

**The Government's response to the letter from  
Wong, Hui & Co. Solicitors**

This paper serves to respond to the submission dated 11 February 2014 from Wong, Hui & Co. Solicitors and referred to us by the Legislative Council Secretariat on 12 February 2014 (LC Paper No. CB(1)900/13-14(01) refers).

2. The Stamp Duty (Amendment) Bill 2012 (the Bill) proposes to enhance the Special Stamp Duty (SSD) and introduce the Buyer's Stamp Duty (BSD) with a view to addressing the overheated property market and according priority to the home ownership needs of Hong Kong permanent residents (HKPRs) in the midst of the tight supply situation. As we have stated in LC Paper No. CB(1)793/13-14(02), the Bill sets out the Government's original proposal on how the BSD should be implemented. As with all bills, the Bill is a proposed piece of legislation, which is invariably subject to deliberations and alterations during the legislative process before it is enacted as law. The Legislative Council (LegCo) may propose any amendment to the Bill if considered necessary. As a matter of fact, in addition to the Government's committee stage amendments (CSAs) to the Bill, LegCo Members have also proposed various CSAs. Some of these CSAs serve to expand the exemption arrangements provided for under the Bill, while some of which aim to tighten them up. Only after the LegCo has completed its scrutiny of the Bill and the relevant amendment ordinance has been gazetted can the operation of the enhanced SSD and the BSD regime be finalised.

3. Given the market sensitive nature of the measures, we propose that the measures should be effective following its announcement on 26 October 2012 in order to address the exuberant property market immediately and in a timely manner, and to avoid possible speculations that may otherwise take place. As a matter of fact, since the Bill was introduced, the Government has mentioned on many occasions that the Bill is subject to the scrutiny of the LegCo and that the Government would work closely with the relevant Bills Committee and would listen to the views of stakeholders to ensure that the BSD regime could effectively achieve its policy objectives.

4. The Government has already explained in detail in LC Paper No.CB(1)623/13-14(04) and LC Paper No.CB(1)698/13-14(02) the

rationale behind our acceptance of the Hon Regina Ip's CSA which seeks to remove the BSD exemption for acquisitions of residential properties made by minors who are HKPRs through their trustees or guardians. In gist, it is to address the Bills Committee's grave concern that the BSD exemption arrangement in respect of HKPR minors might be vulnerable to abuse and would undermine the effectiveness of the BSD. Acknowledging the risk of potential abuse arising from this exemption arrangement on the one hand, but permitting certain transactions to enjoy such an exemption on the other would be inconsistent with the objective of both the Government and the Bills Committee to safeguard the effectiveness of the BSD. Postponing the effective date of the relevant Government CSA would be contrary to the very intention of the CSA which aims to address the Bills Committee's grave concern to close the potential loophole. As such, the Government cannot agree to the suggestion of Wong, Hui & Co. Solicitors.

**Transport and Housing Bureau**  
**February 2014**