate thereon shall be adjourned and shall be resumed not earlier than the seventh day thereafter. Rule 67(3) further provides that, subject to Rule 71(11), the Estimates shall upon presentation to the Council stand referred to a committee of the whole Council, and the Appropriation Bill upon being read a second time shall stand committed to that committee.

8. Rule 71(11) of RoP provides that the Estimates presented in accordance with the provisions of Rule 67 may be referred by the President to FC for their examination before consideration of the Appropriation Bill in committee of the whole Council. The procedures of FC to examine the Estimates are set out in paragraphs 49 to 53 of the FC Procedure.

*Amendments to Heads of Estimates in Committee of the Whole Council on Appropriation Bill*

9. There is no provision in PFO which prohibits or limits amendments to the Appropriation Bill. However, Rule 69 of RoP sets out the rules and procedures in respect of amendments to the Appropriation Bill. Rule 69(1) provides that an amendment which, in the opinion of the Chairman, would increase the sum allotted to any head of expenditure whether in respect of any item or subhead or of the head itself shall only be moved by a designated public officer. Rule 69(2) further provides that an amendment to increase a head shall take precedence over an amendment to reduce the head in the same respect, and if it is carried no amendment to reduce the head in that respect shall be called.

10. Rule 69(3) of RoP provides that an amendment to any head of expenditure to reduce the sum allotted thereto in respect of any item therein may be moved by any Member, and shall take the form of a motion "That head ..... be reduced by \$..... in respect of (or by leaving out) subhead ..... item .....".

11. Rule 69(4) to (6) provides further limitations on and conditions of proposed amendments to the Appropriation Bill:

- (a) an amendment to reduce a head in respect of any subhead or by leaving out a subhead shall only be in order if the subhead is not itemized;
- (b) an amendment to reduce a head without reference to a subhead therein shall only be in order if the head is not divided into subheads; and
- (c) an amendment to leave out a head shall not be in order.

12. Based on Rule 69 of RoP mentioned above, it seems clear that Members cannot move an amendment to the Appropriation Bill which would increase the sum allotted to any head of expenditure and such an amendment may only be moved by a designated public officer. However, Members may move an amendment to any head of expenditure to reduce the sum allotted thereto in respect of any item therein, provided that the amendment complies

with the form stipulated under Rule 69(3) and the other requirements under Rule 69. It should be noted that if an amendment to increase a head is carried, then no amendment to reduce the head in the same respect shall be called.

13. Since an amendment moved by any Member to any head of expenditure to reduce the sum allotted thereto shall take the form of a motion "That head ..... be reduced by \$..... in respect of (or by leaving out) subhead ..... item .....", if the amendment is passed, the relevant subhead and item in the Estimates would in effect be amended. In fact, section 6(2) of PFO specifies that upon the enactment of the Appropriation Ordinance, the estimates of expenditure for the financial year to which the Ordinance relates shall be deemed to be approved to the extent that they are provided for in the Ordinance and shall have effect from the first day of such financial year. Thus, if any amendment (either to increase or reduce the sum allotted to any head of expenditure) to the Appropriation Bill is passed by LegCo, the estimates of expenditure for the financial year are deemed to be approved to the extent that they are provided for in the Appropriation Ordinance as enacted (with the amendment).

14. In the Estimates 2011-12, a non-recurrent provision of \$51,731,000,000 is made under *Subhead 789 Additional commitments of Head 106 Miscellaneous services* to meet funding for initiatives under planning and also any unavoidable non-recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates. Initiatives under planning included, among other things, one-off payment (if any) announced in the Budget Speech. Thus, it seems that if the provision of \$51,731,000,000 is not sufficient to cover the proposed revisions to the Budget, the Administration (but not Members) may move an amendment to *Head 106* of the Appropriation Bill to increase the sum allotted to it. Any Member may move an amendment to *Head 106* to reduce the sum allotted thereto in respect of *Subhead 789*. However, if an amendment to increase *Head 106* is carried, then no amendment to reduce the head in the same respect shall be called.

## **Revenue proposals**

### *Public revenue protection orders*

15. Section 2 of the Public Revenue Protection Ordinance (Cap. 120) (PRPO) provides, among other things, that if the Chief Executive approves of the introduction into LegCo of a bill whereby, if the bill were to become law, any duty, tax, fee, rate, etc., would be imposed, removed or altered, the Chief Executive may make an order giving full force and effect of law to all the provisions of the bill. In this type of public revenue protection orders, the bill

is usually contained in a Schedule to the order. The bill will then be introduced into LegCo in accordance with the normal legislative procedures and is subject to the scrutiny of LegCo in the usual manner.

16. This type of public revenue protection orders is a temporary measure. Under section 5(2) of PRPO, an order made under PRPO shall expire and cease to be in force -

- (a) upon the notification in the Gazette of the rejection by LegCo of the bill in respect of which the order was made; or
- (b) upon the notification in the Gazette of the withdrawal of the bill or the order; or
- (c) upon the bill, with or without modification, becoming law in the ordinary manner; or
- (d) upon the expiration of 4 months from the day on which the order came into force,

whichever event first happens. They are nevertheless subsidiary legislation and are subject to the scrutiny of LegCo under section 34 of the Interpretation and General Clauses Ordinance (Cap. 1).

