

立法會
Legislative Council

LC Paper No. CB(1)836/16-17
(These minutes have been seen
by the Administration)

Ref : CB1/BC/1/16

Bills Committee on Stamp Duty (Amendment) Bill 2017

Minutes of first meeting
on Tuesday, 28 February 2017, at 10:45 am
in Conference Room 3 of the Legislative Council Complex

Members present : Hon WONG Ting-kwong, SBS, JP (Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon WU Chi-wai, MH
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
Dr Hon YIU Chung-yim

Member absent : Hon Jeffrey LAM Kin-fung, GBS, JP

Public officers : Agenda item II
attending

Transport and Housing Bureau

Miss Agnes WONG

Deputy Secretary for Transport and Housing (Housing)

Miss Joyce KOK
Principal Assistant Secretary for Transport and Housing
(Housing)(Private Housing)

Mr Andrew FAN
Senior Administrative Officer (Private Housing) 1

Inland Revenue Department

Mr TAM Tai-pang
Deputy Commissioner of Inland Revenue (Operations)

Ms TSE Yuk-yip
Assistant Commissioner of Inland Revenue

Mr WONG Kai-cheong
Chief Assessor (Stamp Office)

Department of Justice

Ms Francoise LAM
Senior Assistant Law Draftsman

Miss Wendy HO
Government Counsel

Clerk in attendance: Mr Desmond LAM
Chief Council Secretary (1)3

Staff in attendance: Miss Winnie LO
Assistant Legal Adviser 7

Ms Connie HO
Senior Council Secretary (1)3

Ms Judy YEE
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Election of Chairman and Deputy Chairman

Election of Chairman

Mr James TO, the member who had the highest precedence among members of the Bills Committee present at the meeting, presided at the election of the chairmanship of the Bills Committee. Mr TO invited nominations for the chairmanship of the Bills Committee.

2. Mr WONG Ting-kwong was nominated by Ms Alice MAK and the nomination was seconded by Mr Paul TSE. Mr WONG Ting-kwong accepted the nomination.

3. There being no other nomination, Mr WONG Ting-kwong was elected Chairman of the Bills Committee. Mr WONG Ting-kwong then took the chair.

4. Members agreed that it was not necessary to elect a Deputy Chairman.

II. Meeting with the Administration

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|---------------------------------|---|
| (LC Paper No. CB(3)295/16-17 | -- The Bill |
| LC Paper No. CB(1)603/16-17(01) | -- Mark-up copy of the Bill prepared by the Legal Service Division (Restricted to members only) |
| File Ref: HDCR4-3/PH/1-10/0-1 | -- Legislative Council Brief issued by the Transport and Housing Bureau |
| LC Paper No. LS31/16-17 | -- Legal Service Division Report |
| LC Paper No. CB(1)603/16-17(02) | -- Paper on Stamp Duty (Amendment) Bill 2017 prepared by the Legislative Council Secretariat (background brief) |

- LC Paper No. CB(1)603/16-17(03) -- Assistant Legal Adviser's letter dated 8 February 2017 to the Administration
- LC Paper No. CB(1)603/16-17(04) -- Administration's responses to enquiries raised by the Assistant Legal Adviser in the letter dated 8 February 2017
- LC Paper No. CB(1)620/16-17(01) -- Assistant Legal Adviser's letter dated 27 February 2017 to the Administration)
(*English version tabled at the meeting on 28 February 2017 and subsequently issued on the same day*)

5. The Bills Committee deliberated (Index of proceedings attached at **Annex**).

Disclosure of pecuniary interest

6. The Chairman reminded members that under Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interest before they spoke.

7. Mr Paul TSE declared that he had involved in a real estate transaction after 5 November 2016, and as such, he would be directly affected by the new ad valorem stamp duty rate of 15% proposed under the Bill. Mr TSE considered that the recording of the above disclosure in the meeting minutes would suffice and it should not be necessary for him to disclose the same interest before he spoke at each of the subsequent meetings of the Bills Committee. The Chairman said that he would consider the matter with the legal adviser and clerk of the Bills Committee.

