

立法會
Legislative Council

LC Paper No. CB(1)231/13-14
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by the Administration)

Ref : CB1/BC/1/12

Bills Committee on Stamp Duty (Amendment) Bill 2012

**Minutes of fourth meeting on
Monday, 18 February 2013, at 9:00 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Starry LEE Wai-king, JP (Chairman)
Hon James TO Kun-sun (Deputy Chairman)
Hon LEE Cheuk-yan
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon WONG Kwok-hing, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, SBS, JP
Hon WONG Kwok-kin, BBS
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon James TIEN Pei-chun, GBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Charles Peter MOK
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu
Dr Hon CHIANG Lai-wan, JP
Hon Tony TSE Wai-chuen

Members absent : Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP

Public officers attending : Agenda item I

Transport and Housing Bureau

Mr Duncan PESCOD, JP
Permanent Secretary for Transport and Housing
(Housing)

Mrs Vicki KWOK
Principal Assistant Secretary for Transport and
Housing (Housing) (Private Housing)

Mr Kasper NG
Senior Administrative Officer (Private Housing)

Financial Services and the Treasury Bureau

Ms Mable CHAN, JP
Deputy Secretary for Financial Services and the
Treasury (Treasury) 2

Inland Revenue Department

Mr Richard WONG, JP
Deputy Commissioner of Inland Revenue
(Operations)

Ms TSE Yuk-yip, JP
Assistant Commissioner of Inland Revenue

Mr HONG Wai-kuen
Senior Superintendent of Stamp Office
Department of Justice

Ms Monica LAW
Senior Assistant Law Draftsman

Ms Selina LAU
Senior Government Counsel

**Attendance by
Invitation**

: Agenda item I

The Real Estate Developers Association of Hong
Kong

Mr Louis LOONG
Secretary General

Hong Kong General Chamber of Commerce

Mr David O'REAR
Chief Economist

Hong Kong Chamber of Professional Property
Consultants Ltd

Mr Lawrance WONG Dun-king
Past President & Honorary Secretary

Property Agencies Association

Mr Tony KWOK Tak-leung
Chairman

Hong Kong Economic Development Strategy
Studies Centre

Dr Stephen HUI
Chief Research Officer

Individual

Dr YIP Kwok-chung

The Hong Kong Institute of Surveyors

Sr Lawrence POON
Chairman of Housing Policy Panel

Hong Kong Real Estate Agencies General
Association

Mr WONG Kin-kei
Chief Secretary

Hong Kong Christian Council

Mr LIU Man-kin
Representative

The Swiss Chamber of Commerce in Hong Kong

Mr Joseph LEUNG
Treasurer

Individual

Mr Clayton IP

Liberal Party

Mr Peter SHIU
Member, Executive Committee

The Hong Kong Conveyancing and Property Law
Association Ltd

Mr Anthony SHIN Ho-yin
President

The Law Society of Hong Kong

Mr Terry YEUNG Po-lam
Member of Property Committee

Hong Kong Institute of Real Estate Administrators

Dr WONG Kam-cheong
Vice-President

Webb-site.com

Mr David M WEBB
Founder

Green Sense

Mr TAM Hoi-pong
Representative

Clerk in attendance: Ms Annette LAM
Chief Council Secretary (1)3

Staff in attendance : Miss Kitty CHENG
Assistant Legal Adviser 5

Ms Sophie LAU
Chief Council Secretary (1)2

Ms Connie HO
Senior Council Secretary (1)3

Miss Rita YUNG
Council Secretary (1)3

Action

I. Meeting with the Administration

1. The Real Estate Developers Association of Hong Kong
(LC Paper No. CB(1)521/12-13(01) – Submission)
2. The Hong Kong General Chamber of Commerce
3. Hong Kong Chamber of Professional Property Consultants Ltd
(LC Paper No. CB(1)536/12-13(01) – Submission)
4. Property Agencies Association
(LC Paper No. CB(1)536/12-13(02) – Submission)
5. Hong Kong Economic Development Strategy Studies Centre
(LC Paper No. CB(1)536/12-13(03) – Submission)
6. Dr YIP Kwok-chung
(LC Paper No. CB(1)536/12-13(04) – Submission)
7. The Hong Kong Institute of Surveyors
8. Hong Kong Real Estate Agencies General Association
9. Hong Kong Christian Council
(LC Paper No. CB(1)452/12-13(01) – Submission)