17. Under section 6 of PRPO, any duty paid under the order in excess of the respective duty immediately after the expiry of the order shall be repaid to the person who paid the same.

18. In paragraphs 161 and 166 of the 2011-12 Budget Speech delivered by FS on 23 February 2011, it is proposed to increase the duty on cigarettes by \$0.5 per stick or 41.5 per cent and to increase the rate of each tax band for the First Registration Tax for private cars by about 15 per cent respectively. The Public Revenue Protection (Dutiable Commodities) Order 2011 (L.N. 32 of 2011) and the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 (L.N. 33 of 2011) were made under section 2 of PRPO to give full force and effect of law to all the provisions of the respective bills set out in the respective Schedules to the Orders. They give immediate effect to the above proposals.

*Relief measures effected by way of subsidiary legislation*

19. In respect of relief measures that are effected by way of subsidiary legislation, the relevant subsidiary legislation is published in the Gazette on the same day of the Budget Speech. For instance, in paragraph 48(2) of the 2011-2012 Budget Speech, it is proposed to waive rates for 2011-12, subject to

a ceiling of \$1,500 per quarter for each rateable property. The Rating (Exemption) Order 2011 (L.N. 34 of 2011) gives effect to this rates concession as proposed in the Budget Speech. This type of subsidiary legislation is subject to the scrutiny of LegCo in the usual manner under section 34 of Cap. 1.

20. In respect of reduction of fees and charges, it may be implemented by way of subsidiary legislation made under section 39A(a) of PFO. Section 39A(a) provides that any fee or charge made payable by or under any Ordinance to the Government or to any public body or public officer, not being a fee or charge which is regulated by rules of court, may be reduced or varied by order of the Chief Executive provided that no variation thereof shall cause such fee or charge to exceed the original figure. For instance, in paragraph 153(5) of the 2010-2011 Budget Speech, it is proposed to waive the business registration fees for one year. The Revenue (Reduction of Business Registration Fees) Order 2010 (L.N. 20 of 2010) gives effect to this proposal as stated in the Budget Speech. This type of subsidiary legislation is also subject to the scrutiny of LegCo in the usual manner under section 34 of Cap. 1.

Prepared by

Legal Service Division  
Legislative Council Secretariat  
8 March 2011

## FACT SHEET

### Proposed amendments to the Appropriation Bill

Appropriation Bill 2010		
Date of the Council meeting	Amendments made	Results
21 April 2010	Hon Audrey EU moved the motion that head 70 [Immigration Department] be reduced by HK\$5,940,000 in respect of subhead 000.	Amendments were negated.
	Hon Albert HO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$44,920,000 in respect of subhead 000.	
	Hon Albert HO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$14,798,400 in respect of subhead 000.	
	Hon Albert HO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$80,000,000 in respect of subhead 103 [rewards and special services].	
	Hon LEE Cheuk-yan moved the motion that head 141 [Government Secretariat: Labour and Welfare Bureau] be reduced by HK\$281,666 in respect of subhead 000.	
	Hon Audrey EU moved the motion that head 144 [Government Secretariat: Constitutional and Mainland Affairs Bureau] be reduced by HK\$281,666 in respect of subhead 000.	
	Hon Cyd HO moved the motion that head 156 [Government Secretariat: Education Bureau] be reduced by HK\$281,666 in respect of subhead 000.	
	Hon LEE Wing-tat moved the motion that head 158 [Government Secretariat: Transport and Housing Bureau (Transport Branch)] be reduced by HK\$281,666 in respect of subhead 000.	
22 April 2010	Hon WONG Kwok-hing moved the motion that head 163 [Registration and Electoral Office] be reduced by HK\$147,000,000 in respect of subhead 000.	

**Proposed amendments to the Appropriation Bill (cont'd)**

<b>Appropriation Bill 2009</b>		
<b>Date of the Council meeting</b>	<b>Amendments made</b>	<b>Results</b>
22 April 2009	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$50,410,000 in respect of subhead 000.	Amendments were negatived.
	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$16,998,570 in respect of subhead 000.	
	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$80,000,000 in respect of subhead 103.	
	Hon Emily LAU moved the motion that heads 138 [Government Secretariat: Development Bureau (Planning and Lands Branch)], 141 [Government Secretariat: Labour and Welfare Bureau] and 151 [Government Secretariat: Security Bureau] be reduced by HK\$2,680,000 respectively and that heads 142 [Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary], 144 [Government Secretariat: Constitutional and Mainland Affairs Bureau], 152 [Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)] and 158 [Government Secretariat: Transport and Housing Bureau (Transport Branch)] be reduced by HK\$1,970,000 respectively in respect of subhead 000.	
	Hon LEUNG Kwok-hung moved the motion that head 144 [Government Secretariat: Constitutional and Mainland Affairs Bureau] be reduced by HK\$121,000,000 in respect of subhead 000.	

