

立法會CB(2)1174/12-13(06)號文件  
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**AIA**  
THE ASSOCIATION  
OF INTERNATIONAL  
ACCOUNTANTS

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18 May, 2013

Clerk to Bills Committee,  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
Attn: Ms. Camry Yoong  
(Fax No. 2509 9055)

Dear Camry,

Re: Bills Committee on Betting Duty (Amendment) Bill 2013

Founded in 1928, The Association of International Accountants (AIA) was based in the UK as a professional accountancy body. One of our objectives is to promote the concept of "International Accounting" and to create a global network of accountants across the world. AIA is one of the six Recognised Qualifying Bodies in the UK with auditing rights under the Companies Act 1989 and 2006. The AIA Hong Kong Branch was established in 1973 to network with our members and students, and it also provides Continuing Professional Development (CPD) programmes regularly to our members.

In the recent years, AIA has submitted many different proposals to the HKSAR Government involving our suggestions to revive the economy, to legalize football betting, to broaden the narrow tax base and structural problems in the tax system. AIA also supports Hong Kong in the construction of a world-class exhibition centre and to become an International Entertainment City. Recently, AIA has given a suggestion to the Government about the economic development of Hong Kong.

In response to a number of proposals, the Association has the following suggestions:-

1. AIA Hong Kong Branch would like to express the views on Hong Kong Jockey Club (HKJC)'s proposal to adjust Hong Kong's betting duty regime to align with prevailing international practice - to levy betting duty only at source, not to adopt double taxation system so that levy betting duty on non-local bets which are amalgamated into the commingled pool it manages. From the attractiveness to other jurisdictions standpoint, we believe this would encourage their pools commingled with those of HKJC, and reduce the possibility of illegal bookmakers taking advantage of arbitrage of odds differences and discourage off-shore and illegal bookmaking activities.
2. With regard to the suggestion to provide a higher degree of certainty for HKJC's negotiations with its non-local partners, the Association supports the proposal for the Government to charge a flat betting duty rate of 72.5% on the net stake receipts of local bets on non-local races instead of the current progressive rates from 72.5% to 75%.


The Association believes the reduction of tax rates on horse race betting could have positive contributions to the racing industry development of Hong Kong. It is of crucial importance to introduce some tax relief to HKJC if it manages to reach commercial deals with non-local partners to bring in internationally renowned races to Hong Kong by means of product fees paid by HKJC to its non-local partners in the range of 1.5 % - 3% of turnover to be tax deductible. In order to avoid a closed door approach leading to further leakages of revenue offshore, by means of paying these product fees, HKJC would have the right to do live simulcasts of internationally races and to accept legal bets.

3. With these live simulcasts and the quality service of HKJC, bettors may not opt for illegal gambling. The Association supports the reasonable three-year guarantee and the proposal for the Government to have a fixed sum of HK\$175 million a year - the average of the last three years of betting duty receipts from Hong Kong bets on non-local races that HKJC simulcasts.

Last but not least, China's sporting goods giant Li Ning is betting on Chinese professional basketball with a record capital investment to revive the business. Li Ning, the medal-winning gymnast who founded the company, signed a memorandum with the Chinese Basketball Association (CBA), the top pro basketball league in China, in June 2012 for a five-year sponsorship. He reaffirmed on 6 July that Li Ning will be a chief sponsor. NBA Basketball betting and CBA Basketball betting are getting popular in Asia. The Association also recommends the HKSAR Government and the Hong Kong Jockey Club to consider the legalization of basketball betting give more thoughts to increase betting turnover, so Hong Kong will be able to sustain its horse racing betting and sports betting with competitiveness.

Yours faithfully,

The Association of International Accountants,  
Hong Kong Branch



Josiah Pang  
Regional Director