10. The Swiss Chamber of Commerce in Hong Kong
(LC Paper No. CB(1)671/12-13(01) – Submission)
11. Mr Clayton IP
12. Liberal Party
13. The Hong Kong Conveyancing and Property Law Association Ltd
(LC Paper No. CB(1)536/12-13(05) – Submission)
14. The Law Society of Hong Kong
(LC Paper No. CB(1)536/12-13(06) – Submission)
15. Hong Kong Institute of Real Estate Administrators
(LC Paper No. CB(1)608/12-13(01) – Submission)
16. Webb-site.com
(LC Paper No. CB(1)536/12-13(07) – Submission)
17. Green Sense
(LC Paper No. CB(1)557/12-13(01) – Submission)

Submissions from deputations/individual not attending the meeting

1. Mr LEUNG Fan-hung
(LC Paper No. CB(1)536/12-13(08) – Submission)
2. KPMG Tax Limited
(LC Paper No. CB(1)536/12-13(09) – Submission)
3. Hong Kong Institute of Estate Agents
(LC Paper No. CB(1)536/12-13(10) – Submission)
4. The French Chamber of Commerce and Industry in Hong Kong
(LC Paper No. CB(1)536/12-13(11) – Submission)
5. Hong Kong Bar Association
(LC Paper No. CB(1)536/12-13(12) – Submission)
6. Estate Agents Management Association
(LC Paper No. CB(1)549/12-13(01) – Submission)
7. The Australian Chamber of Commerce in Hong Kong and Macau
(LC Paper No. CB(1)549/12-13(02) – Submission)

8. The Hong Kong Association of Banks
(LC Paper No. CB(1)549/12-13(03) – Submission)
 9. Society of Hong Kong Real Estate Agents Ltd
(LC Paper No. CB(1)557/12-13(02) – Submission)
 10. Federation of Hong Kong Industries
(LC Paper No. CB(1)557/12-13(03) – Submission)
2. The Chairman, Mr James TIEN, Mr Kenneth LEUNG, Mr Alan LEONG, Dr LAM Tai-fai, Mr POON Siu-ping, Mrs Regina IP, Dr CHIANG Lai-wan, Mr LEUNG Che-cheung, Mr CHAN Kam-lam and Mr WONG Ting-kwong made declaration of interests respectively.
3. The Chairman welcomed representatives of the deputations to the meeting. She said that written submissions from deputations received before the meeting had been circulated to members and uploaded onto the Legislative Council website, and deputations which had not provided written submission were welcomed to do so as soon as possible after the meeting. She reminded the deputations that when addressing the Bills Committee during the meeting, they were not covered by the protection and immunity under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), and their written submissions were not covered by the said Ordinance.
4. The Bills Committee received views from 17 deputations/individuals on the Bill.
5. The Bills Committee deliberated (Index of proceedings attached at **Appendix**).
6. The Administration was requested to:
- (a) provide (in tabular form) response to major comments on the Stamp Duty (Amendment) Bill 2012 expressed by the deputations and the written submissions received by the Bills Committee (including the issues raised by the Law Society of Hong Kong, the exemption from the Buyer's Stamp Duty (BSD) for religious and/or charitable organizations in Hong Kong and submissions from deputations not attending the meeting);
 - (b) explain the rationale and justifications for not exempting companies whose shareholders were all Hong Kong permanent residents from BSD or refunding the BSD on condition that the

properties acquired were not sold within three years;

(c) provide information on the Administration's exit plan and the factors/circumstances to be taken into consideration on when to withdraw the proposed extraordinary measures of enhanced Special Stamp Duty (SSD) and BSD;

(d) address property-related industries' concerns about the adverse impact of SSD and BSD on homeowners' willingness to sell and private property developers' interest in property redevelopment thereby reducing the supply of residential properties in the secondary and primary markets; and

(e) address members' concern about the effectiveness of SSD and BSD in addressing the overheated residential property market and the continued surge in residential property prices despite the implementation of SSD since November 2010 and the announcement of the proposed enhanced SSD and BSD on 26 October 2012.

(Post-meeting note: The information provided by the Administration was issued to members vide LC Paper Nos. CB(1)692/12-13(01) and CB(1)893/12-13(02) on 12 March and 19 April 2013 respectively.)