**Proposed amendments to the Appropriation Bill (cont'd)**

<b>Appropriation Bill 2008</b>		
<b>Date of the Council meeting</b>	<b>Amendments made</b>	<b>Results</b>
23 April 2008	Dr Hon YEUNG Sum moved the motion that heads 53 [Government Secretariat: Home Affairs Bureau], 137 [Government Secretariat: Environment Bureau], 138 [Government Secretariat: Development Bureau (Planning and Lands Branch)], 139 [Government Secretariat: Food and Health Bureau (Food Branch)], 141 [Government Secretariat: Labour and Welfare Bureau], 144 [Government Secretariat: Constitutional and Mainland Affairs Bureau], 147 [Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)], 151 [Government Secretariat: Security Bureau], 152 [Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)], 156 [Government Secretariat: Education Bureau] and 158 [Government Secretariat: Transport and Housing Bureau (Transport Branch)] be reduced by HK\$4,650,000 respectively and that head 142 [Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary] be reduced by HK\$3,940,000 in respect of subhead 000.	Amendments were negated.
	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$47,790,000 in respect of subhead 000.	
	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$80,000,000 in respect of subhead 103 [rewards and special services].	

**Proposed amendments to the Appropriation Bill (cont'd)**

<b>Appropriation Bill 2007</b>		
<b>Date of the Council meeting</b>	<b>Amendments made</b>	<b>Results</b>
18 April 2007	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$45,170,000 in respect of subhead 000.	Amendments were negated.
	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$80,000,000 in respect of subhead 103 [rewards and special services].	
<b>Appropriation Bill 2006</b>		
<b>Date of the Council meeting</b>	<b>Amendments made</b>	<b>Results</b>
29 March 2006	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$45,100,000 in respect of subhead 000.	Amendments were negated.
	Hon James TO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$80,000,000 in respect of subhead 103 [rewards and special services].	

**Proposed amendments to the Appropriation Bill (cont'd)**

<b>Appropriation Bill 2005</b>		
<b>Date of the Council meeting</b>	<b>Amendments made</b>	<b>Results</b>
27 April 2005	Hon Albert HO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$45,530,000 in respect of subhead 000.	Amendments were negated.
	Hon Albert HO moved the motion that head 122 [Hong Kong Police Force] be reduced by HK\$80,000,000 in respect of subhead 103 [rewards and special services].	
	Hon CHEUNG Man-kwong moved the motion that head 144 [Government Secretariat: Constitutional Affairs Bureau] be reduced by HK\$3,232,000 in respect of subhead 000.	

Research Division  
16 March 2011  
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## FACT SHEET

### Selected cases of implementation of revenue proposals made in the Budget

2010-2011 financial year			
Proposed change in the Budget	Concerns raised by Members	Amendments proposed by Members	Implementation of the revenue proposal
<p>Increasing the transaction cost of property speculation with appropriate tax measures to reduce the risk of creating a property bubble. With effect from 1 April 2010, the rate of stamp duty on transactions of properties valued more than HK\$20 million would be increased from 3.75% to 4.25%, and buyers would no longer be allowed to defer payment of stamp duty on such transactions.</p>	<p>(a) The Bills Committee formed to study the <i>Stamp Duty (Amendment) Bill 2010</i> questioned the efficacy of the two measures in curbing property speculation and the rationale for setting the threshold of HK\$20 million, as well as the rate of increase of stamp duty from 3.75% to 4.25%.</p> <p>(b) Some members enquired whether consideration could be given to extending the disallowance for deferment of payment of stamp duty chargeable on an agreement for sale made in respect of residential property to properties valued more than HK\$10 million.</p> <p>(c) Some members were of the view that specific measures, such as introducing profits tax and capital gains tax for property transactions, and prohibiting sub-sale through confirmors, would be more effective in curbing property speculation than increasing stamp duty.</p>	<p>Amendments were proposed to impose an additional stamp duty rate of 2% on sub-sale through confirmors valued more than HK\$20 million on top of the increased stamp duty rate of 4.25% proposed in the <i>Stamp Duty (Amendment) Bill 2010</i>, with a view to curbing this type of speculative activities.</p> <p>The amendments proposed by Hon James TO were negated at the Council meeting held on 17 July 2010.</p>	<p>The revenue proposal was implemented by publishing the <i>Public Revenue Protection Order 2010</i>, with a four-month temporary effect, in the Gazette, dated 26 February 2010, No. 8 Vol. 14 – Legal Supplement 2, and was tabled in the Legislative Council as subsidiary legislation for negative vetting on 3 March 2010.</p> <p>The <i>Stamp Duty (Amendment) Bill 2010</i> was introduced on 23 April 2010. A Bills Committee was set up to examine the <i>Bill</i> which was subsequently passed by the Legislative Council on 17 July 2010.</p>

**Selected cases of implementation of revenue proposals made in the Budget (cont'd)**

<b>2009-2010 financial year</b>			
<b>Proposed change in the Budget</b>	<b>Concerns raised by Members</b>	<b>Amendments proposed by Members</b>	<b>Implementation of the revenue proposal</b>
Increasing the duty on cigarettes by 50% from around HK\$0.8 to about HK\$1.2 per stick.	<p>(a) The Bills Committee formed to study the <i>Dutiable Commodities (Amendment) Bill 2009</i> queried that the new measure could not achieve its desired effect and only prompted smokers to switch to consuming illicit cigarettes.</p> <p>(b) Some members expressed concern about the impact of the new measure on the livelihood of newspaper hawkers, who had lost out on the sale of duty-paid cigarettes that accounted for a sizeable portion of their monthly income.</p> <p>(c) Some members questioned whether the additional tax revenue collected would be used for setting up a dedicated fund for smoking cessation services.</p>	<p>A resolution was proposed by Hon Albert CHAN to repeal the part pertaining to the increase of tobacco duty under the <i>Public Revenue Protection Order 2009</i>, to reflect the Administration's different treatment of matters hazardous to the physical health of the public given that there was a significant increase in tobacco duty while duty reduction had been introduced for wine.</p> <p>The proposed resolution was negated at the Council meeting held on 2 April 2009.</p>	<p>The Administration published the <i>Public Revenue Protection Order 2009</i>, with a four-month temporary effect, in the Gazette dated 25 February 2009, No. 6 Vol. 13 – Legal Supplement 2, which was tabled in the Legislative Council as subsidiary legislation for negative vetting on 4 March 2009.</p> <p>The <i>Dutiable Commodities (Amendment) Bill 2009</i> was introduced on 30 April 2009. A Bills Committee was set up to study the <i>Bill</i> which was subsequently passed by the Legislative Council on 17 June 2009.</p>

