

Subcommittee on Rating (Exemption) Order 2015

Rating (Exemption) Order 2015

Purpose

In the 2015-16 Budget, the Government proposed to waive rates for the first two quarters of 2015-16, subject to a ceiling of \$2,500 per tenement per quarter. This paper briefs Members on the details of the proposal.

Justifications

2. Rates is a broad-based and stable source of government revenue. At present, there are some 3.15 million tenements liable to rates in Hong Kong. In accordance with the Rating Ordinance (Cap. 116), the valuation and collection of rates is based on tenements. The owner and the occupier shall both be liable for the payment of rates. Rates concession is an effective way for the Government to provide one-off relief to a wide spectrum of Hong Kong people.

3. In order to relieve the financial burden of the general public and to stimulate Hong Kong's economic growth amid an uncertain economic outlook, and having regard to the fiscal position of the Government, we propose to waive rates for the first two quarters of 2015-16, with a cap at \$2,500 per tenement per quarter. The provision of waiver for two quarters follows the practice last year, whereas the cap of \$2,500 is higher than that of last year (which was \$1,500).

4. The proposed rates exemption will benefit about 3.15 million properties liable to rates payment. During the two quarters with rates concession, about 86% of all the properties will be exempted from paying rates, as set out in the table below -

Type of Properties	Number of properties liable to rates payment ('000)	Number of properties exempted from rates in the first two quarters ('000) [% of number of properties]
<i>Private Domestic Premises</i>	1 742	1 476 [85%]
<i>Public Domestic Premises</i>	772	772 [100%]
All Domestic Premises*	2 742	2 477 [90%]
All Non-domestic Premises	407	239 [59%]
All Properties	3 149 (say 3 150)	2 716 (say 2 720) [86%]

* Including car parking spaces (228 000) in domestic premises.

Legal Basis

5. Section 36(2) of the Rating Ordinance provides that the Chief Executive in Council may, by order, declare any class of tenements, or parts thereof, or any part of Hong Kong to be exempted from the payment of rates wholly or in part. In order to effect the proposed rates exemption, the Chief Executive in Council has made the Rating (Exemption) Order 2015 (“the Order”) (see the **Annex**) under section 36(2) of the Rating Ordinance. The Order was gazetted on 25 February 2015.

The Order

6. The provisions of the Order are as follows -
- (a) Section 1 provides that the Order comes into operation on 1 April 2015.
 - (b) Section 2 provides for the definition of “concession period”, which means –
 - (i) 1 April 2015 to 30 June 2015 (both dates inclusive); and
 - (ii) 1 July 2015 to 30 September 2015 (both dates inclusive).

- (c) Section 3 provides that a tenement included in a valuation list that is in force will be exempted from the payment of rates up to an amount of \$2,500 per concession period. The \$2,500 cap will be reduced on a pro rata basis if rates are payable for only part of the concession period.

Legislative Timetable

- 7. The Order will be tabled at the Legislative Council on 18 March 2015 for negative vetting.

Financial Implications

- 8. We estimate that the rates exemption measure will result in one-off revenue forgone of \$7,741 million.

Implementation Date

- 9. The rates exemption measure will be effective from 1 April 2015. As in the past, the rates concession amount will be reflected in the demand notes for rates payment for the relevant quarters.

Financial Services and the Treasury Bureau
March 2015

L.N. 42 of 2015**Rating (Exemption) Order 2015**

(Made by the Chief Executive in Council under section 36(2) of the Rating Ordinance (Cap. 116))

1. Commencement

This Order comes into operation on 1 April 2015.

2. Interpretation

In this Order—

concession period (寬免期) means each of the following periods—

- (a) 1 April 2015 to 30 June 2015 (both dates inclusive);
- (b) 1 July 2015 to 30 September 2015 (both dates inclusive).

3. Exemption from payment of rates

A tenement included in a valuation list that is in force is exempted from the payment of rates in respect of any concession period by an amount equal to the rates payable for that period or \$2,500, whichever is less. The amount of \$2,500 is reduced on a pro rata basis if rates are payable for only part of the concession period.

Kinnie WONG
Clerk to the Executive Council

COUNCIL CHAMBER

25 February 2015

Explanatory Note

This Order declares that all tenements are exempted from the payment of rates in respect of any quarter in the period 1 April 2015 to 30 September 2015 wholly, if the amount of rates payable for the quarter is \$2,500 or less, or up to \$2,500, if the amount is more than \$2,500.