7. The Chairman reminded members that the next meeting would be held on Thursday, 28 February 2013 at 4:30pm.

II. Any other business

8. There being no other business, the meeting ended at 11:30 am.

Council Business Division 1
Legislative Council Secretariat
5 November 2013

**Proceedings of the fourth meeting of
the Bills Committee on Stamp Duty (Amendment) Bill 2012
on Monday, 18 February 2013, at 9:00 am
in Conference Room 1 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
000351 – 000432	Chairman	Opening remarks	
000433 – 000530	The Chairman Mr James TIEN Mr Kenneth LEUNG Mr Alan LEONG Dr LAM Tai-fai Mr POON Siu-ping Mrs Regina IP Dr CHIANG Lai-wan Mr LEUNG Che-cheung Mr CHAN Kam-lam Mr WONG Ting-kwong	Disclosure of direct or indirect pecuniary interest by members	
000531 – 000942	The Chairman	Welcoming remarks to deputations	
000943 – 001358	The Real Estate Developers Association of Hong Kong (REDA)	Presentation of views (LC Paper No. CB(1)521/12-13(01)) that: (a) the Buyer's Stamp Duty (BSD) would hinder redevelopment and suggested that refund of the BSD should be made at the time when an investor/developer had accumulated an interest of not less than 80% in a residential building; and (b) the BSD had an adverse impact on Hong Kong residents who might use companies as vehicles for acquisitions of residential properties for legitimate reasons.	
001359 – 001715	Hong Kong General Chamber of Commerce (HKGCC)	Presentation of views that: (a) the Government should conduct proper regulatory and economic impact assessments before introducing any measures to address the housing issue so that Hong Kong's competitiveness and reputation as a free market economy would not be damaged;	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) the Government should consider introducing a sunset clause, as well as provisions in the Bill to cater to the legitimate needs of corporate investors seeking rental returns; and</p> <p>(c) the Government should draft a comprehensive residential land supply roadmap that laid out a detailed housing supply plan in the long, medium and short term to give certainty to the residential property market, thereby stabilizing property prices.</p>	
001716 – 002130	Hong Kong Chamber of Professional Property Consultants Ltd (HKCPPC)	<p>Presentation of views (LC Paper No. CB(1)536/12-13(01)) that:</p> <p>(a) the demand-side management measures would increase the cost of acquiring new properties and discourage existing residential property owners from disposing of their properties, thereby reducing the supply of residential properties in the secondary market; and</p> <p>(b) the purchasing power had shifted from the residential property market to other markets, such as industrial and commercial properties, and had consequently pushed up rentals in the property market.</p>	
002131 – 002541	Property Agencies Association (PAA)	<p>Presentation of views (LC Paper No. CB(1)536/12-13(02)) that:</p> <p>(a) the SSD had reduced the supply of residential properties, pushed up property prices in the secondary market and was not effective in addressing the home ownership need of genuine home-buyers;</p> <p>(b) acquisitions of residential properties by companies whose shareholders were all HKPRs should be exempted from BSD; and</p> <p>(c) the estate agency trade had been adversely affected by the new measures. It was estimated that about 5% to 10% of property agencies would be forced to close down due to the declining number of property</p>	

Time marker	Speaker	Subject(s)	Action required
		transactions subsequent to the implementation of the enhanced SSD and BSD.	
002542 – 003009	Hong Kong Economic Development Strategy Studies Centre	<p>Presentation of views (LC Paper No. CB(1)536/12-13(03)) that:</p> <p>(a) the SSD should also cover industrial and commercial properties to forestall the shifting of overheating to the non-residential property market; and</p> <p>(b) an additional BSD should be imposed for companies and individuals acquiring the second or more properties.</p>	
003010 – 003323	Dr YIP Kwok-chung	<p>Presentation of views (LC Paper No. CB(1)536/12-13(04)) that:</p> <p>(a) in recent ten years, any changes in property prices had led to a significant change in the consumer price index; and</p> <p>(b) the SSD should also cover industrial and commercial properties to forestall the shifting of speculative activities from the residential market to the non-residential market.</p>	
003324 – 003739	The Hong Kong Institute of Surveyors (HKIS)	<p>Presentation of views that:</p> <p>(a) refund of BSD should be made to companies genuinely owned by HKPRs on condition that the properties acquired were not sold within a specified period of time and that no transfer of company ownership to non-HKPRs had taken place during the specified period of time with proper documentary proof; and</p> <p>(b) in respect of property redevelopment, refund of the BSD should be made in circumstances such as when the Lands Tribunal had made an order for compulsory sale or when the original property had been demolished.</p>	