**Selected cases of implementation of revenue proposals made in the Budget (cont'd)**

<b>2009-2010 financial year (cont'd)</b>			
<b>Proposed change in the Budget</b>	<b>Concerns raised by Members</b>	<b>Amendments proposed by Members</b>	<b>Implementation of the revenue proposal</b>
Extending the validity period of the exemption of electric vehicles from first registration tax for five years to 31 March 2014 to promote environmental protection.	<p>(a) Some Members requested for more effective financial incentives and ancillary facilities to encourage the use of electric vehicles, such as establishing recharging network and toll concessions on using the tunnels.</p> <p>(b) Some Members urged the Administration to work with the private car parks or other operators in providing the facilities for recharging electric vehicles and set the level of electricity tariffs for recharging.</p>	Nil.	The resolution made under the <i>Motor Vehicles (First Registration Tax) Ordinance</i> to give effect to this measure was passed by the Legislative Council on 18 March 2009.

**Selected cases of implementation of revenue proposals made in the Budget (cont'd)**

<b>2008-2009 financial year</b>			
<b>Proposed change in the Budget</b>	<b>Concerns raised by Members</b>	<b>Amendments proposed by Members</b>	<b>Implementation of the revenue proposal</b>
Waiving the hotel accommodation tax to promote inbound tourism and enhance the competitiveness of the hotel industry.	Some members of the Bills Committee considered that lowering the accommodation tax might not benefit hotel guests as hotel operators would take the opportunity to raise room tariffs.	Nil.	The <i>Revenue Bill 2008</i> was introduced on 25 April 2008. A Bills Committee was set up to examine the <i>Bill</i> which was subsequently passed by the Legislative Council on 26 June 2008.
Exempting the duties on wine, beer and all other alcoholic beverages except spirits, which would cost the Government about HK\$560 million a year.	Some Members urged the Administration to consider that granting tax exemption for all alcoholic drinks to further promote the industry.	Nil.	The Administration published the <i>Public Revenue Protection Order 2008</i> , with a four-month temporary effect, in the Gazette dated 27 February 2008, No. 4 Vol. 12 – Legal Supplement 2, which was tabled in the Legislative Council as subsidiary legislation for negative vetting on 5 March 2008.  The <i>Dutiable Commodities (Amendment) Bill 2008</i> was introduced on 25 April 2008 and passed by the Legislative Council on 28 May 2008.

**Selected cases of implementation of revenue proposals made in the Budget (cont'd)**

<b>2007-2008 financial year</b>			
<b>Proposed change in the Budget</b>	<b>Concerns raised by Members</b>	<b>Amendments proposed by Members</b>	<b>Implementation of the revenue proposal</b>
<p>Reducing the duty on wine from the ad valorem rate of 80% to 40% and that on alcoholic beverages with an alcoholic strength not more than 30% (other than wine) from 40% to 20%, to promote the development of the catering industry, tourism and wholesale and retail alcoholic beverage trade.</p>	<p>(a) The Bills Committee formed to study the <i>Revenue Bill 2007</i> considered that the benefit of tax concession should pass to the consumers.</p> <p>(b) Some Members proposed to fully exempt the duty rates on wine with a view to building Hong Kong into a regional distribution centre or auction centre of wine at the Council meeting on 28 March 2007.</p>	<p>Amendment was proposed by Hon SIN Chung-kai to amend the <i>Revenue Bill 2007</i> by providing a validity period of one year for the proposed change, so that the Legislative Council could review the effectiveness of the proposal annually.</p> <p>The proposed amendment was negated at the Council meeting held on 13 June 2007.</p>	<p>The Administration published the <i>Public Revenue Protection (Revenue) Order 2007</i>, with a four-month temporary effect, in the Gazette dated 28 February 2007, No. 7 Vol. 11 – Legal Supplement 2, which was tabled in the Legislative Council as subsidiary legislation for negative vetting on 7 March 2007.</p> <p>The <i>Revenue Bill 2007</i> to amend the <i>Dutiable Commodities Ordinance</i> was introduced on 20 April 2007. A Bills committee was formed to study the <i>Bill</i> which was subsequently passed by the Legislative Council on 13 June 2007.</p>

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**Selected cases of implementation of revenue proposals made in the Budget (cont'd)**

<b>2006-2007 financial year</b>			
<b>Proposed change in the Budget</b>	<b>Concerns raised by Members</b>	<b>Amendments proposed by Members</b>	<b>Implementation of the revenue proposal</b>
Extending the validity period of the exemption of electric vehicles from first registration tax for three years to 31 March 2009 to promote environmental protection.	Some Members urged the Administration to set an example of using electric vehicles wherever possible and implement ancillary measures to promote energy conservation and reduce air pollution.	Nil.	The resolution made under the <i>Motor Vehicles (First Registration Tax) Ordinance</i> to give effect to this measure was passed by the Legislative Council on 8 March 2006.