(*Post-meeting note* : According to the views of the Committee on Members' Interests presented at the House Committee meeting on 30 January 2015 (LC Paper No. CMI/31/14-15), Rule 83A of RoP appeared to require a Member to disclose the same pecuniary interest in a matter each time he spoke on the matter. Where a matter was discussed at a series of meetings of a committee, the good practice was for a Member to disclose the nature of his or her pecuniary interest afresh on each day of the meeting, so as to enable members of the public observing the meeting of the committee on a particular day to know the nature of such interest that the Member had. At the meeting on 28 March 2017, the Chairman advised that members of the Bills Committee who had disclosed the nature of their pecuniary interest relating to the subject of the Bill at the first meeting should disclose the same interest at the subsequent meetings before they spoke.)

Follow-up actions to be taken by the Administration

8. The Administration was requested to provide –
- (a) the number of litigation cases in relation to the demand-side management measures introduced by the Government since November 2010, including Special Stamp Duty, Buyer's Stamp Duty and doubled ad valorem stamp duty ("DSD"), and the details of such cases;
 - (b) the statistics on the number of cases of acquisition of residential properties where –
 - (i) the buyer was a Hong Kong Permanent Resident ("HKPR") acting on his/her own behalf and was not a beneficial owner of any other residential property in Hong Kong at the time of acquisition; or
 - (ii) the HKPR-buyer was acquiring a residential property to replace his/her only other residential property (including other cases relevant to the refund mechanism provided for under the DSD regime for HKPRs to dispose of their only other residential property in Hong Kong within six months from the date of the instrument for the newly acquired residential property),

for the period from February 2013 (i.e. after the introduction of DSD) to 4 November 2016 and the period from 5 November 2016 (i.e. after the announcement of the new measure of a new flat rate of 15% for the ad valorem stamp duty) to present;
 - (c) the respective number of residential property transactions and value of the transactions in respect of new and second-hand residential properties with a breakdown by year from 2010 to present; and
 - (d) the respective number of residential property transactions involving non-HKPR buyers, the value of each transaction and the proportion of such transactions to the overall transaction volume with a breakdown by year from 2012 (before the introduction of BSD) to present.

(Post-meeting note : The Administration's response was issued to members vide LC Paper No. CB(1)706/16-17(02) on 24 March 2017.)

Invitation of views

9. Members agreed to invite views on the Bill from interested parties and members of the public by placing an invitation on the website of LegCo and issuing invitation letters to the 18 District Councils. The Chairman drew members' attention to the proposed list of organizations to be invited to give views which was tabled at the meeting, and invited members to inform the Secretariat any specific organizations they wished to invite on or before 7 March 2017.

(Post-meeting note: An invitation for public submissions on the Bill was uploaded onto the LegCo website on 1 March 2017. Letters inviting views of the District Councils and relevant organizations endorsed by the Bills Committee were also issued on the same day. Upon the deadline on 7 March 2017, the Secretariat received no further suggestions of organizations to be invited for views on the Bill.)

Date of next meeting

10. The Chairman reminded members that the next meeting would be held on Tuesday, 28 March 2017 at 9:00 am.

II. Any other business

11. There being no other business, the meeting ended at 12:39 pm.

Council Business Division 1
Legislative Council Secretariat
20 April 2017

**Proceedings of the first meeting of
the Bills Committee on Stamp Duty (Amendment) Bill 2017
on Tuesday, 28 February 2017, at 10:45 am
in Conference Room 3 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
000000 – 000220	Mr James TO Mr WONG Ting-kwong Ms Alice MAK	<u>Election of Chairman</u> Mr WONG Ting-kwong was elected Chairman of the Bills Committee.	
000221 – 000353	Chairman	Opening remarks	
000354 – 000900	Chairman Administration	Briefing by the Administration on the Stamp Duty (Amendment) Bill 2017 ("the Bill") (LC Paper No. CB(3)295/16-17 and File Ref: HDCR4-3/PH/1-10/0-1) and the recent statistics on the residential property market after the announcement of the new flat rate of 15% for the ad valorem stamp duty ("New Residential Stamp Duty (NRSD)"), which was a new round of demand-side management measure proposed under the Bill.	
000901 – 000946	Chairman	The Chairman reminded members that under Rule 83A of the Rules of Procedure of the Legislative Council, they should disclose the nature of any direct or indirect pecuniary interest before they spoke.	
000947 – 002053	Chairman Mr James TO Administration	Mr James TO was of the view that – (a) to enable the Bills Committee to study whether the scope of exception and exemption should be expanded to cover other well justified scenarios (such as cases involving the acquisition of one residential property for replacement of two residential properties by a Hong Kong Permanent Resident ("HKPR")), the Administration should provide information on the number of litigation cases in relation to the demand-side management measures introduced by the Government since November 2010, including Special Stamp Duty, Buyer's Stamp Duty ("BSD") and doubled ad valorem stamp duty ("DSD"), and the details of such cases; and	see LC Paper No. CB(1) 706/16-17(02).

