

**立法會**  
**Legislative Council**

Ref : CB2/BC/10/04

LC Paper No. CB(2)2106/04-05  
(These minutes have been seen by  
the Administration)

**Bills Committee on  
Revenue (Abolition of Estate Duty) Bill 2005**

**Minutes of the meeting  
held on Thursday, 2 June 2005 at 4:30 pm  
in Conference Room A of the Legislative Council Building**

**Members present** : Hon Miriam LAU Kin-ye, GBS, JP (Chairman)  
Hon James TIEN Pei-chun, GBS, JP  
Hon LEE Cheuk-yan  
Dr Hon LUI Ming-wah, JP  
Hon Margaret NG  
Hon CHAN Yuen-han, JP  
Hon Bernard CHAN, JP  
Hon SIN Chung-kai, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Abraham SHEK Lai-him, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon LI Kwok-ying, MH  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon WONG Ting-kwong, BBS  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon TAM Heung-man

**Members absent** : Hon Albert HO Chun-yan  
Dr Hon David LI Kwok-po, GBS, JP  
Hon CHAN Kam-lam, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Vincent FANG Kang, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Patrick LAU Sau-shing, SBS, JP

**Public Officers attending** : Mr Martin GLASS  
Deputy Secretary for Financial Services and the Treasury  
(Treasury)

Miss Erica NG  
Principal Assistant Secretary for Financial Services and the  
Treasury (Treasury)

Mr K C KWOK  
Government Economist

Mr Arthur YUEN  
Hong Kong Monetary Authority  
Executive Director (Banking Supervision)

Mrs Millie NG KIANG Mei-nei  
Principal Assistant Secretary for Financial Services and the  
Treasury (Financial Services)

Mrs Teresa CHU WONG Lai-fun  
Assistant Commissioner of Inland Revenue

Mr Allen NG  
Deputy Commissioner of Estate Duty of Inland Revenue

Mrs Nancy HUI  
Principal Assistant Secretary for Home Affairs

Mr Gilbert MO  
Deputy Law Draftsman  
Department of Justice

Ms Vicki LEE  
Senior Government Counsel  
Department of Justice

**Clerk in attendance** : Mrs Sharon TONG  
Chief Council Secretary (2)1

**Staff in attendance** : Ms Bernice WONG  
Assistant Legal Adviser 1

Mrs Eleanor CHOW

Senior Council Secretary (2)4

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**Matters arising**

The Bills Committee accepted the application for late membership by Mr LEE Cheuk-yan. Members noted that the quorum for the Bills Committee was revised to eight members.

**I. Meeting with the Administration**

(LC Paper No. CB(2) 1778/04-05(01) – Administration’s response to issues raised at the meeting on 31 May 2005)

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).
3. The Bills Committee requested the Administration –
  - (a) to compare the increase in asset management business in Singapore (35% in 2003) with its neighbouring countries which did not exempt non-domiciles from estate duty over the corresponding period;
  - (b) to advise on the statutory duties of an executor as well as the safeguards provided to beneficiaries to prevent intermeddling with and misappropriation of the estate at present and after the enactment of the Bill, e.g., the need to prepare a full inventory of the estate and timely distribution of assets to beneficiaries by the executor under the Estate Duty Ordinance (EDO);
  - (c) to provide information on the number of cases paying estate duty by installment;
  - (d) to explain in detail the procedures and time taken to file an application for grant at present and after the enactment the Bill;
  - (e) to provide a copy of the consultation paper relating to the abolition of estate duty released to the Hong Kong Association of Banks, the Hong Kong Bar Association and the Law Society of Hong Kong;
  - (f) to provide information on the increase in asset management business in other jurisdictions which had abolished estate duty;
  - (g) to advise on the consultation periods for the proposals of the Securities and Futures Commission to revise the Hedge Funds Guidelines and the proposal of the Administration to exempt offshore funds from profits tax, and the timetable to implement these proposals (paragraphs 4 to 6 of

Annex D to LC Paper No. CB(2) 1778/04-05(01));

- (h) to provide information on how the United States abolished estate duty as proposed in the bill recently passed by the House of Representative and the reasons for supporting and opposing the abolition;
- (i) to advise whether jurisdictions which had abolished estate duty imposed capital gains tax; and
- (j) to explain the reasons for not repealing EDO but allowed it to remain on the statute book, and impact of the Bill on the provisions of EDO.

*(Post-meeting note : The Administration's response was issued to members vide LC Paper No. CB(2)1832/04-05(01) on 6 June 2005.)*

## **II. Date of next meeting**

4. Members noted that the next meeting would be held on 6 June 2005 at 3:00 pm to receive views from deputations. The Chairman requested the Administration to provide written responses to the submissions received before the next meeting.