**Selected cases of implementation of revenue proposals made in the Budget (cont'd)**

<b>2005-2006 financial year</b>			
<b>Proposed change in the Budget</b>	<b>Concerns raised by Members</b>	<b>Amendments proposed by Members</b>	<b>Way of implementing the change</b>
Exempting offshore funds from tax for profits derived from qualified transactions in Hong Kong to maintain and strengthen Hong Kong's competitiveness as an international financial centre.	<p>(a) The Bills Committee formed to study the <i>Revenue (Profits Tax Exemption for Offshore Funds) Bill 2005</i> examined the possibility of whether the scope of qualified transactions should be expanded to common activities carried out by offshore funds.</p> <p>(b) The Bills Committee suggested that the Administration should review whether adjustment should be made to the definition of the term "securities", which would not cover financial instruments such as certificates of deposits, swaps, spot foreign exchange contracts.</p> <p>(c) Some members worried about the impact of the <i>Bill</i> on onshore funds and the local financial services industry, given that the proposal of exempting offshore funds from profits tax might make offshore funds more attractive to investors.</p>	The Administration moved some technical amendments to the <i>Bill</i> in response to the Members' concerns. These amendments were all passed at the Council meeting on 1 March 2006.	The <i>Revenue (Profits Tax Exemption for Offshore Funds) Bill 2005</i> was introduced on 30 June 2005. A Bills Committee was set up to examine the <i>Bill</i> which was passed by the Legislative Council on 1 March 2006.

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## FACT SHEET

### Selected cases of implementation of relief measures

<b>I. 2010-2011 financial year</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Reducing the financial burden of low-income families through providing subsidy to their school-age children on the Internet access at home, which would cost the Government about HK\$500 million.	<ul style="list-style-type: none"> <li>(a) The internet access subsidy should be provided in the School Textbook Assistance Scheme for needy students.</li> <li>(b) A mechanism should be established to monitor the use of the subsidy for Internet learning by recipient families.</li> <li>(c) The scope of subsidy should cover the disabled for Internet learning.</li> </ul>	The Finance Committee approved the funding proposal on 28 May 2010.
Paying two months' rent for around 700 000 public housing tenants, which would involve an expenditure of approximately HK\$1.8 billion.	<ul style="list-style-type: none"> <li>(a) The rent payment relief measure should be extended to those applicants on the Waiting List who had fulfilled the eligibility criteria for public rental housing and waited for flat allocation for more than three years.</li> <li>(b) Public housing rentals should be reduced in the longer term.</li> <li>(c) A long-term assistance strategy on provision of relief to the needy should be formulated.</li> </ul>	The Finance Committee approved the funding proposal on 14 May 2010.

**Selected cases of implementation of relief measures (cont'd)**

<b>2010-2011 financial year (cont'd)</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
<p>Providing an extra allowance to the Comprehensive Social Security Assistance ("CSSA") Scheme recipients, equal to one month of the standard rate CSSA payment; and an extra allowance to Old Age Allowance and Disability Allowance recipients, equal to one month of the allowances, which would involve a total expenditure of about HK\$1.9 billion.</p>	<p>(a) The Administration should review the CSSA standard payment rates, the asset limit and residence requirements.</p> <p>(b) The permissible limit of absence from Hong Kong should be relaxed for recipients of Old Age Allowance.</p> <p>(c) The processing time for Social Security Allowance cases should be shortened.</p> <p>(d) The reviews of Old Age Allowance and other allowances under the Secretary for Labour and Welfare's policy portfolio should be completed as soon as possible.</p>	<p>The Finance Committee approved the funding proposal on 14 May 2010.</p>
<p>Providing an allowance of HK\$1,000 to students in kindergartens, primary and secondary schools and tertiary institutions receiving CSSA or student financial assistance in the 2010-2011 school year, which would involve an expenditure of about HK\$520 million.</p>	<p>The Administration should issue circulars to schools and parents reminding them that the grant was strictly for study purposes.</p>	<p>The Finance Committee approved the funding proposal on 14 May 2010.</p>

## Selected cases of implementation of relief measures (cont'd)

<b>2010-2011 financial year (cont'd)</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Reducing 75% of salaries tax and tax under personal assessment for 2009-2010, subject to a ceiling of HK\$6,000, which would cost the Government about HK\$4.5 billion.	Nil.	The measure was implemented through the <i>Inland Revenue (Amendment) Bill 2010</i> which was passed on 9 June 2010.
Waiving rates for 2010-2011, subject to a ceiling of HK\$1,500 per quarter for each rateable property, which would cost the Government about HK\$8.6 billion.		The Administration implemented the measure by publishing the <i>Rating (Exemption) Order 2010</i> in the Gazette dated 26 February 2010, No. 8 Vol. 14 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 3 March 2010.
Waiving the business registration fees for one year, which would cost the Government about HK\$1.8 billion.		The Administration implemented the measure by publishing the <i>Revenue (Reduction of Business Registration Fees) Order 2010</i> in the Gazette dated 26 February 2010, No. 8 Vol. 14 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 3 March 2010.

