

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1681/12-13  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/2/12

**Bills Committee on Inland Revenue and Stamp Duty Legislation  
(Alternative Bond Schemes) (Amendment) Bill 2012**

**Seventh meeting on  
Thursday, 13 June 2013, at 10:45 am  
in Conference Room 2A of the Legislative Council Complex**

- Members present** : Hon CHAN Kam-lam, SBS, JP (Chairman)  
Hon Ronny TONG Ka-wah, SC  
Hon Kenneth LEUNG  
Hon SIN Chung-kai, SBS, JP
- Members absent** : Hon Abraham SHEK Lai-him, SBS, JP  
Hon Starry LEE Wai-king, JP  
Hon Christopher CHEUNG Wah-fung, JP
- Public officers attending** : Mr Jackie LIU  
Principal Assistant Secretary for Financial Services and  
the Treasury (Financial Services) 5
- Mr Herbert LAM  
Assistant Secretary for Financial Services and the  
Treasury (Financial Services)(5)3
- Ms Carrie CHAN  
Senior Manager (Market Development)  
Hong Kong Monetary Authority

Ms Doris LEE, JP  
Assistant Commissioner 1  
Inland Revenue Department

Mr Allen NG  
Senior Assessor (Research)  
Inland Revenue Department

Mr Raymond HONG  
Senior Superintendent of Stamp Office  
Inland Revenue Department

Ms Betty CHEUNG  
Senior Assistant Law Draftsman  
Department of Justice

Mr Manuel NG  
Government Counsel  
Department of Justice

**Clerk in attendance** : Ms Connie SZETO  
Chief Council Secretary (1)4

**Staff in attendance** : Mr KAU Kin-wah  
Senior Assistant Legal Adviser 3

Mr Hugo CHIU  
Council Secretary (1)4

**I Meeting with the Administration**

Follow-up to issues arising from previous meetings

(LC Paper No. CB(1)1276/12-13(01) — List of follow-up actions arising from the discussion at the meeting on 4 June 2013

LC Paper No. CB(1)1276/12-13(02) — Administration's response to the issues arising from the meeting held on 4 June 2013)

Committee Stage amendments proposed by the Administration

(LC Paper No. CB(1)1276/12-13(03) — Revised version of the Administration's proposed Committee Stage amendments)

Clause-by-clause examination of the Bill

(LC Paper No. CB(3)264/12-13 — The Bill

LC Paper No. CB(1)480/12-13(01) — Marked-up copy of the Bill prepared by the Legal Service Division (Restricted to Members)

File Ref: B9/33/2C — Legislative Council Brief

LC Paper No. LS16/12-13 — Legal Service Division Report

LC Paper No. CB(1)480/12-13(02) — Background brief on the Inland Revenue and Stamp Duty Legislation (Alternative Bond Schemes) (Amendment) Bill 2012 prepared by the Legislative Council Secretariat)

Discussion

The Committee deliberated (Index of proceedings attached at **Appendix**).

**II Any other business**

Legislative timetable

2. The Chairman said that the Bills Committee had completed scrutiny of the Bill. The Bills Committee supported the Administration's proposal to resume the Second Reading debate on the Bill at the Council meeting of 10 July 2013. The deadline for giving notice of amendment(s) to the Bill would be 29 June 2013. The Bills Committee would report its deliberations to the House Committee on 21 June 2013.

3. There being no other business, the meeting ended at 11:18 am.

**Proceedings of the  
Bills Committee on Inland Revenue and Stamp Duty Legislation  
(Alternative Bond Schemes) (Amendment) Bill 2012  
Seventh meeting on Thursday, 13 June 2013, at 10:45 am  
in Conference Room 2A of the Legislative Council Complex**

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
000401 – 000422	Chairman	Introductory remarks	
000423 – 000832	Administration	Briefing by the Administration on its response to the issues arising from the meeting held on 4 June 2013 (LC Paper No. CB(1)1276/12-13(02))	
000833 – 001024	Mr Kenneth LEUNG Administration	<p>Mr LEUNG sought clarification on whether, before the passage of the Stamp Duty (Amendment) Bill 2012 and Stamp Duty (Amendment) Bill 2013 ("the two Stamp Duty (Amendment) Bills") by the Legislative Council ("LegCo"), applications for relief of buyer's stamp duty ("BSD"), enhanced special stamp duty ("enhanced SSD") and enhanced ad valorem stamp duty ("enhanced ad valorem SD") for eligible alternative bond schemes ("ABSs") would be handled by the mechanism under section 52 of the Stamp Duty Ordinance (Cap. 117) ("SDO").</p> <p>The Administration responded that the stamp duty relief framework set out in the Bill would cover relief of ordinary stamp duty and SSD for eligible ABSs. Subject to the scrutiny of the two Stamp Duty (Amendment) Bills by LegCo, the Administration would consider consequential amendments to the two bills as appropriate to provide for relief of BSD, enhanced SSD and enhanced ad valorem SD for eligible ABSs. The Administration was also prepared to consider applications for remission or refund of stamp duty under section 52 of SDO.</p>	
001025 – 001333	Administration	Briefing by the Administration on its proposed Committee Stage Amendments ("CSAs") to the Bill (LC Paper No. CB(1)1276/12-13(03))	

Time Marker	Speaker	Subject(s)	Action Required
001334 – 001417	Mr Kenneth LEUNG Administration	In response to Mr LEUNG's enquiry about the proposed CSAs to section 10 of Schedule 17A to the Inland Revenue Ordinance (Cap. 112) ("IRO"), the Administration clarified that section 10 would be split into a revised section 10 and a new section 11A. The proposed CSAs aimed to simplify the drafting and provide a clearer understanding on the calculation of investment returns under various scenarios.	
001418 – 002526	Mr Kenneth LEUNG Administration	<p>Noting that the revised section 10 of Schedule 17A to IRO applied to ABSs with the investment arrangement ("IA") of lease arrangement and profits sharing arrangement, Mr LEUNG enquired whether certain definitions set out in section 10(4) like "full redemption of bonds" and "partial redemption of bonds" would apply to other types of ABSs (i.e. ABSs with IA of purchase and sale arrangement and agency arrangement).</p> <p>The Administration's replies as follows:</p> <p>(a) The investment return formula for lease arrangement and profits sharing arrangement were different from those of purchase and sale arrangement since the mark-up of specified asset was already considered as the investment return under the purchase and sale arrangement.</p> <p>(b) For agency arrangement, the component "A" in the investment returns formula covered profits arising from the transactions of assets, which was equivalent to the component "A+B-C" in the investment return formula for lease arrangement and profits sharing arrangement. As such, a new section 11A was added to provide a simpler investment return formula for agency arrangement.</p>	
002527 – 003149	Administration SALA3	SALA3 noted that "the money arising from the destruction or loss" in the new sections 10(5)(b), 10(5)(c), 11 and 11A of the proposed Schedule 17A had made reference to the concerned period, and asked why no such reference was mentioned in the new section 10(5)(a).	

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
		The Administration responded that the revised section 10(5)(a) had defined the term "money arising from the destruction or loss" while section 10(5)(b) and (c) addressed the period concerned.	
003150 – 003238	Chairman SALA3 Administration	In response to the Chairman's enquiry, SALA3 confirmed that his comments on drafting issues had been incorporated in the Administration's proposed CSAs.	
003239 – 003433	Chairman	Legislative timetable and report to the House Committee	

Council Business Division 1  
Legislative Council Secretariat  
9 August 2013