

立法會
Legislative Council

LC Paper No. CB(1)1984/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/8/02

Bills Committee on Revenue (No. 2) Bill 2003

Minutes of the third meeting
held on Friday, 6 June 2003, at 8:30 am
in Conference Room A of the Legislative Council Building

- Members present** : Hon Eric LI Ka-cheung, JP (Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, 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** : Hon Albert HO Chun-yan
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

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

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

Ms Debbie YAU
Senior Assistant Secretary (1)1

I Confirmation of minutes

LC Paper No. CB(1)1873/02-03 - Minutes of 2nd meeting on 27 May 2003

The minutes of the second meeting on 27 May 2003 were confirmed.

II Meeting with the Administration

LC Paper No. CB(1)1872/02-03(01) - Administration's response to the issues of concern raised by members at the second meeting on 27 May 2003

LC Paper No. CB(1)1757/02-03(04) - Administration's response to the issues of concern raised by members at the first meeting on 13 May 2003

LC Paper No. CB(1)1774/02-03(01) - Draft Committee Stage amendment to amend clause 3 of the Bill proposed by the Administration

- LC Paper No. CB(1)1757/02-03(05) - Administration's response to Senior Assistant Legal Adviser's letter dated 12 May 2003
- LC Paper No. CB(1)1674/02-03(01) - Letter dated 12 May 2003 from Senior Assistant Legal Adviser to Administration
- LC Paper No. CB(3)540/02-03 - The Bill
- 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. CB(1)1643/02-03(02) - Marked-up copy of the Bill

2. The Bills Committee deliberated (Index of proceedings attached at **Annex**).

Issues which required follow-up actions/consideration by the Administration

3. At the request of the Bills Committee, the Administration undertook:
- (1) To consider whether it was necessary to specify an exclusion in clause 3(c) where the predominant purpose of a journey was for non-holiday purposes to avoid incidental holidays in a business journey being caught as part of the journey taken for holiday purposes. Members were concerned that part of the expenses for the journey provided by the employer which related to the incidental holiday would be considered as income from employment;
 - (2) To issue a Departmental Interpretation and Practice Note after the passage of the Bill to explain the basis of apportionment of a journey comprising both a duty visit and a holiday trip. The Administration would give an undertaking of this arrangement in the Second Reading debate on the Bill.
 - (3) To inform the Joint Liaison Committee on Taxation in writing about the effective date of applying the new deeming rate of assessable profits for payment made under clause 5, with copies circulated to related professional bodies. The Administration would confirm the arrangement in the Second Reading debate on the Bill. The Administration would provide a copy of the letter to the Bills Committee for information.

4. The Bills Committee agreed that since it had completed scrutiny of the Bill, it would not be necessary for the Bills Committee to hold a further meeting on 12 June 2003 as previously scheduled. Members also agreed that the Bills Committee would report to the House Committee on 13 June 2003, pending members' comments, if any, on the requested information to be provided by the Administration. Members agreed that the Administration could resume Second Reading debate on the Bill on 2 July 2003. They also noted that Mr SIN Chung-kai would move CSAs relating to the marginal tax rates/bands and allowances of salaries tax on behalf of Members of the Democratic Party.

(Post-meeting note: At the subsequent request of the Administration and with the concurrence of the Bills Committee, the Administration would resume Second Reading debate on the Bill on 25 June 2003 (Details given in LC Paper Nos. CB(1) 1920/02-03 and CB(1) 1929/02-03). The deadline for giving notice of CSAs would be 16 June 2003.)

III Any other business

5. There being no other business, the meeting ended at 10:15 am.

Council Business Division 1
Legislative Council Secretariat
17 June 2003

**Proceedings of the meeting of the
Bills Committee on Revenue (No. 2) Bill 2003**

**Third meeting on Friday, 6 June 2003, at 8:30 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000132	Chairman	Introductory remarks and confirmation of minutes on 27 May 2003.	
000133 - 000824	Chairman Administration	The Administration introduced the paper LC Paper No. CB(1)1827/02-03(01)	
000825 - 003136	Chairman Administration Mrs Selina CHOW Mr MA Fung-kwok	(a) Impact of the proposed increase in the deeming rate of assessable profits from cinematograph films, patents, trademarks etc on local film and music industries. (b) Computation of assessable profits for payments involved in the use of or right to use certain intellectual properties under a contract covering the markets of both Hong Kong and other places, and double taxation policy.	
003137 - 003520	Chairman Administration	Effective date of applying the new deeming rate of assessable profits for payment made under clause 5.	The Administration to follow up as set out in paragraph 3(3) of the minutes.
003521 - 011117	Chairman Administration	Whether to specify an exclusion in clause 3(c) where the predominant purpose of a journey was for non-holiday purposes to avoid incidental holidays in a business journey being caught as part of the journey taken for holiday purposes. Members were concerned that part of the expenses for the journey provided by the employer which related to the incidental holiday would be considered as income from employment.	The Administration to follow up as set out in paragraphs 3(1) and 3(2) of the minutes
011118 - 011526	Chairman Mr SIN Chung-kai Administration	Proposed Committee Stage Amendments to be moved by Mr SIN Chung-kai on behalf of Members of Democratic Party.	

Time marker	Speaker	Subject(s)	Action required
011527 - 011945	Chairman Mr Howard YOUNG Clerk Administration	Whether annual journeys taken by expatriate staff to their place of origin were holiday journeys subject to the clause 3 as amended.	
011946 - 012750	Chairman Administration	Clause by clause examination of the Bill: Clauses 13 to 15.	
012751 - 013436	Chairman Mr Howard YOUNG Clerk Administration	(a) Members agreed that the Administration may resume Second Reading debate of the Bill on 2 July 2003. (b) No other members indicated intention to move CSAs.	

Council Business Division 1
Legislative Council Secretariat
17 June 2003