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**Selected cases of implementation of relief measures (cont'd)**

<b>II. 2009-2010 financial year</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Waiving rates for the first two quarters of 2009-2010, subject to a ceiling of HK\$1,500 per quarter for each rateable property, which would cost the Government about HK\$4.2 billion.	Nil.	The Administration implemented the measure by publishing the <i>Rating (Exemption) Order 2009</i> in the Gazette dated 25 February 2009, No. 6 Vol. 13 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 4 March 2009.

**Selected cases of implementation of relief measures (cont'd)**

<b>2009-2010 financial year (cont'd)</b>				
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Changes/additions to the original proposal</b>	<b>Concerns raised by Members about the changes/new proposal</b>	<b>Date of meeting and outcome</b>
Providing a one-off tax reduction of 50% of salaries tax and tax under personal assessment for 2008-2009, subject to a ceiling of HK\$6,000, which would cost the Government about HK\$4.1 billion.	Immediate additional relief measures should be provided to those in need in view of the inadequacy of the fiscal stimulus measures announced in the Budget, notwithstanding the Administration's earlier commitment to keep abreast of the economic situation and provide additional relief package in the middle of the year, if necessary.	<p>On 26 May 2009, the Administration announced additional relief measures ("the May relief package") in view of the lacklustre performance of the global and local economies since the fourth quarter of 2008.</p> <p>Under the "May relief package", the extent of the one-off tax reduction in the Budget was increased from 50% to 100% and the reduction ceiling was raised from HK\$6,000 to HK\$8,000, which would further cost the Government about HK\$2 billion in tax revenue.</p>	<p>The Panel on Financial Affairs held a meeting on 29 May 2009, at which some Members proposed to:</p> <p>(a) target relief measures at the low-income group, particularly those falling outside the tax net; and</p> <p>(b) devise relief measures to assist those in need, instead of introducing similar measures for returning wealth to the public, especially when the Administration had fiscal surplus.</p>	The Finance Committee approved the funding proposal on 19 June 2009.

### Selected cases of implementation of relief measures (cont'd)

<b>2009-2010 financial year (cont'd)</b>				
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Changes/additions to the original proposal</b>	<b>Concerns raised by Members about the changes/new proposal</b>	<b>Date of meeting and outcome</b>
		Under the "May relief package", two months' rent was paid in full for tenants/licencees <sup>1</sup> of the Housing Authority ("HA") estates paying normal rent, tenants of the Housing Society ("HS") Group A estates and tenants of Elderly Persons' Flats in HS Group B estates <sup>2</sup> . As for well-off HA tenants/licencees paying additional rent <sup>3</sup> , the Administration would pay on their behalf the net rent (i.e. the rental payment net of additional rent) for two months. For tenants of non-Elderly Persons' Flats in HS Group B estates, the Administration would pay on their behalf two-thirds of their net rent for two months. The above relief measure would cost the Government about HK\$1.8 billion.	(a) Well-off HA tenants/licencees should be included in future rent payment relief measures as they had been ignored in the previous budgets. (b) Well-off HA tenants/licencees should be exempted from any rental payment for two months under the "May relief package". (c) Rent payment relief measure should be extended to those applicants on the Public Rental Housing Waiting List.	The Finance Committee approved the funding proposal on 19 June 2009.

<sup>1</sup> Licencees include mainly those households living in HA interim housing. HA interim housing is transit accommodation offered to people who are deprived of their living accommodation as a result of occurrence of natural disasters, the Government's clearance operations or enforcement actions, and are not immediately eligible for public rental housing. Households paying market rent under the Policy of Safeguarding Rational Allocation of Public Housing Resources are also regarded as licencees of HA.

<sup>2</sup> HS provides two types of rental estate units, namely Group A estate units and Group B estate units. Group B estates target families of relatively higher income as compared to HS Group A estates and HA estates.

<sup>3</sup> Under the Housing Subsidy Policy and the Policy of Safeguarding Rational Allocation of Public Housing Resources, the concerned households are required to pay additional rent if their household income exceeds two times the relevant Waiting List Income Limits at the time of income declaration.

## Selected cases of implementation of relief measures (cont'd)

2009-2010 financial year (cont'd)				
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Changes/additions to the original proposal	Concerns raised by Members about the changes/new proposal	Date of meeting and outcome
		Under the "May relief package", one additional month of the standard rate payment was provided to CSSA recipients, and one additional month of allowance for Social Security Allowance recipients, which would involve an expenditure of HK\$1.8 billion.	(a) Long-term measures should be formulated to help the most needy group, instead of granting one-off financial assistance to the disadvantaged groups. (b) The CSSA residence requirement should be reviewed to cover those residing outside Hong Kong. (c) Direct financial assistance should be provided to the unemployed as they suffered most from the financial turmoil.	The Finance Committee approved the funding proposal on 19 June 2009.
		Under the "May relief package", a new non-recurrent commitment of HK\$750 million was provided as a one-off support grant to needy students in the 2009-2010 school year.	Additional financial assistance should be granted to parents of needy students for purchasing new textbooks for New Secondary School curriculum to be implemented in the 2009-2010 school year.	The Finance Committee approved the funding proposal on 19 June 2009.