Time marker	Speaker	Subject(s)	Action required
003740 – 004144	Hong Kong Real Estate Agencies General Association (HKREAGA)	<p>Presentation of views that:</p> <ul style="list-style-type: none"> (a) the effectiveness of SSD in addressing the overheated residential market was doubtful as property prices had continued to surge despite the implementation of SSD since November 2010; (b) acquisitions of residential properties by companies whose shareholders were all HKPRs should be exempted from the BSD provided that the properties acquired were not sold in two to three years; and (c) the Government should have in place an exit plan in case of a sudden reverse in property market. 	
004145 – 004518	Hong Kong Christian Council (HKCC)	<p>Presentation of views (LC Paper No. CB(1)452/12-13(01)) that:</p> <ul style="list-style-type: none"> (a) religious and/or charitable corporations exempted from tax under section 88 of the Inland Revenue Ordinance (IRO) should be exempted from the BSD. 	
004519 – 004644	The Swiss Chamber of Commerce in Hong Kong (SCCHK)	<p>Presentation of views (LC Paper No. CB(1)671/12-13(01)) that:</p> <ul style="list-style-type: none"> (a) SCCHK supported the Government's initiatives and measures to cool down property prices and prevent a property bubble; (b) SCCHK was concerned about the potential impact of BSD on non-HKPRs who held a valid Hong Kong working permit; and (c) Switzerland had different systems for its residents to acquire properties based on the legal status of their residency in Switzerland. Only Swiss could buy properties and there were very specific guidelines for the purchase. SCCHK was willing to share with the relevant government departments the practices in Switzerland in this respect. 	

Time marker	Speaker	Subject(s)	Action required
004645 – 004814	Mr Clayton IP	<p>Presentation of views that:</p> <ul style="list-style-type: none"> (a) the BSD had deprived the right of expatriates in Hong Kong in respect of property acquisition and also that of Hong Kong residents in procuring a property in the name of a company; and (b) the SSD had reduced supply of residential properties in the secondary market, thereby driving up property prices. 	
004815 – 005010	Liberal Party	<p>Presentation of views that:</p> <ul style="list-style-type: none"> (a) the demand-side management measures of SSD and BSD had distorted the normal operation of the market; (b) the Liberal Party did not support the implementation of the enhanced SSD, which extended the holding period in respect of SSD from 24 months to 36 months, as it would further reduce the supply of residential properties in the secondary market; (c) acquisitions of properties by companies whose shareholders were all HKPRs should be exempted from BSD; and (d) the Government should increase land supply to balance the demand and supply of residential properties in the market, thereby stabilizing the property prices. 	
005011 – 005543	The Hong Kong Conveyancing and Property Association Ltd	<p>Presentation of views (LC Paper No. CB(1)536/12-13(05)) that:</p> <ul style="list-style-type: none"> (a) exemption of non-HKPRs from BSD under the "close relative" exemption provided for under the proposed sections 29CB and 29DB was extremely unfair to HKPRs and had created unnecessary tension between the two. These exemptions should be scrapped should the Government be not able to provide similar exemption to limited companies genuinely held by HKPRs; and 	

