

**立法會**  
**Legislative Council**

LC Paper No. CB(4)809/13-14

(These minutes have been  
seen by the Administration)

Ref : CB4/BC/5/13

**Bills Committee on Inland Revenue (Amendment) Bill 2014**

**Minutes of the first meeting  
held on Tuesday, 27 May 2014, at 8:30 am  
in Conference Room 2B of the Legislative Council Complex**

- Members present** : Hon Kenneth LEUNG (Chairman)  
Hon CHAN Kam-lam, SBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon Gary FAN Kwok-wai  
Hon Charles Peter MOK  
Hon SIN Chung-kai, SBS, JP
- Members absent** : Hon LEE Cheuk-yan  
Dr Hon Fernando CHEUNG Chiu-hung
- Public Officers attending** : Ms Shirley KWAN  
Principal Assistant Secretary for Financial Services and  
the Treasury (Treasury) (Revenue)  
Financial Services and the Treasury Bureau
- Mr Kevin SIU  
Chief Assistant Secretary for Financial Services and the  
Treasury (Treasury) (Revenue)  
Financial Services and the Treasury Bureau
- Mr CHIU Kwok-kit, JP  
Deputy Commissioner of Inland Revenue (Technical)  
Inland Revenue Department

Mr Allen NG  
Senior Assessor (Research)  
Inland Revenue Department

Ms Monica LAW  
Senior Assistant Law Draftsman  
Department of Justice

**Clerk in attendance** : Ms Anita SIT  
Chief Council Secretary (4)1

**Staff in attendance** : Miss Evelyn LEE  
Assistant Legal Adviser 10

Ms Shirley CHAN  
Senior Council Secretary (4)1

Ms Prima LAI  
Legislative Assistant (4)1

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Action

**I. Election of Chairman**

Mr CHAN Kam-lam, the member present who had the highest precedence, presided at the election and called for nominations for the chairmanship of the Bills Committee. Mr SIN Chung-kai nominated Mr Kenneth LEUNG and the nomination was seconded by Mr Alan LEONG and Mr Charles Peter MOK. Mr Kenneth LEUNG accepted the nomination. There being no other nomination, Mr Kenneth LEUNG was declared Chairman of the Bills Committee.

**II. Meeting with the Administration**

File Ref.: TsyB R 183/535-1/5/0 -- Legislative Council Brief  
(14-15) (C) issued by the Financial  
Services and the Treasury  
Bureau

LC Paper No. LS52/13-14	-- Legal Service Division Report
LC Paper No. CB(3)584/13-14	-- The Bill
LC Paper No. CB(4)709/13-14(01)	-- Marked-up copy of the Bill prepared by the Legal Service Division (Restricted to members only)

2. The Bills Committee deliberated (index of proceedings attached at the **Appendix**).

#### Declaration of interests

3. The Chairman declared that he was a tax consultant and his work involved the provision of tax advisory services. Mr CHAN Kam-lam declared that in common with other taxpayers in Hong Kong, he would benefit from the proposed tax concessions in the Inland Revenue (Amendment) Bill 2014 ("the Bill"). Mr SIN Chung-kai declared that his mother was aged over 60 and thus he would benefit from the proposed increase in the dependent parent allowance. Mr Charles Peter MOK declared that his parents were aged over 60.

#### Follow-up actions to be taken by the Administration

4. The Bills Committee noted that currently a married couple who received employment income could elect joint assessment under salaries tax in Hong Kong to reduce their tax liability. In this connection, the Bills Committee requested the Administration to provide information on overseas jurisdictions in respect of their adoption of joint assessment arrangements for taxpayers similar to those provided for married couples in Hong Kong.

5. The Administration was also requested to provide the numbers and percentages of taxpayers in the past years –

- (a) who had elected joint assessment under salaries tax;
- (b) who had actually benefited from reduced tax liability as a result of the election of joint assessment;
- (c) who had elected personal assessment; and
- (d) who had actually benefited from reduced tax liability as a result of the election of personal assessment.

*(Post-meeting note: The Administration's reply was circulated to members vide LC Paper No. CB(4)745/13-14(02) on 5 June 2014.)*

### **III. Any other business**

#### Invitation of written submissions from the public

6. The Bills Committee agreed to post a notice on the Legislative Council website and write to the 18 District Councils to invite written submissions on the Bill.

*(Post-meeting note: No submission had been received by the Bills Committee by the closing deadlines.)*

#### Legislative timetable

7. The Chairman concluded that the Bills Committee had completed scrutiny of the Bill and supported the Bill in general. The Administration advised that it would give notice for resumption of the Second Reading debate on the Bill at the Council meeting of 18 June 2014 if the Bills Committee reported its deliberations to the House Committee on 6 June 2014.

