

Panel on Financial Affairs

List of outstanding items for discussion

(as at 7 October 2013)

**Proposed
timing for
discussion at
Panel meeting**

1. Briefing on the Inland Revenue (Amendment) Bill 2014

The Administration will consult the Panel on the legislative proposals to amend the Inland Revenue Ordinance (Cap. 112) to – November 2013

- (a) reduce the profits tax on the offshore insurance business of captive insurance companies; and
- (b) increase the maximum allowable tax deduction for Mandatory Provident Fund ("MPF") mandatory contribution for the 2014-2015 year of assessment and onwards, consequential to the increase of the maximum relevant income level from \$25,000 to \$30,000 with effective from 1 June 2014.

2. The Asia-Pacific Economic Cooperation Finance Ministers' Meeting 2014

China will assume the chairmanship of Asia-Pacific Economic Cooperation ("APEC") in 2014. The Central Government has decided to hold the APEC Finance Ministers' Meeting ("FMM") in Hong Kong in September 2014. Finance ministers, as well as senior financial and central bank officials of APEC member economies will participate in this ministerial meeting in Hong Kong next year. November 2013

The Administration aims to consult the Panel on the Administration's plan to seek the approval of the Establishment Subcommittee ("ESC") and the Finance Committee ("FC") in November and December 2013 respectively of the relevant staffing and financial requirements for the organization of APEC FMM 2014.

3. Proposed retention of a supernumerary directorate post in the Mainland Affairs Division of the Financial Services Branch of the Financial Services and the Treasury Bureau

The Administration will consult the Panel on the proposed retention of a supernumerary directorate post to deal with the work related to the promotion of Hong Kong's offshore Renminbi business, financial cooperation with the Mainland as well as policies and legislation concerning Hong Kong's commitment in meeting international financial regulatory standards.

November 2013

The Administration plans to submit the proposal to ESC and FC in December 2013 and January 2014 respectively.

4. Creation of one permanent directorate post to support initiatives of expanding the network of exchange of information arrangements of Hong Kong and one supernumerary directorate post to cope with the increase in volume and complexity of work at the Stamp Office of the Inland Revenue Department ("IRD")

The current directorate post to support the initiatives of expanding the network of exchange of information arrangements will lapse on 31 March 2014. In order to continue supporting the Government's policy priority to expand its network of comprehensive avoidance of double taxation agreements ("CDTAs") with its major trading and investment partners, to start tax information exchange agreements negotiations with those jurisdictions which are not interested in pursuing CDTA, to cope with the increased workload in handling exchange of information requests in coming years and to enhance Hong Kong's international involvement in taxation matters, it is proposed to create a permanent directorate post to lead and supervise all the above work in IRD.

November 2013

**Proposed
timing for
discussion at
Panel meeting**

Furthermore, in view of the increased volume of work to support various policy initiatives at the Stamp Office of IRD, it is proposed to create a time-limited directorate post to provide steer and monitoring of the work.

The Administration plans to submit the proposals to ESC and FC in January and February 2014 respectively.

5. Briefing on the work of Hong Kong Monetary Authority ("HKMA")

The Chief Executive of HKMA briefs the Panel on the work of HKMA on a regular basis. Such briefings are normally held in February, May and November each year.

November 2013
(tentative)
February 2014
May 2014

6. Briefing by the Financial Secretary ("FS") on Hong Kong's latest overall economic situation

The Panel has invited FS to brief the Panel and all other LegCo Members on macro economic issues on a regular basis since mid-1999. Such briefings are normally held in June and December each year.

December 2013
June 2014

7. 2014-2015 Budget consultation

FS will consult LegCo on the 2014-2015 Budget.

December 2013

8. Budget of Securities and Futures Commission ("SFC") for the financial year of 2014 – 2015

In line with the usual practice, SFC will brief the Panel on its budget for the coming financial year in February or March.

1st quarter of
2014

**Proposed
timing for
discussion at
Panel meeting**

9. Mandatory Provident Fund Schemes Ordinance (Amendment) Bill 2014

The Administration will brief the Panel on the legislative proposals on withdrawal of benefits and other initiatives to enhance the MPF System, including measures to facilitate trustees' compliance with statutory obligations to provide greater scope for MPF fee reduction.

1st quarter of 2014

10. Annual briefing on the work of the Financial Reporting Council ("FRC")

In line with the usual practice, FRC will brief the Panel on the work of FRC in the past year and the work plan for the year ahead.

2nd quarter of 2014

11. Construction of West Kowloon Government Offices

The Administration proposes to construct government office buildings in West Kowloon for reprovisioning:

To be confirmed

- (i) some government offices currently accommodated in leased premises;
- (ii) departments in the Yau Ma Tei Multi-storey Carpark Building for construction of the Central Kowloon Route; and
- (iii) some departments in the three government office buildings at the Wan Chai Waterfront.

According to the Administration, the proposal will help alleviate the shortfall of government-owned office premises, reduce government rental expenditure and increase the supply of office space for commercial use. The Administration plans to consult the Panel on the matter in 2013-2014. The Administration intends to submit the proposal to the Public Works Subcommittee and FC in May and June 2014 respectively.

12. Proposed legislation for the introduction of a scripless securities market in Hong Kong

The Administration will brief the Panel on the legislative proposal of introducing a scripless securities market in Hong Kong.

To be confirmed

13. Duration of lunch break under the extended trading hours of Hong Kong securities market

Since 7 March 2011, Hong Kong Exchanges and Clearing Limited ("HKEx") has implemented a two-phase extension of the trading hours of its securities and derivatives market by 1.5 hour to increase the overlap of the trading hours with the Mainland's and to strengthen the competitiveness of HKEx with its regional competitors. Under the extended trading hours, the morning trading session was advanced by 30 minutes. The lunch break was shortened from two to 1.5 hours with effect from 7 March 2011 and further shortened to one hour from 5 March 2012.

Information paper to be provided by the Administration in the 4th quarter of 2013

At the meeting on 16 October 2012, Hon Christopher CHEUNG expressed concern on the impact of the shortened lunch break on market practitioners and suggested that the Panel should discuss the issue in due course. The Administration has been invited to provide an information paper on the matter. The Panel would decide whether and how to follow up the issue in due course.

14. Over-deduction of amounts from Octopus cards

On 4 June 2013, Hon TANG Ka-piu, a non-Panel member, wrote to the Chairman proposing the Panel to discuss issues arising from the erroneous deductions of amounts from Octopus cards (LC Paper No. CB(1)1242/12-13(01) issued on 6 June 2013), following media reports in mid May 2013 that the cumulative

To be confirmed

**Proposed
timing for
discussion at
Panel meeting**

amount of over-deductions reached some \$13.3 million since 1997. Mr TANG is concerned about the regulation of Octopus card as a kind of electronic payments and the refunding arrangements by the Octopus Holdings Limited on the over-deductions.

The Administration had been requested to provide a written response to the issues raised by Mr TANG, which was circulated to members on 12 August 2013 (LC Paper No. CB(1)1684/12-13(01)).

Council Business Division 1
Legislative Council Secretariat
7 October 2013