

FACT SHEET

Selected cases of implementation of relief measures

I. 2010-2011 financial year		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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"> (a) The internet access subsidy should be provided in the School Textbook Assistance Scheme for needy students. (b) A mechanism should be established to monitor the use of the subsidy for Internet learning by recipient families. (c) The scope of subsidy should cover the disabled for Internet learning. 	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"> (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. (b) Public housing rentals should be reduced in the longer term. (c) A long-term assistance strategy on provision of relief to the needy should be formulated. 	The Finance Committee approved the funding proposal on 14 May 2010.

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

2010-2011 financial year (cont'd)		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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.	<ul style="list-style-type: none"> (a) The Administration should review the CSSA standard payment rates, the asset limit and residence requirements. (b) The permissible limit of absence from Hong Kong should be relaxed for recipients of Old Age Allowance. (c) The processing time for Social Security Allowance cases should be shortened. (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. 	The Finance Committee approved the funding proposal on 14 May 2010.
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.	The Administration should issue circulars to schools and parents reminding them that the grant was strictly for study purposes.	The Finance Committee approved the funding proposal on 14 May 2010.

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

2010-2011 financial year (cont'd)		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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.

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

II. 2009-2010 financial year		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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)

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
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)

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", two months' rent was paid in full for tenants/licencees ¹ 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 ² . As for well-off HA tenants/licencees paying additional rent ³ , 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.

¹ 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.

² 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.

³ 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)

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", loan guarantee commitment was raised from HK\$12.6 billion to HK\$20 billion, with an expected expenditure increase 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)

III. 2008-2009 financial year		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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)

2008-2009 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
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)

2008-2009 financial year (cont'd)		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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)

2008-2009 financial year (cont'd)		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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 2008⁴.</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 ⁵ .

⁴ 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.

⁵ 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)

IV. 2007-2008 financial year		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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)

2007-2008 financial year (cont'd)		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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.

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

V. 2006-2007 financial year		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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)

VI. 2005-2006 financial year		
Proposed relief measures in the Budget	Concerns raised by Members about the proposal	Date of meeting and outcome
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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