

立法會
Legislative Council

LC Paper No. CB(1)1758/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/8/02

Bills Committee on Revenue (No. 2) Bill 2003

**Minutes of the first meeting
held on Tuesday, 13 May 2003, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon Eric LI Ka-cheung, JP (Chairman)
Hon Albert HO Chun-yan
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Howard YOUNG, JP
Hon Henry WU King-cheong, BBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok, JP
- Members absent** : Dr Hon David CHU Yu-lin, JP
Hon CHAN Yuen-han, JP
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee
Hon LAU Ping-cheung
- Public officers attending** : Mr Martin GLASS, JP
Deputy Secretary for Financial Services and the Treasury
(Treasury)
- Miss Erica NG
Principal Assistant Secretary for Financial Services and
the Treasury (Treasury)

Mrs Alice LAU MAK Yee-ming, JP
Commissioner of Inland Revenue

Mr CHU Yam-yuen
Assistant Commissioner of Inland Revenue (Unit 2)

Mr SO Chau-chuen
Assistant Commissioner of Inland Revenue (Unit 1)

Miss Monica LAW
Senior Assistant Law Draftsman

Mr Ivanhoe CHANG
Assistant Secretary for Financial Services and the
Treasury (Treasury)

Clerk in attendance : Miss Polly YEUNG
Chief Assistant Secretary (1)3

Staff in attendance : Mr Arthur CHEUNG
Senior Assistant Legal Adviser 2

Mr Matthew LOO
Senior Assistant Secretary (1)3

I Election of Chairman

Mr Eric LI was elected Chairman of the Bills Committee.

II Meeting with the Administration

(The Bill and papers for background information)

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|-----------------------------|--|
| LC Paper No. CB(3)540/02-03 | - Revenue (No. 2) Bill 2003 |
| FIN CR 1/7/2201/02 | - The Legislative Council Brief issued by the Financial Services and the Treasury Bureau on 2 April 2003 |
| LC Paper No. LS91/02-03 | - The Legal Service Division Report on the Bill |

LC Paper No. CB(1)1643/02-03(02) - Marked-up copy of the Bill)

2. The Bills Committee deliberated (Index of proceedings attached at **Annex**).
3. The Administration tabled the document "Effect of revenue proposals on salaries tax liabilities" at the meeting for members' reference.

(Post-meeting note: The tabled document was circulated to members vide LC Paper No. CB(1)1672/02-03 on 14 May 2003.)

4. The Bills Committee noted that Senior Assistant Legal Adviser 2 (SALA2) had issued a letter on 12 May 2003 to seek the Administration's clarification on some technical issues of the Bill.

(Post-meeting note: SALA2's letter was circulated to members vide LC Paper No. CB(1)1674/02-03 on 15 May 2003.)

Follow-up actions to be taken by the Administration

5. At the request of the Bills Committee, the Administration undertook to provide members with the following information:
 - (a) With the assistance of the Government Economist, the Administration to try to generate information on the impact of the outbreak of the Severe Acute Respiratory Syndrome (including the proposed relief measures) on the revenue estimates;
 - (b) To illustrate the effect of the reversion of the marginal tax rates and tax bands under salaries tax to their levels before the concessions made in 1998-99 by adding the analysis and information back to 1997-98 to the table "Effect of the revision of the marginal tax bands and rates on tax payable for the first \$120,000 chargeable income" in the Supplement to the Financial Secretary's Budget Speech 2003-04;
 - (c) To provide the Committee Stage Amendments to clause 3 of the Bill, with the necessary explanation, on the proposed removal of exemption for holiday warrant and passage, and to consider the impact, if any, on the airline/travel industry;
 - (d) To provide a paper to explain how the effective tax rate of 5.25% on deeming assessable profits was arrived at pursuant to the proposed amendments under clause 5 of the Bill; and to compare the proposed arrangement with neighbouring countries such as Japan, Korea and Singapore; and

- (e) To clarify the effect of clauses 2 and 15(6) in response to SALA2's letter dated 12 May 2003 (LC Paper No. CB(1)1674/02-03(01)).

Public consultation

6. The Bills Committee discussed and agreed that views on the Bill should be sought. As agreed by the Committee, the Clerk would:

- (a) arrange for the invitation of public views by uploading a general invitation notice onto the Website of the Legislative Council; and
- (b) issue letters to chambers of commerce, related professional associations, travel-related organizations and copyright and trade mark-related organizations to invite views, if any, on the Bill.

(Post-meeting note: The invitation note was uploaded onto the LegCo Website on 14 May 2003. Letters were issued to relevant organizations on 14 May 2003. Members were informed of the list of invitees vide LC Paper No. CB(1)1675/02-03 dated 15 May 2003 and invited to make further suggestions, if any.)

7. Having deliberated on the policy aspects of the Bill, members agreed to commence clause-by-clause scrutiny of the Bill.

