



THE ASSOCIATION  
OF INTERNATIONAL  
ACCOUNTANTS

HONG KONG BRANCH

Room 1002, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong  
Tel: +852 2845 4982 Fax: +852 2845 7495 E-mail: aia@aiahkbranch.com Website: www.aia-greaterchina.com

Ref: TL/06053

Clerk to Bills Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong  
Attention: Mr. Stanley Ma

19 May 2006

Dear Stanley,

**Bills Committee on Betting Duty (Amendment) Bill 2006**  
**Invitation for submission**

On behalf of the Association of International Accountants Hong Kong Branch ("AIA Hong Kong") we wish to thank you for your kind invitation to our views on the above Bill.

The AIA is an international accountancy membership body, founded in the United Kingdom in 1928. The Association is one of six Recognised Qualifying Bodies in the UK for company auditors under the Companies Act 1989 and the AIA qualification is recognised throughout the European Union, Hong Kong and in many other countries worldwide.

We have studied the Bill, in conjunction with our previous submission in early June 2005, and we wish to submit our further comments about the impact of the Bill, if enacted, on illegal bookmaking activities in Hong Kong and possible increase of public participation in horse race betting. We consider the existing betting duty system and regulatory regime on horse race betting which were introduced in the 1970s have become inadequate for the purpose of effectively combating illegal gambling. Therefore, we support the proposed reforms to the betting system on horse race betting conducted by the Hong Kong Jockey Club ("HKJC"). By converting the betting duty on turnover-based to a tax on net stake receipts (gross margins),



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HKJC would improve its competitiveness and the Government would receive a less variable betting duty revenue from HKJC, particularly, revenue for the first four years from implementation of the new system would be guaranteed by HKJC. Nevertheless, our Association has no intention whatsoever to encourage the public on betting. Even though if the Bill is enacted, we do not consider the overall number of public participation in horse race betting will be increased.

We trust that our views are helpful and the public interest is protected.

Yours sincerely,



Tommy Lok **FAIA FCPA**  
Chief Executive Officer

c.c. Hon Mrs. Selina CHOW LIANG Shuk-ye, Chairman of Betting Duty (Amendment) Bill 2006  
Mr. Tommy Tam, JP, President of AIA  
Mr. Fung Wai Ying, President of AIA Hong Kong Branch