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		<p>(b) as young people who generally had low income found it difficult to secure mortgage loans from banks for acquisition of residential properties for self-use, there would be cases where parents who already held a residential property might help acquire another residential property under the joint name of their children. Under such circumstances, parents who were also the owner of the newly acquired residential property would be subject to NRSD. Mr James TO proposed that the Administration should consider providing exemptions for cases involving the joint acquisition of residential properties by immediate family members (such as parents and children) where the property acquired was for self-use, which was not against the policy objectives of NRSD as opposed to speculation.</p> <p>The Administration advised that –</p> <p>(a) it had been made clear that the refund mechanism introduced under the DSD regime was only applicable to cases where a HKPR-buyer acquired a new residential property to replace his/her only other residential property. However, the Administration would review whether the scope of relevant exception and exemption should be expanded to cover the scenario involving the acquisition of a single property for the replacement of more than one original residential properties by a HKPR-buyer who acted on his/her own behalf; and</p> <p>(b) the demand-side management measures of BSD and DSD were introduced to curb external demand and reduce local investment demand respectively. While these measures might affect some local home-buyers who aspired to acquire an additional residential property for self-use, further expansion of the existing scope of exception and exemption to cover the scenario involving joint acquisition of a residential property by two immediate family members where one of them already held a residential property at</p>	

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		<p>the time of acquisition might create other loopholes. The Administration should take a holistic approach in considering the expansion of scope.</p>	
002054 – 002620	Chairman Dr YIU Chung-yim Administration	<p>Dr YIU Chung-yim enquired about –</p> <p>(a) how the Administration could plug the policy loophole under the NRSD regime where a HKPR-buyer, who was acting on his/her own behalf and was not a beneficial owner of any other residential property in Hong Kong at the time of acquisition, had acquired multiple properties in the first-hand residential property market under one instrument to circumvent NRSD;</p> <p>(b) whether a HKPR acting on his/her own behalf who acquired one residential property to replace more than one original residential properties would be eligible to apply for partial refund of AVD paid for acquiring the new property within the prescribed period pursuant to the refund mechanism under the NRSD regime; and</p> <p>(c) whether the exemption arrangements applicable under the NRSD regime would cover the acquisitions of replacement residential properties made by property owners who were affected by private or public urban renewal projects.</p> <p>The Administration responded that –</p> <p>(a) charging stamp duty on an instrument basis was the fundamental principle under the Stamp Duty Ordinance (Cap. 117) ("SDO"). For a single instrument involving residential properties only, irrespective of the number of residential properties covered in the instrument, the properties concerned would be regarded as one transaction;</p> <p>(b) according to the statistics of the Inland Revenue Department ("IRD"), the number of residential property transactions involving more than one properties under a single instrument during the twelve-month period before the implementation of DSD, and from</p>	