## Selected cases of implementation of relief measures (cont'd)

<b>2009-2010 financial year (cont'd)</b>				
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Changes/additions to the original proposal</b>	<b>Concerns raised by Members about the changes/new proposal</b>	<b>Date of meeting and outcome</b>
		Under the "May relief package", loan guarantee commitment was raised from HK\$12.6 billion to HK\$20 billion, with an expected expenditure of HK\$550 million arising from default, to support small and medium enterprises.	<p>(a) Business enterprises which applied for the loans should be urged not to lay off their staff during the difficult period.</p> <p>(b) The borrowing terms and application threshold should be eased to benefit more small and medium enterprises.</p> <p>(c) Unsuccessful loan applications should be reviewed to see if any applicant marginally failed could be re-considered under the more relaxed lending criteria.</p>	The Finance Committee approved the funding proposal on 5 June 2009.

**Selected cases of implementation of relief measures (cont'd)**

<b>III. 2008-2009 financial year</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Granting a subsidy of HK\$1,800 to each residential electricity account to be used over a maximum period of three years, which would cost the Government about HK\$4.4 billion.	(a) Tenants who did not have any electricity account should also benefit.  (c) The three-year time limit of using up the subsidy should be extended, if necessary.	The Finance Committee approved the funding proposal on 23 May 2008.
Relaxing the eligibility criteria under the pilot Transport Support Scheme, which included: (a) extending the subsidy period from six months to 12 months; (b) raising the ceiling for monthly income from HK\$5,600 to HK\$6,000; and (c) allowing eligible people in four designated districts to apply for intra-district travel subsidy.	(a) The scheme should be extended from the four designated districts to the whole territory.  (b) The scheme should be extended to a longer period.	The Finance Committee approved the funding proposal on 25 April 2008.

## Selected cases of implementation of relief measures (cont'd)

<b>2008-2009 financial year (cont'd)</b>				
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Changes/additions to the original proposal</b>	<b>Concerns raised by Members about the changes/new proposal</b>	<b>Date of meeting and outcome</b>
Reducing the standard rate and the profits tax rate from 16% to 15% and from 17.5% to 16.5% respectively.	<p>(a) A well-conceived tax incentives should be introduced to enhance the competitiveness of Hong Kong.</p> <p>(b) The measure would widen the wealth gap and narrow the tax base.</p> <p>(c) The profits tax rate should be further reduced to 15% to fulfil the Chief Executive's election pledge in 2007.</p>	<p>Amendments were proposed by Hon LEE Cheuk-yan to introduce a progressive profits tax system by reducing the profits tax rate for the first HK\$10 million of corporation assessable profits to 16.5% and keeping the rate for the remainder of the assessable profits as 17.5%.</p> <p>The proposed amendments were negated at the Council meeting held on 26 June 2008.</p>	Nil.	The measure was implemented through the <i>Revenue Bill 2008</i> which was passed on 26 June 2008.

## Selected cases of implementation of relief measures (cont'd)

2008-2009 financial year (cont'd)		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
<p>Providing a one-off tax reduction of 75% of salaries tax and tax under personal assessment for 2007-2008, subject to a ceiling of HK\$25,000, which would cost the Government about HK\$12.4 billion.</p> <p>Increasing the basic allowance and single parent allowance from HK\$100,000 to HK\$108,000 and married person's allowance from HK\$200,000 to HK\$216,000, and widening tax bands from HK\$35,000 to HK\$40,000.</p>	Nil.	The measures were implemented through the <i>Revenue Bill 2008</i> which was passed on 26 June 2008.
Waiving the business registration fee for one year, which would cost the Government about HK\$1.6 billion.	The licence fees for hawkers and travel agencies should be waived as well.	The Administration implemented the measure by publishing the <i>Revenue (Reduction of Business Registration Fees) Order 2008</i> in the Gazette dated 27 February 2008, No. 4 Vol. 12 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 5 March 2008.

**Selected cases of implementation of relief measures (cont'd)**

<b>2008-2009 financial year (cont'd)</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Waiving rates for 2008-2009, subject to a ceiling of HK\$5,000 per quarter for each rateable tenement, which would cost the Government about HK\$11.2 billion.	<p>(a) The Administration should ensure that the tenants would benefit from the rates concession.</p> <p>(b) Financial support should be provided to low-income earners who did not benefit from the concession.</p>	The Administration implemented the measure by publishing the <i>Rating (Exemption) Order 2008</i> in the Gazette dated 27 February 2008, No. 4 Vol. 12 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 5 March 2008. The Subcommittee on <i>Rating (Exemption) Order 2008</i> was formed, and no amendment was proposed to the <i>Order</i> .

**Selected cases of implementation of relief measures (cont'd)**

<b>2008-2009 financial year (cont'd)</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Earmarking HK\$50 billion from the fiscal reserves to facilitate the implementation of health care reform by providing start-up capitals for individuals participating in a contribution scheme upon the implementation of the supplementary financing arrangements.	<p>(a) Part of the surplus from fiscal reserves or the Exchange Fund should be allocated to finance health care services in the long term.</p> <p>(b) HK\$50 billion should be used immediately to improve health care services and a health care services fund should be set up for long-term benefits.</p> <p>(c) The Administration was criticized for putting the tax burden on the middle class under its supplementary financing arrangements proposal in the first round of consultation conducted in 2008<sup>4</sup>.</p>	The Administration has not submitted a financial proposal to the Finance Committee to implement the measure as the supplementary financing arrangements are still under consideration <sup>5</sup> .

