

香港特別行政區政府  
The Government of the Hong Kong Special Administrative Region

政府總部  
運輸及房屋局  
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8 February 2011

Ms Becky Yu  
Clerk to Bills Committee  
Bills Committee on the  
Stamp Duty (Amendment)(No.2) Bill 2010  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

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Dear Ms Yu,

**Bills Committee on Stamp Duty (Amendment) (No.2) Bill 2010**

I refer to your letter of 24 January 2011 to the Secretary for Transport and Housing, conveying the Chairman of the Bills Committee on Stamp Duty (Amendment) (No.2) Bill 2010's (the Bills Committee) request that the Administration provides information on the other anti-speculative measures which the Administration has considered before deciding on the introduction of the Special Stamp Duty (SSD).

The Government has been monitoring the development of the private residential property market closely and remains vigilant on the risk of formation of a property bubble. In February, April, August and October 2010, the Government introduced a package of measures in four areas to ensure the healthy and stable development of the property market. The four areas include increasing supply to tackle the problem at source, combating speculative activities, enhancing the transparency of property transactions, and preventing excessive expansion in mortgage lending. Those measures were taking effect, but owing to extraordinary external factors, in particular the announcement by the US Federal Reserve on the launching of the second round of "quantitative easing" amounting to US\$600 billion in November 2010, the private residential property market remained exuberant and the exuberant state of the property market has spread to the mass market.

Taking into account the aforementioned developments, the Government considered it necessary to introduce further measures to curb speculation, manage the risk of the formation of a property bubble and ensure the healthy and stable operation of the property market. To this end, the Financial Secretary announced new measures, including the introduction of the SSD, on 19 November 2010.

The Administration will continue to monitor the developments of the property market and will take further measures to curb speculation as necessary. Given market sensitivity, it is inappropriate for the Administration to comment on what measures apart from SSD it has considered before deciding on the introduction of the SSD, or on what further measures it may take.

That said, at the request of the Bills Committee, the Administration provided the Bills Committee with a comparison between the effect of the SSD and a 'punitive' profits tax (say 90%) in curbing property speculation, which was set out in the Annex to its reply of 20 January 2011 to the Bills Committee (LC Paper No CB(1) 1125/10-11(01)).

We are not in a position to say more than the above in response to the Chairman's request.

Yours sincerely,



( D.W. Pescod )  
for Secretary for Transport and Housing

c.c.  
Secretary for Transport and Housing  
Administrative Assistant to Financial Secretary