

**The Administration's Responses to Matters Raised at the Meeting of
the Bills Committee on Stamp Duty (Amendment) Bill 2013
held on 27 May 2014**

This paper sets out the Administration's responses to the following matters raised by the Bills Committee on Stamp Duty (Amendment) Bill 2013 at the meeting held on 27 May 2014 -

- (a) the number of completed transactions under the Tenants Purchase Scheme ("TPS") since the introduction of the doubled ad valorem stamp duty ("AVD") measures on 23 February 2013 up to 30 April this year; and
- (b) how to define "intended for the parking of 1 motor vehicle" in sections 29AJA and 29BBA in respect of the exemption arrangement for acquisition of residential property together with a car parking space.

TPS

2. From the introduction of the doubled AVD measures on 23 February 2013 up to 30 April this year, there were about 4 000 cases of completed transactions under TPS.

Exemption arrangement in respect of acquisition of residential property together with a car parking space

3. The exemption for Hong Kong permanent residents for acquisition of residential property together with a car parking space is restricted to one car parking space only. To reflect such restriction in exemption, the relevant provision defines car parking space as "a car parking space intended for the parking of 1 motor vehicle", which is consistent with the formulation of car parking space in the prevailing legislation in Hong Kong and the relevant clauses in land leases.

4. When processing applications for the said exemption, the Inland Revenue Department ("IRD") will follow its standing practice to consider the permitted use rather than the actual use of the relevant car parking space. IRD will determine the permitted use of the car parking space based on the agreement for sale for the relevant property transaction and the relevant documents (e.g. car park layout plan) attached thereto. If the relevant documents can show the car parking space at stake and that the car parking space is intended for the parking of one motor vehicle, the car parking space can be exempted from the doubled AVD together with the residential property under the same instrument (where the residential property is exempted).

5. As to a Member's question about IRD's treatment where a deed of mutual covenant ("DMC") stipulates the actual use of the car parking space, as set out above, it is IRD's standing practice to consider the permitted use rather than the actual use of the relevant property. Also, we understand from relevant government departments that DMCs generally stipulate that each car parking space is to be used for parking or that each car parking space is to be used for parking of one motor vehicle. It is not common for DMCs to stipulate expressly that a particular car parking space can be used for parking of two motor vehicles at the same time. In the event a DMC stipulates clearly that a particular car parking space is intended for parking of more than one motor vehicle, IRD will not provide exemption for the concerned car parking space having regard to the spirit of the exemption arrangement.

Financial Services and the Treasury Bureau
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