

**立法會**  
**Legislative Council**

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**Paper for the House Committee Meeting  
on 8 May 2015**

**Legal Service Division Report on  
Inland Revenue (Amendment) (No. 2) Bill 2015**

**I. SUMMARY**

**1. The Bill**

The Bill seeks to amend the Inland Revenue Ordinance (Cap. 112) to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2015-2016 financial year to –

- (a) increase both the child allowance and the additional one-off child allowance in the year of birth for each eligible child from \$70,000 to \$100,000 under salaries tax and tax under personal assessment with effect from the year of assessment 2015-2016; and
- (b) reduce salaries tax, tax under personal assessment and profits tax payable for the year of assessment 2014-2015 by 75%, subject to a ceiling of \$20,000 per case.

**2. Public Consultation**

There is no formal consultation on the proposals in the Bill but the Financial Secretary has conducted consultations with LegCo Members, various business and professional bodies as well as the general public when formulating the 2015-2016 Budget.

**3. Consultation with  
LegCo Panel**

According to the Clerk to the Panel on Financial Affairs, the Panel has not been consulted on the Bill.

**4. Conclusion**

No difficulties in the legal and drafting aspects of the Bill have been identified. Subject to Members' views, the Bill is ready for resumption of Second Reading debate.

## **II. REPORT**

The date of First Reading of the Bill is 29 April 2015. Members may refer to the LegCo Brief (File Ref.: TsyB R 183/535-1/5/0 (15-16) (C)) issued by Financial Services and the Treasury Bureau on 15 April 2015 for further details.

### **Object of the Bill**

2. The Bill seeks to amend the Inland Revenue Ordinance (Cap. 112) to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2015-2016 financial year to –

- (a) increase both the child allowance and the additional one-off child allowance in the year of birth for each eligible child from \$70,000 to \$100,000 under salaries tax and tax under personal assessment with effect from the year of assessment 2015-2016; and
- (b) reduce salaries tax, tax under personal assessment and profits tax payable for the year of assessment 2014-2015 by 75%, subject to a ceiling of \$20,000 per case.

### **Background**

3. According to the LegCo Brief, the above proposals are to alleviate taxpayers' burden in raising their children and to provide for one-off relief measures in the 2015-2016 Budget. About 370,000 taxpayers would benefit from the proposal in paragraph 2(a) above and the revenue forgone is estimated to be about \$2 billion a year. As to the one-off relief measures in paragraph 2(b) above, about 1.82 million taxpayers and about 130,000 tax-paying corporations and unincorporated business will be benefited and the revenue forgone for 2015-2016 is about \$17.7 billion.

### **Provisions of the Bill**

4. The major provisions of the Bill are as follows –

- (a) clauses 3 and 4 of the Bill give effect to the one-off tax reduction set out in paragraph 2(b) above. Clause 3 amends section 89 of Cap. 112 to provide that the new Schedule 33 (added by clause 6), which sets out the transitional provisions relating to provisional salaries tax in respect of year 2015-2016, has effect to a person liable to pay provisional salaries tax in respect of the year of assessment commencing on 1 April 2015;

- (b) clause 4 adds a new section 97 to Cap. 112, which provides that the new Schedule 34 (added by clause 6) contains the provisions relating to the reduction of salaries tax, profits tax and tax under personal assessment for the year of assessment commencing on 1 April 2014;
- (c) clause 5 amends Schedule 4 (allowances) to Cap. 112 to give effect to the new child allowances as set out in paragraph 2(a) above. The maximum amount of the two allowances granted to a person is increased from \$630,000 to \$900,000. The increases take effect for the year of assessment 2015-2016; and
- (d) clause 6 adds Schedules 33 (which provides for the transitional arrangements relating to the assessment of, and holding over of payment of, provisional salaries tax for the year of assessment 2015-2016) and 34 (which provides for the amount of the respective taxes to be reduced for the year of assessment 2014-2015) to Cap. 112.

### **Public Consultation**

5. According to the LegCo Brief, owing to the confidentiality of the Budget, no formal consultation was conducted specifically in respect of the proposals in the Bill. However, the Financial Secretary has conducted consultations with LegCo Members, various business and professional bodies as well as the general public when formulating the 2015-2016 Budget and their views have been taken into account in drawing up those proposals.

### **Consultation with LegCo Panel**

6. According to the Clerk to the Panel on Financial Affairs, the Panel has not been consulted on the Bill.

### **Conclusion**

7. No difficulties in the legal and drafting aspects of the Bill have been identified. Subject to Members' views, the Bill is ready for resumption of Second Reading debate.

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