

財 經 事 務 及 庫 務 局  
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10 June 2003

Clerk to Bills Committee  
(Attn: Ms Debbie Yau)  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong  
(Fax: 2121 0420)

Dear Ms YAU,

**Bills Committee on Revenue (No. 2) Bill 2003**

Thank you for your letter of 7 June 2003. Our response is provided hereunder.

As discussed with the Chairman of the Bills Committee as well as Hon Selina CHOW after the last Bills Committee meeting, we think that the definition of “holiday journey” in the current clause 3(c) is sufficiently clear in reflecting our policy. It would not be possible to list out all the circumstances/scenarios in the legislation. We understand that the existing wording is also acceptable to the accounting and tax professionals. As with other tax rules, the Inland Revenue Department will issue Departmental Interpretation and Practice Note (DIPN) in order to explain in detail interpretation of and guidelines on this provision, including the basis of apportionment of a journey comprising both a duty visit and a holiday trip. We will also give the undertaking to issue a DIPN in the Second Reading debate on the Bill.

As undertaken at the Bills Committee meeting, we will confirm the arrangement regarding the effective date of applying the new deeming rate of assessable profits for payment under clause 5 in the Second Reading Debate on the Bill. We have also confirmed the arrangement with the Joint Liaison Committee on Taxation as well as other professional bodies.

With the above remarks, we urge Members to support the Revenue (No. 2) Bill 2003. The Administration's intention is to resume Second Reading Debate on 25 June 2003.

Yours sincerely,

(Ivanhoe Chang)  
for Secretary for Financial Services and the Treasury