



LC Paper No. CB(1)898/13-14(03)
(English version only)

12 February 2014

Dear Hon. Starry LEE,

I refer to the letter dated 11 February 2014 from the Administration setting out its views on the Committee stage amendments on sunset clause, I would like to bring your attention to,

1. It has all along been our position that, in the interest of Hong Kong economy, it is not appropriate for the Administration to impose any new stamp duty measures without having first consulted the public and reached a consensus in our society.

Stamp Duty (Amendment) Bill 2011

2. Accordingly, in or around 2010, we have already raised objection to the introduction of the Special Stamp Duty ("SSD") by the Administration in the Stamp Duty (Amendment) Bill 2011 ("2011 Bill").
3. As a fall-back position, we also proposed that the "sunset clause" be incorporated into the provisions relating to the SSD in the 2011 Bill (that is, sections 29CA and 29DA and head 1(1AA) and 1(1B) in the First Schedule). However, such proposal was not accepted and therefore no "sunset clause" is incorporated in the current Stamp Duty Ordinance.

Stamp Duty (Amendment) Bill 2012

4. As a matter of principle, we maintain the same position that it is not appropriate to introduce any new stamp duty measures (including the SSD) and that the entire SSD regime should expire on a specified date. Accordingly, in the proposed amendments to the 2012 Bill, it was proposed that amendments be made to incorporate the "sunset clause" into the underlying provisions of the Stamp Duty Ordinance which introduces the SSD (that is, sections 29CA and 29DA and head 1(1AA) and 1(1B) in the First Schedule).



5. Further or in the alternative, we also proposed that amendments be made to incorporate the "sunset clause" into the new provisions introduced by the 2012 Bill for extension of the SSD period to 36 months and increase in the SSD rates (that is, sections 29CB, 29CC, 29DB and 29DC and head 1(1AAB) and (1C) in the First Schedule). In any event, the Administration's letter dated 11 February 2014 did not say that the proposed incorporation of the "sunset clause" into the above provisions is out of scope of the 2012 Bill, and we believe it is within scope of the 2012 Bill.

With best regards,

Your sincerely,

Andrew LEUNG