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		<p>25 July 2014 (i.e. the date of gazettal of the Stamp Duty (No. 2) Ordinance 2014) to 31 January 2017 after the implementation of DSD accounted for just 3.4% and 3.8% of the total residential property transactions during the respective periods. The figures were comparable. In addition, over 80% of such transactions involved acquisition of a residential property together with a car parking space, a garden or a roof top. Imposing a restriction across the board that acquisition of only one residential property under a single instrument could be exempted from NRSD would prejudice the interests of aforementioned home-buyers who had a genuine need of acquiring more than one properties under a single instrument;</p> <p>(c) the amount of the mortgage loan for the properties concerned would be based on the total consideration of the instrument and unless these properties could be resold as a whole, the owner concerned would need to provide separate title deeds for the relevant residential properties under the instrument before disposing of them in the market one by one;</p> <p>(d) having considered the situation as a whole, the Administration held the view that it was not advisable to make fundamental changes to the stamp duty regime (i.e. imposing a restriction that only one residential property under an instrument would be eligible for exemption from NRSD.);</p> <p>(e) pursuant to the existing refund mechanism under the DSD regime, partial refund of the AVD paid for acquiring the new residential property for replacement of the original property was applicable in the case of one-on-one replacement only (i.e. acquisition of a residential property (and a car parking space, if applicable) by a HKPR acting on his/her own behalf for the purpose of replacing his/her only other residential property (and a car parking space, if applicable)); and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(f) the NRSD regime would adopt the existing partial refund mechanism provided for under the DSD regime in respect of the acquisition of more than one residential property for the purpose of redevelopment.</p>	
<p>002621 – 003343</p>	<p>Chairman Mr Holden CHOW Administration</p>	<p>Mr Holden CHOW noted that a HKPR who acquired a new residential property for replacement of his/her only other property could file partial refund of AVD paid if his/her only other property was disposed of within six months from the date of acquiring the new property. Affirming the need for the provision of the relevant exemptions under the NRSD regime, Mr CHOW suggested that the Administration should consider relaxing the restriction on the six-month period as it might not be practicable for property owners to sell their only other property within the specified period.</p> <p>Pointing out that the properties acquired in a batch under one instrument for speculative purposes would likely be disposed of one by one in the market, Mr Holden CHOW suggested that the Administration should devise a mechanism to identify such cases to plug the policy loophole under the NRSD regime where a HKPR-buyer, who was acting on his/her own behalf and was not a beneficial owner of any other property in Hong Kong, had acquired multiple properties under one instrument to circumvent NRSD.</p> <p>The Administration responded that –</p> <p>(a) in respect of cases where property owners had acquired a new residential property before disposing of their only original property, the six-month period within which the only other property had to be disposed of in order to be eligible for application of partial refund of AVD under the refund mechanism of the DSD regime had been adjusted in view of the suggestions made by members of the Bills Committee on Stamp Duty (Amendment) Bill 2013;</p> <p>(b) the six-month period was adjusted to commence from the conveyance on sale instead of the agreement for sale in respect of the newly acquired property.</p>	

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		<p>Meanwhile, application for stamp duty refunds was allowed to be made within two years after the execution of the agreement for sale of the newly acquired property or two months from the conveyance of sale of the only original property, whichever was the later. It was also noted that the repayment period of bridging loans provided by local banks for owners to replace their residential properties was usually six months. In view of the above, the six-month period provided for under the existing AVD refund mechanism of the DSD regime should be sufficient for HKPR-buyers to proceed with the property replacement; and</p> <p>(c) in considering the measures to plug any policy loophole, the Administration had to ensure that the relevant measures were effective and practicable. As regards Mr Holden CHOW's suggestion, the Administration advised that IRD would have to monitor each of those buyers for a very long period of time to ascertain whether the residential properties acquired under one instrument were disposed of one by one in the market in order to claw back the underpaid AVD, rendering such suggestion infeasible from operation perspective.</p>	
003344 – 004100	Chairman Mr CHUNG Kwok-pan Administration	<p>Mr CHUNG Kwok-pan was of the view that the demand-side management measures including DSD and NRSD were proven ineffective in cooling down the residential property market. But instead, these measures had contributed to the rapid increase in the residential property prices. Many property owners were reluctant to acquire a new property to replace their original one due to high property prices, and hence the supply of residential properties in the second-hand market had substantially reduced, thereby further raising residential property prices.</p> <p>To assess the impact of DSD and NRSD on the property market, Mr CHUNG Kwok-pan requested the Administration to provide the statistics on the number of cases of acquisition of residential properties for the period from February 2013 (i.e. after the introduction of DSD) to 4 November 2016 and the period from</p>	see LC Paper No. CB(1) 706/16-17(02).

Time marker	Speaker	Subject(s)	Action required
		<p>5 November 2016 (i.e. after the announcement of NRSD) to present where –</p> <ul style="list-style-type: none"> (i) the buyer was a HKPR acting on his/her own behalf and was not a beneficial owner of any other residential property in Hong Kong at the time of acquisition; or (ii) the HKPR-buyer was acquiring a residential property to replace his/her only other residential property. <p>The Administration responded that residential property prices were affected by a confluence of various local and external factors which closely interplayed with one another, and hence there could never be one single measure that could address the soaring property prices. The demand-side management measures were introduced to cool down the exuberance emerged in residential property market by increasing the property transaction costs. As a matter of fact, the surge of residential property prices had slowed down upon the announcement of NRSD.</p>	
004101 – 004656	Chairman Mr Kenneth LEUNG Administration	<p>Mr Kenneth LEUNG considered that –</p> <ul style="list-style-type: none"> (a) the demand-side management measure of DSD implemented since 2013 was not effective in curbing the increases in property prices. NRSD, which aimed to cool down the property market by further increasing the property transaction costs, could not deter well-off overseas buyers from acquiring properties in Hong Kong. Yet, these demand-side management measures had rendered it even more difficult for the local middle class to acquire their own residential property; and (b) more public rental housing ("PRH") units and subsidized sale units under the Home Ownership Scheme ("HOS") should be built to address the housing needs of the grassroots and the sandwich class respectively. <p>Mr Kenneth LEUNG enquired how the profits tax regime was administered and whether it could</p>	