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		<p>(b) according to the definition under the proposed section 29A(1), HKPR was a person who was a holder of a valid HK permanent identity card. A lawyer had no way to ascertain whether an identity card was valid or not unless he wrote to the Commissioner of Registration for verification. That was cumbersome, time-consuming and would incur more costs. Furthermore, solicitors would find it difficult to give proper legal advice in some purchases whether his client was purchasing the property on his own or on behalf of another person.</p>	
005544 – 010055	The Law Society of Hong Kong	<p>Presentation of views (LC Paper No. CB(1)536/12-13(06)) that:</p> <p>(a) the implementation details of BSD in relation to trusts, including the customary Chinese trusts under "TSO" and "Tong", should be further clarified;</p> <p>(b) the scope of the “close relative” exemption should be expanded to cover grandparents, grandchildren, sons-in-law and daughters-in-law;</p> <p>(c) an exemption should be provided for deeds of family arrangement; which were commonly used for redistribution of estate; and</p> <p>(d) the imposition of the BSD without notice was unfair to the tenders which straddled the introduction of the BSD on or after 27 October 2012 as such extra stamp duty had not been factored into the tenders.</p>	
010056 – 010525	Hong Kong Institute of Real Estate Administrators (HKIREA)	<p>Presentation of views (LC Paper No. CB(1)608/12-13(01)) that:</p> <p>(a) HKIREA was concerned about the potential impact of BSD on Hong Kong’s reputation as a free market economy;</p> <p>(b) acquisitions of residential properties by companies whose shareholders were all HKPRs should be exempted from the BSD; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(c) HKIREA supported the proposed arrangement for the Financial Secretary to amend the SSD and BSD rates by notice with a view to providing the necessary flexibility to adjust the applicable rates in a timely manner with reference to the market situation.</p>	
010526 – 011110	Webb-site.com	<p>Presentation of views (LC Paper No. CB(1)536/12-13(07)) that:</p> <p>(a) the SSD lacked legitimate purpose and was unconstitutional and prohibited by Article 105 of the Basic Law;</p> <p>(b) the BSD was unconstitutional and prohibited by Article 105 of the Basic Law as it discriminated against Hong Kong residents who were not HKPRs; and</p> <p>(c) all identity card holders and companies with business registration in Hong Kong should be exempted from the BSD.</p>	
011111 – 011430	Chairman Administration	<p>The Administration gave a general response to the deputations' views, and explained the policy objectives of the enhanced SSD and BSD as well as factors attributable to the soaring property prices.</p>	
011431 – 011912	Chairman Mr CHAN Kam-lam Administration	<p>Mr CHAN Kam-lam enquired if the Administration would consider exempting companies whose shareholders were all HKPRs from BSD on the condition that the properties acquired were not sold within three years.</p> <p>The Administration responded that the Administration was of the view that it was inappropriate to exempt companies whose shareholders were all HKPRs from BSD. The Administration explained that HKPR shareholders could circumvent the BSD through transferring shares entitlement to non-HKPR shareholders by various ways. Upon the completion of entitlement transfer, the original shareholders might appear to remain as shareholders of the company though the control of the company had been transferred to someone</p>	

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		<p>else. The loopholes thus created would undermine the effectiveness of BSD.</p> <p>The Chairman requested the Administration to provide supplementary information regarding the rationale and justifications for not exempting companies owned by HKPRs from BSD after the meeting.</p>	<p>The Administration to follow up as stated in paragraph 6(b) of the minutes.</p>
011913 – 012209	Green Sense (GS)	<p>Presentation of views (LC Paper No. CB(1)557/12-13(01)) that:</p> <ul style="list-style-type: none"> (a) GS supported the implementation of BSD which accorded priority to HKPR buyers; (b) the capital gains tax should be introduced as a long-term measure to curb speculations in the property market; and (c) the Administration should increase the supply of residential units under the Home Ownership Scheme to provide more affordable housing units to the ordinary home-buyers. 	
012210 – 012929	Mr WONG Ting-kwong Mrs Regina IP Administration	<p>Mr WONG Ting-kwong and Mrs Regina IP enquired if BSD and SSD would be the long-term measures to curb short-term speculative activities in the property market. If not, under what circumstances would the Administration consider withdrawing these measures and what mechanism would be adopted for the execution of the Administration's exit plan.</p> <p>Mr WONG Ting-kwong also enquired about the Administration's response to the legal issues raised by the Law Society of Hong Kong in connection with the implementation of BSD and the enhanced SSD.</p> <p>The Administration responded that:</p> <ul style="list-style-type: none"> (a) the BSD and enhanced SSD were exceptional measures introduced in response to the present exceptional circumstances. The Administration would consider withdrawing these measures after the demand-supply situation of the 	<p>The Administration to follow up as stated in paragraph 6(c) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>property market had regained its balance;</p> <p>(b) the Administration had proposed in the Bill that adjustments to the SSD and BSD rates should be made by means of subsidiary legislation subject to negative vetting by the Legislative Council (LegCo) in order to have the necessary flexibility to adjust the applicable rates (to zero if necessary) in a timely manner with reference to the market situation; and</p> <p>(c) the Administration would continue to discuss with the Law Society of Hong Kong regarding the legal issues raised in the submission, and would respond to their concerns in due course.</p>	
012930 – 013514	Mr LEE Cheuk-yan Administration	<p>Views of Mr LEE Cheuk-yan that:</p> <p>(a) the Labour Party supported the implementation of the enhanced SSD and BSD and suggested that the Administration should consider introducing capital gains tax in the long run to curb speculative activities in the property market; and</p> <p>(b) the Administration should respond to the views of deputations from the property-related industry that the introduction of SSD and BSD had in fact reduced the supply of residential properties in the secondary market, thereby driving up property prices.</p> <p>The Administration responded that:</p> <p>(a) the suggestion of introducing capital gains tax on transactions of residential properties would not only involve complicated legislation, but would also imply a fundamental change to the simple tax regime of Hong Kong. The proposed enhanced SSD and BSD could tackle the problem of short-term speculative activities and alleviate the immediate demand for residential properties in the most effective and targeted manner; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) the SSD and BSD would help ensure the healthy and stable development of the private residential property market, and accord priority to HKPRs in addressing their home ownership needs in the midst of the tight supply situation. There was no direct correlation between SSD/BSD and the supply of residential units in the secondary market as these measures were meant to curb speculations but not to deter property owners from putting their properties for sale in the market.</p>	
013515 – 013933	Mr Alan LEONG Administration	<p>Mr Alan LEONG requested the Administration to provide further information to address the industry's concern on the adverse impact of SSD and BSD on property redevelopment and the supply of residential properties in the secondary market which might have driven up property prices as a consequence. He further enquired about:</p> <p>(a) the Administration's exit plan; and</p> <p>(b) the possibility of providing exemption from BSD for religious and/or charitable organizations in Hong Kong.</p> <p>The Administration responded that:</p> <p>(a) withdrawal of the demand-side management measures of BSD and SSD would be considered after the demand-supply situation of the property market had regained its balance. The Administration had proposed in the Bill that adjustments to the SSD and BSD rates should be made by means of subsidiary legislation subject to negative vetting by LegCo, in order to have the necessary flexibility to adjust the applicable rates (to zero if necessary) in a timely manner with reference to the market situation;</p> <p>(b) a refund mechanism was already in place to achieve the policy intent that the BSD should not affect redevelopment; and</p>	The Administration to follow up as stated in paragraphs 6(d) and (e) of the minutes.

