

**The Administration's response
to matters arising from the Special Meeting
of the Legislative Council Panel on Development
on 20 November 2010**

**Special Stamp Duty and
Property Acquisition by the Urban Renewal Authority**

Purpose

At the meeting of the LegCo Panel on Development held on 20 November 2010, Hon James To enquired how the Special Stamp Duty (SSD), announced on 19 November 2010 to curb short term speculation in residential properties, which is now the subject of the Stamp Duty (Amendment) (No 2) Bill 2010, would affect the acquisition of properties by the Urban Renewal Authority (URA) for its redevelopment projects. The information is set out below.

The Administration's Response

2. At present, during the voluntary acquisition stage of the URA's redevelopment projects, the URA, as purchaser, will, as in line with current market practice, pay the ad valorem property transaction stamp duty upon the assignment of property from the affected owner. This arrangement will remain the same with the introduction of the SSD.

3. As regards the payment of SSD during the voluntary acquisition stage, considering that the property owners affected by URA's redevelopment projects will not have any prior knowledge of the impending redevelopment before the projects are commenced by gazette, the URA is prepared to pay any SSD applicable if the property owners have acquired the properties before the projects are gazetted under section 23 of the Urban Renewal Authority Ordinance (URAO) (Cap. 563). However, for those owners who have acquired properties within the URA's redevelopment project boundary only after project commencement, as they should be aware of the impending redevelopment and the application of the SSD, the URA will only pay an equal share of the SSD applicable and the owners will have to pay the remaining half of the SSD. There should not be any concern regarding stamp duty, including SSD, when the project proceeds to resumption, as the resumption process does not give rise to any chargeable agreement for stamping.

4. We expect that the SSD should have little, if any, impact on URA-initiated redevelopment projects.

Development Bureau
March 2011