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		<p>serve as a means to plug the loophole where an eligible HKPR had acquired multiple properties under one instrument to circumvent NRSD.</p> <p>The Administration responded that –</p> <ul style="list-style-type: none"> (a) according to precedent cases decided by the court, there was no single factor said to be conclusive in determination of whether a property transaction was subject to profits tax. That notwithstanding, the frequency of property transactions conducted by the relevant persons/companies and the holding periods of the properties under the relevant transactions were among the factors to be considered; and (b) IRD had all along kept in view those cases involving frequent property transactions of substantial value in the market. Should there be sufficient information showing that the relevant persons or companies had been engaging in property transactions for profits, IRD would request the party concerned to file profits tax return for tax assessment. 	
004657 – 010029	Chairman Mr Abraham SHEK Administration	<p>Mr Abraham SHEK considered that –</p> <ul style="list-style-type: none"> (a) the Government's high land premium policy and the demand-side management measures implemented since 2010 were the causes of the high residential property prices which rendered it difficult for local Hong Kong residents to acquire their own residential properties. He was not convinced by the Administration's justifications for introducing a new round of demand-side management measure (i.e. NRSD); and (b) the Administration should enhance the supply of PRH units and subsidized sale units under HOS to address the housing needs of the grassroots and low-to-middle income families. <p>The Administration responded that –</p> <ul style="list-style-type: none"> (a) the demand-side management measures aimed to cool down the property market. There was no quick fix or single measure 	

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		<p>that could tackle the housing problem in one go. The Administration had been striving to enhance the supply of private and public housing, including PRH , HOS, Green Form Subsidised Home Ownership Pilot Scheme, and subsidized sale flats provided by the Hong Kong Housing Society; and</p> <p>(b) under the Long Term Housing Strategy ("LTHS"), the latest housing supply target of private flats, PRH units and subsidized sale flats for the ten-year period from 2017-2018 to 2026-2027 were 180 000 units, 200 000 units and 80 000 units respectively (i.e. a public/private split of 60:40). The Administration had been making its utmost effort in finding suitable sites for housing developments to meet the supply targets.</p> <p>Mr Abraham SHEK said that while the split for the supply of public and private housing in the next 10 years under LTHS was 60:40, the split of land allocated for public and private housing developments was 50:50. The Administration should consider allocating more land for public housing developments.</p> <p>At the request of Mr Abraham SHEK, the Administration undertook to provide information on the respective number of residential property transactions and value of the transactions in respect of new and second-hand residential properties with a breakdown by year from 2010 to illustrate the impact of the demand-side management measures on the property market.</p>	<p>see LC Paper No. CB(1) 706/16-17(02).</p>
010030 – 010500	Chairman Ms Alice MAK Administration	<p>Ms Alice MAK considered that NRSD had not only increased the property transaction costs of genuine users in respect of property replacement, but had also raised the residential property prices which made these buyers even more difficult to acquire residential properties in the market for self-use. The Administration should roll out measures to help the genuine users in the market.</p> <p>The Administration responded that –</p> <p>(a) when compared with the period before the announcement of NRSD, the month-on-month increase of the price index</p>	

