

Subcommittee on Rating (Exemption) Order 2014

Rates Exemption Proposal in the 2014-15 Budget

Purpose

In the 2014-15 Budget, the Government proposed to waive rates for the first two quarters of 2014-15, subject to a ceiling of \$1,500 per tenement per quarter. This paper briefs Members on the details of the proposal.

Justifications

2. Rates exemption is one of the one-off relief measures in the 2014-15 Budget. When drawing up the one-off relief measures to be included in the Budget, the Government has taken into account the series of recurrent measures introduced by Government earlier to help the grassroots, the economic outlook for the next financial year, especially a slight slowdown in inflation, and the financial position in the current financial year. One-off relief measures primarily serve to help the public cope with short-term financial pressure and to achieve the counter-cyclical stimulus effect for the purpose of preserving economic stability and short-term employment. Unlike recurrent measures, one-off measures are necessarily subject to adjustment in the light of the economic and financial position of the year.

3. We propose to waive rates for the first two quarters of 2014-15. The proposed rates exemption will benefit about 3.1 million properties currently assessed to rates payment. During the two quarters with rates concession, about 73% of ratepayers need not pay any rates for the relevant properties.

Legal Basis

4. Section 36(2) of the Rating Ordinance provides that the Chief Executive in Council may, by order, declare any class of tenements, or parts thereof, or any part of Hong Kong to be exempted from the payment of rates wholly or in part. In order to effect the proposed rates exemption, the Chief Executive in Council has made the Rating (Exemption) Order 2014 (“the Order”) (see **Annex**) under section 36(2) of the Rating Ordinance. The Order was gazetted on 26 February 2014.

The Order

5. The provisions of the Order are as follows -
- (a) Section 1 provides that the Order comes into operation on 1 April 2014.
 - (b) Section 2 provides for the definition of “concession period” (meaning each quarter in the period from 1 April 2014 to 30 September 2014).
 - (c) Section 3 provides that a tenement included in a valuation list that is in force will be exempted from the payment of rates up to an amount of \$1,500 per concession period. The \$1,500 cap will be reduced on a pro rata basis if rates are payable for only part of the concession period.

Legislative Timetable

6. The Order will be tabled at the Legislative Council on 19 March 2014 for negative vetting.

Financial Implications

7. We estimate that the rates exemption measure will result in one-off revenue forgone of \$6,135 million.

Implementation Date

8. The rates exemption measure will be effective from 1 April 2014. As in the past, the rates concession amount will be reflected in the demand notes for rates payment for the relevant quarters.

Financial Services and the Treasury Bureau
March 2014

L.N. 26 of 2014**Rating (Exemption) Order 2014**

(Made by the Chief Executive in Council under section 36(2) of the Rating Ordinance (Cap. 116))

1. Commencement

This Order comes into operation on 1 April 2014.

2. Interpretation

In this Order—

concession period (寬免期) means each of the following periods—

- (a) 1 April 2014 to 30 June 2014 (both dates inclusive);
- (b) 1 July 2014 to 30 September 2014 (both dates inclusive).

3. Exemption from payment of rates

A tenement included in a valuation list that is in force is exempted from the payment of rates in respect of any concession period by an amount equal to the rates payable for that period or \$1,500, whichever is less. The amount of \$1,500 is reduced on a pro rata basis if rates are payable for only part of the concession period.

Kinnie WONG
Clerk to the Executive Council

COUNCIL CHAMBER

26 February 2014

Explanatory Note

This Order declares that all tenements are exempted from the payment of rates in respect of any quarter in the period 1 April 2014 to 30 September 2014 wholly, if the amount of rates payable for the quarter is \$1,500 or less, or up to \$1,500, if the amount is more than \$1,500.