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( 庫 務 科 )  
香 港 下 亞 厘 畢 道  
中 區 政 府 合 署

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**FINANCIAL SERVICES AND  
THE TREASURY BUREAU**  
**(The Treasury Branch)**  
Central Government Offices,  
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13 September 2005

Mrs Sharon Tong  
Clerk to Bills Committee on  
Revenue (Abolition of Estate Duty) Bill 2005  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong  
(Fax No. : 2509 0775)

Dear Mrs Tong,

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

I refer to your letter of yesterday's date enclosing a petition from Mrs Shirley Lau on the Revenue (Abolition of Estate Duty) Bill 2005. Please be advised that we have received the same letter from Mrs Lau and Hon Audrey Eu and that we have replied to Mrs Lau. A copy of our reply is enclosed herewith for Members' information.

Yours sincerely,

(Miss Erica Ng)  
for Secretary for Financial Services and the Treasury

Encl.

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5 September 2005

Mrs Shirley Y S Lau  
Flat A1, 5/F, Blk A  
8 Wong Nai Chung Gap Road  
Happy Valley  
Hong Kong

Dear Mrs Lau,

**Revenue (Abolition of Estate Duty) Bill 2005**

Thank you for your letter of 20 August to the Financial Secretary, who has asked me to reply on his behalf.

We are sorry to hear of the passing of your late husband, a renowned psychiatrist who made a great contribution to society.

In your letter you share with us your observations on the above Bill as well as your suggestion that the abolition of Estate Duty should be back-dated to 1 April 2005. Permit me to explain the Administration's proposal regarding the implementation date of the Revenue (Abolition of Estate Duty) Bill 2005 in greater detail.

The proposal to abolish estate duty was put forward by the Financial Secretary in his Budget Speech on 16 March 2005. In preparing the proposal, the Administration had considered various options for the implementation date. These included back-dating the abolition to the date when the Budget was announced, or to the beginning of the new financial year, i.e. 1 April 2005, and the original proposal, i.e. for the abolition to take effect upon enactment of the Ordinance. The Administration originally decided to propose implementation upon enactment because we believed that different quarters in the community and the Legislative Council might have widely different views on the proposal to abolish estate duty. As there is no overriding operational reason to have estate duty abolished on the first day of a financial year (assessment of estate duty takes effect from the time of death instead of being tied to particular tax assessment years), we considered it more appropriate to allow the proposal to take effect after the Legislative Council had given its approval. (Indeed there is a view within the Legislative Council and the community that no retrospective arrangement for the abolition should be provided at all).

However the Government has now had regard to Members' different views on the new probate and administration procedures and the resulting uncertainty that has arisen as to when the Ordinance may be finally ready for enactment. It has therefore come to the view that giving retrospective effect to the abolition as from a date when there had been stated support (at the Bills Committee level) for the resumption of the second reading debate of the Bill would enable the proposal to have benefitted from adequate debate in the legislature, while at the same time not causing undue delay in bringing it into effect. Our latest proposal is therefore to back-date the abolition to the date when the Administration originally planned to gazette the Ordinance.

The above explains why we have opted for 15 July 2005 as the implementation date for the abolition proposal. There should not be any question of false expectation, as the Financial Secretary has made clear when announcing the proposal that the Administration's intention was to effect the abolition only upon enactment of the Ordinance.

We regret that we do not think it appropriate to change our proposed application date for estate duty abolition under the Bill in order to accommodate individual cases although we do sympathise deeply with you and others who have lost loved ones prior to the abolition of Estate Duty. We trust you can understand the Administration's position in this matter.

Yours sincerely,

( M M Glass )

for Secretary for Financial Services and the Treasury

c.c. Administrative Assistant to Financial Secretary  
Administrative Assistant to  
Secretary for Financial Services and the Treasury  
Hon Audrey Eu