Time marker	Speaker	Subject(s)	Action required
		<p>(c) under the existing Stamp Duty Ordinance, charitable bodies exempted from tax under section 88 of the IRO were still subject to stamp duty, which included the ad valorem stamp duty and SSD. The Administration would study the proposal of exempting charitable bodies from BSD submitted by the HKCC.</p>	
013934 – 014456	Ms Emily LAU HKCPPC PAA	<p>Noting that a majority of the deputations were against the interference of the Government in the property market, Ms Emily LAU sought the deputations' views on how to address the housing needs of HK residents apart from implementing the proposed demand-side management measures:</p> <p>(a) HKCPPC suggested that the Administration might consider making reference to the practice of London in respect of securitization of real estate which could serve as an investment tool for both local and overseas investors to invest in the property market apart from the acquisitions of real properties; and</p> <p>(b) PAA opined that the Administration should have put in place a long-term housing strategy to stabilize the supply of residential properties and their prices.</p>	
014457 – 015023	Mr Jeffrey LAM REDA	<p>Mr Jeffrey LAM commented that the fundamental issue of housing problem laid in shortage of land supply. He supported the implementation of the proposed enhanced SSD and BSD as short-term measures to curb further increases in property prices and sought the REDA's views on the impact of the Administration's proposal for not exempting companies owned by HKPRs from BSD in acquisitions of properties.</p> <p>REDA responded that the BSD was discriminatory and suggested that the Administration should consider exempting companies whose shareholders were all HKPRs from BSD aided with a declaration mechanism. Such a declaration mechanism was already applicable to individual HKPRs in acquisition of property for exemption from BSD. The</p>	

Time marker	Speaker	Subject(s)	Action required
		Administration might consider making it a criminal offence for any shareholders to make false declaration to provide greater deterrence.	
015024 – 015516	Mr Paul TSE Administration	<p>Mr Paul TSE highlighted the importance of maintaining Hong Kong's reputation as a free market economy while introducing the new measures.</p> <p>In response to Mr Paul TSE's enquiry on the Administration's exit plan, the Administration reiterated that withdrawal of the demand-side management measures of BSD and SSD would be considered after the demand-supply situation of the property market had regained its balance. In order to have the necessary flexibility to adjust the applicable rates (to zero if necessary) in a timely manner with reference to the market situation, the Administration had proposed in the Bill that adjustments to the SSD and BSD rates should be made by means of subsidiary legislation subject to negative vetting by LegCo.</p>	
015517 – 020223	Mr James TIEN PAA HKGCC HKIS GS	<p>Mr James TIEN sought the deputations' views on whether a sunset clause should be proposed for the new measures:</p> <ul style="list-style-type: none"> (a) PAA supported the proposal for introducing a sunset clause for the new measures; (b) HKGCC opined that the Administration should conduct an objective analysis on the desirability of continuing with the measures, including the impact of the measures on the cost of business and overall competitiveness of Hong Kong, in determining whether the measures should be withdrawn; (c) HKIS considered the provision of a sunset clause for the new measures not practical as the Government should act swiftly in response to the changing market situation from time to time; and (d) GS supported the implementation of BSD in view of the substantial proportion of mainlanders in acquisitions of Hong Kong properties and considered it not necessary to propose a sunset clause for this measure. 	