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		<p>for private domestic flats had slowed down after the announcement of the new measure, notwithstanding that the overall price index for private domestic flats remained high;</p> <p>(b) for HKPRs who had acquired a residential property before disposing of their only other one, they could seek a partial refund of AVD paid for the newly acquired property within a specified period under the existing AVD refund mechanism; and</p> <p>(c) while property prices were affected by a basket of local and external factors, prospective home-buyers should carefully assess their financial capability and affordability of home ownership.</p>	
010501 – 011252	Chairman Mr WU Chi-wai Administration	<p>Mr WU Chi-wai considered that –</p> <p>(a) the demand-side management measures were not an effective means to address the issue of exuberance in the residential property market given the substantial investment demand, in particular the demand from the Mainland; and</p> <p>(b) the Administration should strive to provide more affordable housing for local residents. Given that there were other potential sources of supply of sites (such as the Mass Transit Railway Corporation and the Urban Renewal Authority) for private housing developments apart from the Government land, the Administration should allocate more sites, particularly "spade-ready" sites (i.e. sites which had been properly zoned, and did not require resumption, clearance, reprovisioning of existing facilities, site formation or provision of additional infrastructure) for public housing developments.</p> <p>The Administration took note of Mr WU's views.</p>	
011253 – 012617	Chairman Mr Paul TSE Administration	<p>Mr Paul TSE disclosed his pecuniary interest and was of the view that –</p> <p>(a) acquisition of an additional residential property as a long-term investment to earn</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>rental income was part of the retirement plan of many middle-class families which already owned one residential property for self-use. Considering that these families would also have the need to replace their self-use property to improve the living environment, the Administration should consider expanding the existing scope of exemption applicable under the NRSD regime to cater for such cases;</p> <p>(b) the application of a flat rate of 15% across the different value bands under the AVD regime for residential property transactions was unfair since the relevant demand-side management measure had greater impact on the low-priced residential properties;</p> <p>(c) while NRSD was not intended to be a measure to generate revenue, the Administration should earmark the stamp duty revenue generated from the various demand-side management measures to help first-time home-buyers acquire their own residential properties, such as allocating certain sites at a very low land premium for the construction of residential properties for the benefit of these buyers; and</p> <p>(d) the Administration should consider introducing measures to plug the policy loophole under the NRSD regime where multiple properties were acquired under one instrument by a HKPR acting on his/her own behalf who was not a beneficial owner of any other residential property in Hong Kong at the time of acquisition.</p> <p>The Administration responded that –</p> <p>(a) the existing partial refund mechanism was applicable to cases where the HKPR-buyers dispose of their only original property after acquisition of the new property within the six-month period. Under the current situation of demand-supply imbalance, priority should be accorded to address the home ownership needs of HKPRs who were not the beneficial owner of any residential property in Hong Kong at the time of</p>	

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		<p>acquisition of a residential property, and as such, the scenario pointed out by Mr Paul TSE would inevitably be accorded a lower priority;</p> <p>(b) given that the existing DSD rates were charged at a progressive scale, there had been increasing investment demand for low-priced residential properties in view of the lower DSD rates charged on the transactions of these properties before the introduction of NRSD. Noting that NRSD would have greater impact on lower-priced residential properties, the Administration considered that it was in line with the Government's policy intent to address exuberance in the mass market flats in particular;</p> <p>(c) as a general principle, revenue generated from various types of taxes would be kept in a central pool and the allocation of which would be subject to the overall needs of the society. Designating the use of tax revenue generated from a particular industry for purposes related to that industry was not a prevailing practice of the Government in the management of public finances; and</p> <p>(d) reiterated the views in respect of property transactions involving the acquisition of multiple properties under one instrument.</p>	
012618 – 013024	Chairman Mr Alvin YEUNG Administration	Mr Alvin YEUNG considered that the Administration should, by making reference to previous transaction data, formulate targeted measures to suppress speculation of residential properties. In this connection, the Administration was requested to provide information on the respective number of residential property transactions involving non-HKPR buyers, the value of each transaction and the proportion of such transactions to the overall transaction volume with a breakdown by year from 2012 (before the introduction of BSD) to facilitate the deliberation of the Bill Committee.	see LC Paper No. CB(1) 706/16-17(02).