<sup>4</sup> Six financing arrangements were introduced in the consultation: social health insurance, out-of-pocket payments, medical saving accounts, voluntary private health insurance, mandatory private health insurance and personal healthcare reserve.

<sup>5</sup> Two rounds of public consultation on health care reform and supplementary finance arrangements were conducted in 2008 and 2010 respectively. In the first round of consultation, the Administration sought views on the six proposed financing options. In the second round of consultation, the Administration proposed to implement a government-regulated and voluntary-participated Health Protection Scheme, which made use of the HK\$50 billion to provide incentives to attract the public participating in the Scheme.

**Selected cases of implementation of relief measures (cont'd)**

<b>IV. 2007-2008 financial year</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Providing one additional month of standard rate payment for CSSA recipients and one additional month of allowance for Social Security Allowance recipients, which would cost the Government about HK\$1.5 billion.	(a) The existing rates of CSSA and Social Security Allowance should be reviewed to better meet the needs of recipients.  (b) Additional funding should be earmarked to provide one-off payments to the working poor.	The Finance Committee approved the funding proposal on 20 April 2007.
Waiving 50% of salaries tax and tax under personal assessment assessed for 2006-2007, subject to a ceiling of HK\$15,000, which would cost the Government about HK\$8.1 billion.	The Administration should inject HK\$2,000 into the Mandatory Provident Fund accounts of low-income earners who did not benefit from the tax relief measure.	The measures were implemented through the <i>Revenue (No. 2) Bill 2007</i> which was passed on 23 May 2007.
Increasing the child allowance from HK\$40,000 to HK\$50,000 for each child, and introducing an additional one-off child allowance of HK\$50,000 for each child in the year of birth.	Child allowance should be increased and a new child education allowance should be introduced to reduce the tax burden of the parents.	

## Selected cases of implementation of relief measures (cont'd)

<b>2007-2008 financial year (cont'd)</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Reducing the stamp duty rate on transactions of properties valued between HK\$1 million and HK\$2 million from 0.75% to a fixed amount of HK\$100, thereby helping more lower-to-middle-income families to own their homes.	Nil.	The Administration implemented the measure by publishing the <i>Public Revenue Protection (Revenue) Order 2007</i> , with a four-month temporary effect, in the Gazette, dated 28 February 2007, No. 7 Vol. 11 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 7 March 2007. The <i>Revenue Bill 2007</i> was passed by the Legislative Council to bring the proposal into effect on 13 June 2007.
Waiving rates for the first two quarters of 2007-2008, subject to a ceiling of HK\$5,000 per quarter for each rateable tenement, which would cost the Government about HK\$5.2 billion.		The Administration implemented the measure by publishing the <i>Rating (Exemption) Order 2007</i> in the Gazette dated 28 February 2007, No. 7 Vol. 11 – Legal Supplement 2, and tabled it in the Legislative Council as subsidiary legislation for negative vetting on 7 March 2007.

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**Selected cases of implementation of relief measures (cont'd)**

<b>V. 2006-2007 financial year</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Lowering the marginal rates of the second, third and top tax bands by one percentage point from the levels of 8%, 14% and 20% to 7%, 13% and 19% respectively, which would cost the Government about HK\$1.5 billion a year.	The Administration was criticized for being too conservative in easing the tax burden of the public.	The measures were implemented through the <i>Revenue Bill 2006</i> which was passed on 24 May 2006.
Extending entitlement period for home loan interest deduction from seven to 10 years.	The home loan interest deduction period should be extended to over 10 years or covered the full mortgage tenure.	

**Selected cases of implementation of relief measures (cont'd)**

<b>VI. 2005-2006 financial year</b>		
<b>Proposed relief measures in the Budget</b>	<b>Concerns raised by Members about the proposal</b>	<b>Date of meeting and outcome</b>
Increasing loan guarantee commitment by HK\$4 billion to HK\$10.6 billion with an expected maximum expenditure of HK\$800 million to support small and medium enterprises.	<p>(a) The Administration should ascertain the adequacy of the loan guarantee commitment, taking into account the difficulties faced by small and medium enterprises in securing loans from a highly volatile money market.</p> <p>(b) The Administration should prevent exploitation of the financial assistance for small and medium enterprises.</p>	The Finance Committee approved the funding proposal on 6 May 2005.
Increasing the child allowance from HK\$30,000 per child to HK\$40,000.	Child allowance should be increased to help parents meet with the considerable spending required for their children's education and other items.	The <i>Revenue (Allowance for Tax) Bill 2005</i> was introduced on 22 April 2005 to implement both relief measures. A Bills Committee was set up to examine the <i>Bill</i> which was passed on 8 June 2005.
Introducing a new basic allowance and an additional allowance for taxpayers maintaining dependent parents/grandparents aged between 55 and 59, each entitling to HK\$15,000 a year.	<p>(a) The new tax allowance should be limited to those parents/grandparents who were unemployed or with taxable income not exceeding a prescribed limit.</p> <p>(b) The age of parents/grandparents eligible for the tax allowance should be relaxed from 55 to 50.</p>	

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