

香港工業總會  
Federation of  
Hong Kong Industries

CB(1)2470/02-03 (13)

8 September 2003

Mr Matthew Loo  
Clerk to the Bills Committee on the  
Boundary Facilities Improvement Tax Bill  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Hong Kong

Dear Mr Loo,

**Boundary Facilities Improvement Tax Bill**

Thank you for your letter of 11 July 2003 inviting our views on the Boundary Facilities Improvement Tax Bill.

The Federation has long called for the improvement of boundary facilities to increase the efficiency of cross-boundary traffic for both goods and passengers. Traffic flow between Hong Kong and the Pearl River Delta has witnessed exponential growth over the last decade. This is mainly due to the increasing economic activity between Hong Kong and the Mainland. Obviously, the existing boundary facilities are far from adequate and cannot keep up with demand. As furthering Hong Kong/PRD economic co-operation and integration is vital to the future of Hong Kong, and particularly to the speedy recovery of our economy, we see an urgent need to upgrade and build more facilities to ensure our boundary with Guangdong is as seamless as possible.

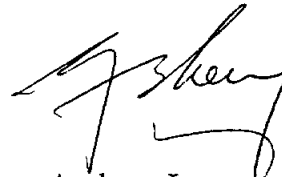
Against this background and considering the Government's present budgetary constraints, we accept the proposal to introduce the Boundary Facilities Improvement Tax on condition that any government income generated from this tax is earmarked for the sole use of improving the boundary facilities. The proposed tax rates of \$18 per passenger and \$100 per private car are considered acceptable to the business community.

Regarding the exemption arrangement, we agree with the Government's proposal to grant local children, students, drivers of cross-boundary vehicles and overseas transit passengers full tax exemption. In this connection, we understand that direct cross-boundary road passenger transportation services from the Chek Lap Kok Airport

to PRD cities are now being provided by several Hong Kong transport operators. Since those passengers using such services are also in transit, we recommend that they be exempted from paying the tax as well.

We hope the above views and recommendations will be useful to members of the Bills Committee when deliberating the Bill.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Leung', written in a cursive style.

Andrew Leung  
Chairman

c.c. The Hon. Kenneth Ting