Dates of next meetings

8. The Bills Committee agreed that the second and third meeting be held as follows:

<u>Date</u>	<u>Time</u>
27 May 2003 (Tuesday)	10:45 am to 12:45 pm
6 June 2003 (Friday)	8:30 am to 10:30 am

Members agreed that if deputations would like to present views to the Bills Committee, they would be invited to attend the second meeting on 27 May 2003.

III Any other business

9. There being no other business, the meeting ended at 12:40 pm.

**Proceedings of the meeting of the
Bills Committee on Revenue (No. 2) Bill 2003
First meeting on Tuesday, 13 May 2003, at 10:45 am
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000047	Mr Eric LI Mrs Selina CHOW Mr SIN Chung-kai	Election of Chairman	
000048 - 000726	Chairman Administration	Briefing by the Administration	
000727 - 000904	Chairman Mr SIN Chung-kai	Public consultation on the Bill	
000905 - 001537	Chairman Mrs Selina CHOW Administration	Impact of the outbreak of the Severe Acute Respiratory Syndrome on the revenue estimates	The Administration to take follow-up action set out in paragraph 5(a) of the minutes
001538 - 001805	Chairman Administration	Comprehensive review on revenue intake	
001806 - 003642	Chairman Administration Mrs Selina CHOW	Effect of the proposed reversion of the marginal tax bands and rates on tax to their levels before the concessions in 1998-99	The Administration to take follow-up action set out in paragraph 5(b) of the minutes
003643 - 004325	Mr SIN Chung-kai Administration Chairman	Effect of the Bill on provisional tax	
004326 - 004445	Chairman Mr SIN Chung-kai	Initial stance of Members of the Democratic Party that they would object to clause 10 and part of clause 11, and would support the other proposed provisions	
004446 - 004613	Chairman Mr CHAN Kam-lam	Initial stance of Members of the Democratic Alliance for Betterment of Hong Kong that they supported the Bill	

Time marker	Speaker	Subject(s)	Action required
004614 - 004710	Chairman Mr SIN Chung-kai Administration	Exemption for holiday warrant and passage	
004711 - 004900	Chairman Mrs Selina CHOW	Initial stance of Members of the Liberal Party that they supported the Bill	
004901 - 004950	Chairman	Views of the accounting professions on the Bill that they basically supported the Bill taking into account of the proposed salaries tax rebate	
004951 - 005105	Chairman	Invitations for views on the Bill	Clerk to inform the relevant organizations
005106 - 005445	Chairman Administration	<u>Legislative timetable</u> (a) The Administration hoped to enact the Bill within the current LegCo session. (b) The Administration would effect the proposed salaries tax rebate by subsidiary legislation under negative vetting.	
005446 - 010510	Chairman Mr CHAN Kam-lam Mr SIN Chung-kai Mrs Selina CHOW	Invitations for views on the Bill	
010511 - 010737	Chairman Mr CHAN Kam-lam Mrs Selina CHOW	Clause by clause examination of the Bill	
010758 - 010828	Chairman Administration	Clauses 1 and 2	

Time marker	Speaker	Subject(s)	Action required
010829 - 012040	Chairman Administration Mr SIN Chung-kai Mrs Selina CHOW Mr Albert HO	Clause 3 - proposed Committee Stage Amendments to remove ambiguity	The Administration to take follow-up action set out in paragraph 5(c) of the minutes
012041 - 012423	Chairman Administration Mr Albert HO SALA2	Clause 4	
012424 - 012957	Chairman Administration Mrs Selina CHOW	Clause 5 - effective tax rate on deeming assessable profits	The Administration to take follow-up action set out in paragraph 5(d) of the minutes
012958 - 013049	Chairman Administration Mrs Selina CHOW Mr SIN Chung-kai	Clause 7	
013050 - 013122	Chairman Administration	Clause 6	
013123 - 013200	Chairman Administration	Clause 7 and Chinese version of the Bill	
013201 - 013513	Chairman Administration Mrs Selina CHOW	Clause 8	
013514 - 013553	Chairman Administration	Clause 9	
013554 - 013654	Chairman Administration	Clause 10	
013655 - 013925	Chairman Administration Mr SIN Chung-kai	Clause 11	
013926 - 014121	Mr SIN Chung-kai SALA2 Mrs Selina CHOW	Procedures to amend certain provisions proposed in clause 11 of the Bill	

Time marker	Speaker	Subject(s)	Action required
014122 - 014649	Chairman Administration SALA2 Mr Albert HO	Clause 12	The Administration to take follow-up action set out in paragraph 5(e) of the minutes
014650 - 015200	Chairman Clerk Mr SIN Chung-kai Mrs Selina CHOW	(a) Concluding remarks (b) Scheduling of second and third meetings	

Council Business Division 1
Legislative Council Secretariat
26 May 2003