5. The meeting ended at 6:30 pm.

Council Business Division 2  
Legislative Council Secretariat  
27 June 2005

**Proceedings of the meeting of the  
Bills Committee on  
Revenue (Abolition of Estate Duty) Bill 2005  
on Thursday, 2 June 2005 at 4:30 pm  
in Conference Room A of the Legislative Council Building**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
000000 - 000248	Chairman	Opening remarks	
000249 - 000342	Hon LEE Cheuk-yan Hon James TIEN Hon WONG Ting-kwong Chairman	Application of late membership	
000343- 000753	Chairman Hon Margaret NG Chairman Admin	Receipt of the Administration's papers	
000754 - 001423	Chairman Admin	Exemption of non-domiciles and non-residents from estate duty	
001424 - 001929	Hon Margaret NG Admin Chairman	Reasons for not amending the Estate Duty Ordinance (EDO) to provide for exemption of non-domiciles and non-residents from estate duty so as to achieve the same effect as the proposed abolition of estate duty in the Bill	
001930 - 002132	Hon SIN Chung-kai Chairman Admin	Whether the neighbouring countries in Singapore enjoyed a similar increase in asset management (35% in 2003) despite they did not exempt non-domiciles from estate duty	<b>Admin to provide the requested information</b>
002133 - 002227	Hon TAM Heung-man	Comparison between the tax system in Hong Kong and Singapore	
002228 - 002453	Chairman Admin	Procedures with and without estate duty and statistics on processing time	

Time marker	Speaker	Subject(s)	Action Required
002454 - 003301	Hon Margaret NG Chairman Admin	Reference to the submission of the Law Society of Hong Kong in respect of protection to beneficiaries under EDO  Explanation on the flowchart showing steps and time taken to unfreeze the assets with estate duty  Whether improving efficiency could shorten the time taken for estate duty clearance	
003302 - 003846	Hon LEE Cheuk-yan Chairman Admin	Whether the lengthy procedures for clearing estate duty was a main consideration for abolishing estate duty  Streamlining procedures to shorten the time for obtaining grant of representation.	
003847 - 004505	Hon Audrey EU Admin Chairman	Statutory duties of an executor under EDO and after enactment of the Bill  Safeguards to the beneficiaries to prevent intermeddling with the estate	<b>Admin to provide the requested information</b>
004506 - 004833	Hon Jeffrey LAM Admin Chairman	Time taken by small and medium enterprises to clear estate duty  Requests for payment of estate duty by installment	<b>Admin to provide the requested information</b>
004834 - 005926	Hon Margaret NG Admin Chairman	Procedures and time taken for filing application for grant at present and after the enactment of the Bill  Whether the simplified probate procedures proposed in the Bill had been set out in a consultation paper and the parties consulted	<b>Admin to provide the requested information</b>

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
005927 - 010800	Hon LEE Cheuk-yan Chairman Admin	Size of the asset management market and Hong Kong's share  Factors contributing to foreign and domestic investment in asset management in Hong Kong	
010801 - 010922	Hon LUI Ming-wah Admin	Impact of abolishing estate duty on asset management in other jurisdictions	<b>Admin to provide the requested information</b>
010923 - 011938	Hon Audrey EU Admin Chairman	Factors contributing to foreign and domestic investment in asset management in Hong Kong  Whether the abolition of estate duty would result in attracting investors to invest in or transfer their asset to Hong Kong	
011939 - 012744	Hon CHAN Yuen-han Admin	Reasons for not abolishing estate duty progressively	
012745 - 014134	Hon Margaret NG Admin Chairman	Whether Hong Kong's small market share in asset management was a result of the requirement to pay estate duty  Urgency to implement abolition of estate duty in Hong Kong	
014135 - 014320	Hon CHAN Yuen-han Chairman Admin	Reasons for not consulting LegCo Panel on the Bill	
014321 - 014439	Chairman Admin	Measures to further develop Hong Kong as an asset management centre	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
014440 - 015019	Hon Margaret NG Admin	Consultation periods for the proposals of the Securities and Futures Commission to revise the Hedge Funds Guidelines and the proposal of the Administration to exempt offshore funds from profits tax, and the timetable to implement these proposals	<b>Admin to provide the requested information</b>
015020 - 015201	Chairman Admin	Reasons for overseas jurisdictions abolishing estate duty	
015202 - 015249	Hon Margaret NG Admin	Reasons for the United States to abolish estate duty  Jurisdictions which abolished estate duty while imposed capital gains tax	<b>Admin to provide the requested information</b>
015250 - 015729	Chairman Hon Margaret NG	Issues deferred for discussion to the meeting on 7 June 2005  Reasons for and impact of the Bill not repealing EDO but allowed it to remain on the statute book  Administration's responses to the submissions	<b>Admin to provide the requested information</b>