*(Post-meeting note: With the concurrence of the Chairman, the Bills Committee will report its deliberations to the House Committee on 13 June 2014.)*

8. There being no other business, the meeting ended at 9:25 am.

**Proceedings of the First meeting of the  
Bills Committee on Inland Revenue (Amendment) Bill 2014  
on Tuesday, 27 May 2014, at 8:30 am  
in Conference Room 2B of the Legislative Council Complex**

<b>Time marker</b>	<b>Speaker(s)</b>	<b>Subject(s)</b>	<b>Action required</b>
000117- 000220	Mr CHAN Kam-lam Mr SIN Chung-kai Mr Kenneth LEUNG Mr Alan LEONG Mr Charles Peter MOK	Election of Chairman	
000221- 000250	Chairman	Introductory remarks	
000251- 000340	Chairman Mr CHAN Kam-lam Mr SIN Chung-kai Mr Charles Peter MOK	Declarations of interests	
000341- 000750	Administration	Briefing on the Inland Revenue (Amendment) Bill 2014 ("the Bill")	
000751- 001222	Chairman Mr SIN Chung-kai Administration	Mr SIN Chung-kai's question and the Administration's response regarding the rationale for the proposed tax concessions in the Bill.	
001223- 001532	Chairman Administration	The Chairman's enquiry and the Administration's response regarding the suggestion from some sectors in the community of adopting a two-tier profits tax system whereby a lower profits tax rate would apply to enterprises with smaller assessable profits.	
<b>Clause-by-clause examination of the Bill</b>			
001533- 001758	Chairman Administration	<b>Clause 1 - Short title</b> <b>Clause 2 - Inland Revenue Ordinance amended</b>	

		<p><b>Clause 3 - Section 89 amended (transitional provisions)</b></p> <p><b>Clause 4 - Section 96 added</b></p> <p>Members raised no query.</p>	
001759-002050	Chairman Administration	<p><b>Clause 5 - Section 3C amended (elderly residential care expenses deduction)</b></p> <p>The Chairman's question and the Administration's response regarding the eligibility criteria for claiming a reduction of elderly residential care expenses.</p>	
002051-002116	Chairman Administration	<p><b>Clause 6 - Section 4 amended (allowance)</b></p> <p>Members raised no query.</p>	
002117-003445	Chairman Administration	<p><b>Clause 7 - Schedule 31 and 32 added</b></p> <p><u>Schedule 31 - Transitional Provisions Relating to Provisional Salaries Tax in respect of Year of Assessment 2014/15</u></p> <p><i>Section 1 - Interpretation</i></p> <p><i>Section 2 - Allowances granted for year of assessment 2014/15</i></p> <p>The Chairman's enquiry and the Administration's response regarding determination of the due dates for tax payments.</p> <p><i>Section 3 - Application for holding over payment of provisional salaries tax on additional ground</i></p> <p>The Chairman's enquiry and the Administration's response regarding the rationale for this provision which sought to provide an additional ground for taxpayers to apply for holding over payment of provisional salaries tax in respect of</p>	

		<p>year of assessment 2014/15. The Chairman suggested that, instead of enacting transitional provisions each time to implement any adjustment in respect of a proposed deduction item, the Administration should consider introducing a standing provision in the Inland Revenue Ordinance to include any relevant entitlement to deductions exceeding a certain amount as a ground for application for holding over payment of provisional salaries tax. The Administration agreed to consider the suggestion.</p> <p><i>Section 4 - Provisions supplementary to section 3 of this Schedule</i></p> <p>The Chairman's enquiry and the Administration's response regarding the respective time limit for application under section 4 (3)(a) and (b) of the proposed Schedule 31.</p>	
<p>003446-004545</p>	<p>Chairman Mr SIN Chung-kai Administration</p>	<p><u>Schedule 32 - Reduction of Taxes for Year of Assessment 2013/14</u></p> <p><i>Section 1 - Salaries tax</i></p> <p><i>Section 2 - Profits tax</i></p> <p>The Chairman's enquiry and the Administration's response regarding the financial implications to the Government of the proposed tax concessions.</p> <p><i>Section 3 - Tax under personal assessment</i></p> <p>The Chairman's query and the Administration's response regarding the joint assessment arrangements for married persons under salaries tax.</p>	<p>The Administration to take follow-up actions</p>

		<p>Mr SIN Chung-kai's enquiry and the Administration's response regarding the statistics on taxpayers who had elected joint assessment under salaries tax and personal assessment. The Administration was requested to provide further information after the meeting.</p> <p>Completion of clause-by-clause examination of the Bill.</p>	
004546-004746	Chairman Mr SIN Chung-kai Administration	Mr SIN Chung-kai's question and the Administration's response regarding the adjustments to tax allowances and deductions in the past.	
004747-004950	Chairman Administration	Invitation of written submissions on the Bill.	
004951-005220	Chairman Mr SIN Chung-kai Administration	Timing for resumption of the Second Reading debate on the Bill.	