Time marker	Speaker	Subject(s)	Action required
020224 – 020549	Mr WU Chi-wai Administration	<p>Mr WU Chi-wai enquired about the effectiveness of the existing profit tax regime in tackling short-term speculative activities in the property market.</p> <p>The Administration responded that profit tax was not a targeted measure to curb short-term speculations as speculators might not hold their properties in the name of a company. There were also no specific provisions in the IRO regarding the holding period of a property by a company that would be subject to profit tax. According to the past rulings of court, whether the transaction of a property was subject to profit tax would depend on the intended purposes for the acquisition of the property. The Inland Revenue Department had been conducting routine checks on property transactions to determine whether profit tax should be charged.</p>	
020550 – 021539	Chairman HKIREA HKREAGA PAA	<p>While acknowledging the importance of maintaining a free market, the Chairman sought the deputations' views on ways to address the home ownership needs of Hong Kong residents apart from putting in place the proposed demand-side management measures in the light of great demand for local properties from overseas investors:</p> <p>(a) HKIREA responded that the Government should expedite the development of new land and that of potential sites into disposed sites for enhancing the supply of residential properties;</p> <p>(b) HKREAGA opined that the Administration should conduct an annual review on the effectiveness of the proposed demand-side management measures to determine whether the measures should be withdrawn in the light of the changing circumstances; and</p> <p>(c) PAA advised that the Government should address the housing needs of local residents by enhancing the supply of public/subsidized housing units. Meanwhile, a long-term housing plan should be drawn up. The Government</p>	

Time marker	Speaker	Subject(s)	Action required
		should not prohibit non-locals from investing in Hong Kong property market.	
021540 – 022639	Mr Ronny TONG PAA Liberal Party SCCHK Webb-site.com	<p>Mr Ronny TONG sought the deputations' views on whether Hong Kong should make reference to the practice of other jurisdictions, such as New Zealand and Australia, to forbid overseas investors to acquire properties in Hong Kong in order to stabilize the property prices:</p> <p>(a) PAA responded that investments made by overseas investors in local property market could foster economic development and provide the necessary resources for the provision of social welfare and public/subsidized housing units by the Government;</p> <p>(b) The Liberal Party opined that the housing needs of the locals should be addressed by the provision of more public/subsidized housing units by the Government. Forbidding overseas investors from acquiring local properties would undermine Hong Kong's reputation as a free market economy;</p> <p>(c) SCCHK shared the experience of Switzerland where only Swiss could buy properties, and that there were specific guidelines for the purchase; and</p> <p>(d) Webb-site.com responded that according to the Government's press release dated 19 June 2012, the number of overseas buyers was not large enough to affect HKPR buyers. Therefore, non-local buyers should not be regarded as the main force driving up property prices.</p>	
022640 – 022809	Mr Kenneth LEUNG	Mr Kenneth LEUNG commented that the enhanced SSD and BSD did not prohibit non-locals from buying residential property, but only increase the cost of transaction. These measures could help manage the demand of overseas buyers on local properties.	
022810 – 022857	Chairman Ms Emily LAU	The Administration was requested to provide a written response to the deputations' written	The Administration

Time marker	Speaker	Subject(s)	Action required
		<p>submissions and views expressed at the meeting.</p> <p>In response to the comments of members and deputations that the Government should put in place a long-term housing plan, the Administration advised that the Government was now undergoing a review of the Long Term Housing Strategy which aimed to ensure the optimal use of existing land and housing resources to meet the housing needs of the community in the medium and long term.</p>	<p>to follow up as stated in paragraph 6(a) of the minutes</p>
022858 – 022936	Chairman	Date of next meeting	