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013025 – 013752	Chairman Mr James TO Administration	<p>Mr James TO was of the view that –</p> <p>(a) in relation to the AVD refund mechanism, having regard to the practical difficulty for a property owner in disposing of his/her only other residential property within six months amid the sluggish property market upon the acquisition of a new property for replacement, the Administration should consider extending the relevant period to 12 months;</p> <p>(b) the Administration should plug the policy loophole under the NRSD regime where multiple properties were acquired under one instrument by a HKPR-buyer acting on his/her own behalf who was not a beneficial owner of any other property in Hong Kong at the time of acquisition; and</p> <p>(c) to assess the impact of the demand-side management measures on replacement of properties by HKPRs, the Administration was requested to provide the statistics on the number of cases of acquisition of residential properties where the HKPR-buyer was acquiring a residential property to replace his/her only other residential property (including other cases relevant to the refund mechanism provided for under the DSD regime for HKPRs to dispose of their only other residential property in Hong Kong within six months from the date of the instrument for the newly acquired residential property) for the period from February 2013 (i.e. after the introduction of DSD) to 4 November 2016 and the period from 5 November 2016 (i.e. after the announcement of NRSD) to present.</p> <p>The Administration took note of Mr James TO's views.</p>	see LC Paper No. CB(1) 706/16-17(02).
013753 – 014114	Chairman Mr KWOK Wai-keung	<p>Mr KWOK Wai-keung suggested that –</p> <p>(a) the Administration should formulate measures to plug the policy loophole under the NRSD regime (i.e. the acquisition of multiple properties under one instrument by a HKPR eligible for exemption from</p>	

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		<p>NRSD);</p> <p>(b) the Administration should consider deploying Government revenue from stamp duty, which amounted to over 50 billion according to the 2017-2018 Budget, to subsidize first-time home-buyers to acquire their own residential properties, and that specific policy measures should be formulated in this regard; and</p> <p>(c) according to the AVD rates at Scale 2 of SDO applicable to residential property transactions where the buyer was a HKPR acting on his/her own behalf and was not a beneficial owner of any other residential property in Hong Kong at the time of acquisition of the relevant property (i.e. transactions exempted from NRSD), the amount of AVD to be charged on an instrument where the consideration of the property concerned was 2 million or below was just \$100. Given that currently only a few residential properties in the market were valued at 2 million or below, the Administration should consider expanding the value bands of residential properties at Scale 2 of SDO such that first-time home-buyers could genuinely benefit from the relevant exemption.</p> <p>Noting that Mr KWOK's suggestions were not directly related to the subject matter of the Bill and also straddled more than one policy Bureaux, the Chairman advised the Administration to take note of Mr KWOK's suggestions and bring the issues to the attention of the relevant bureau for consideration.</p>	
014115 – 014506	Chairman Mr CHUNG Kwok-pan Administration	Mr Chung Kwok-pan was of the view that the demand-side management measures, coupled with the tightening up of the loan-to-value ratios of property mortgages, had rendered it difficult for property owners to acquire a property of relatively larger size to replace their only other property, thus freezing the supply of small to medium sized flats in the second-hand residential property market which was not beneficial to first-time home-buyers.	

Time marker	Speaker	Subject(s)	Action required
014507 – 014859	Chairman Mr WU Chi-wai Administration	<p>Mr WU Chi-wai enquired about the criteria to be adopted by the Administration in considering the relaxation or withdrawal of various demand-side management measures. Mr WU considered that the Administration should provide more affordable housing to the general public in the light of the fact that the residential property prices in Hong Kong had become unaffordable upon the implementation of the demand-side management measures since 2010.</p> <p>The Administration responded that –</p> <p>(a) in considering whether relevant demand-side management measures should be maintained or adjusted, the Administration would make reference to a series of indicators, such as the demand and supply situation in the property market, interest rate and the home purchase affordability ratio, etc.; and</p> <p>(b) in respect of the suggestion on the provision of more affordable housing, the Administration had been increasing the supply of subsidized sale units under HOS. If everything went smooth, a total of about 4 400 HOS units were expected to be rolled out for pre-sale in 2018.</p>	
014900 – 015030	Chairman Mr Holden CHOW Administration	<p>Mr Holden CHOW suggested that to address the cash flow problem encountered by HKPR-buyers in acquiring a new residential property to replace their only other property, the Administration should consider not requiring the payment of NRSD upfront and allowing the HKPR-buyer concerned to submit necessary information to IRD to prove that his/her only other property had been disposed of within six months from the date of assignment of the newly acquired property to apply for exemption from NRSD.</p> <p>Mr Holden CHOW reiterated his suggestion of relaxing the restriction on the six-month period under the existing AVD refund mechanism to allow more time for property owners to dispose of their only other property.</p> <p>The Administration took note of Mr CHOW's suggestions.</p>	

Time marker	Speaker	Subject(s)	Action required
015031 – 015523	Chairman	Invitation for public views on the Bill Meeting arrangement	

Council Business Division 1
Legislative Council Secretariat
20 April 2017