

**立法會**  
**Legislative Council**

LC Paper No. CB(1)922/16-17  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/2/16/2

**Bills Committee on Inland Revenue (Amendment) Bill 2017**

**Minutes of first meeting**  
**held on Tuesday, 11 April 2017, at 8:30 am**  
**in Conference Room 2B of the Legislative Council Complex**

- Members present** : Hon Kenneth LEUNG (Chairman)  
Hon WU Chi-wai, MH  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon IP Kin-yuen
- Members absent** : Hon WONG Ting-kwong, SBS, JP  
Dr Hon Junius HO Kwan-yiu, JP
- Public Officers attending** : **For item II**  
Financial Services and the Treasury Bureau  
  
Mr Andrew LAI, JP  
Deputy Secretary (Treasury)2  
  
Ms Pecvin YONG  
Principal Assistant Secretary (Treasury) (Revenue)

Inland Revenue Department

Mr CHIU Kwok-kit, JP  
Deputy Commissioner (Technical)

Ms Michelle CHAN  
Senior Assessor (Special Duty)

Department of Justice

Ms Françoise LAM  
Senior Assistant Law Draftsman

**Clerk in Attendance :** Ms Angel SHEK  
Chief Council Secretary (1)1

**Staff in attendance :** Miss Rachel DAI  
Assistant Legal Adviser 2

Mr Joey LO  
Senior Council Secretary (1)8

Miss Mandy POON  
Legislative Assistant (1)1

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Action

**I. Election of Chairman**

Election of Chairman

Mr Kenneth LEUNG, the member who had the highest precedence among members of the Bills Committee present at the meeting, presided at the election of Chairman of the Bills Committee.

2. Mr Kenneth LEUNG invited nominations for the chairmanship of the Bills Committee. Dr KWOK Ka-ki nominated Mr Kenneth LEUNG, and the nomination was seconded by Mr IP Kin-yuen. Mr LEUNG accepted the nomination. As Mr Kenneth LEUNG was nominated, Dr KWOK Ka-ki presided over the election.

3. There being no other nominations, Mr Kenneth LEUNG was declared Chairman of the Bills Committee. Mr LEUNG then took the chair.

Action

4. Members agreed that there was no need to elect a Deputy Chairman.

**II. Meeting with the Administration**

- (LC Paper No. CB(3)388/16-17 — The Bill
- File Ref: TsyB R 183/535-1/5/0(17-18)(C) — Legislative Council Brief
- LC Paper No. LS47/16-17 — Marked-up copy of the Bill prepared by the Legal Service Division (Restricted to Members)
- LC Paper No. CB(1)786/16-17(02) — Background brief prepared by the Legislative Council Secretariat)

Discussion

5. The Bills Committee deliberated and completed clause-by-clause examination of the Inland Revenue (Amendment) Bill 2017 ("the Bill") (index of proceedings attached at the **Annex**).

Follow-up actions to be taken by the Administration

6. The Administration was requested to provide the following information relating to tax deduction for self-education expenses:
- (a) list of approved education providers and prescribed courses of education, in particular, courses on caring of chronic disease patients and ex-mentally ill persons taken by carers or healthcare professionals;
  - (b) number of taxpayers who claimed the maximum deductible amount of \$80,000 for the year of assessment 2016-2017;
  - (c) types of courses of education pursued by, and the occupations of, the taxpayers who successfully claimed deductions for self-education expenses for the year of assessment 2016-2017; and
  - (d) estimated number of taxpayers who would claim the proposed maximum deductible amount of \$100,000 for the year of assessment 2017-2018.

Action

*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)852/16-17(02) on 20 April 2017.)*

Legislative timetable

7. The Chairman proposed and members supported that the Second Reading debate on the Bill be resumed at the Council meeting of 17 May 2017. On this basis, the deadline for giving notice of Committee Stage amendments ("CSAs") to the Bill would be 8 May 2017, and the Chairman would report the deliberations of the Bills Committee to the House Committee on 5 May 2017. The Bills Committee and the Administration would not propose CSAs to the Bill.

**III. Any other business**

8. There being no other business, the meeting ended at 9:54 am.

Council Business Division 1  
Legislative Council Secretariat  
10 May 2017

**Bills Committee on Inland Revenue (Amendment) Bill 2017**

**Proceedings of the first meeting  
on Tuesday, 11 April 2017, at 8:30 am  
in Conference Room 2B of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda Item I - Election of Chairman</i>			
000240 - 000421	Mr Kenneth LEUNG Dr KWOK Ka-ki Mr IP Kin-yuen	Election of Chairman	
<i>Agenda Item II - Meeting with the Administration</i>			
000422 - 000536	Chairman	Opening remarks	
000537 - 000950	Chairman Administration	Briefing by the Administration on the Inland Revenue (Amendment) Bill 2017 ("the Bill").	
000951 - 001938	Chairman Mr WU Chi-wai Mr IP Kin-yuen Administration	<p>Discussion on:</p> <p>(a) the rationales for and the considerations underlying the tax concessions proposed in 2017-2018; and</p> <p>(b) mechanism, if any, to review and adjust tax allowances and deduction ceilings regularly.</p> <p>The Administration pointed out that:</p> <p>(a) in considering any tax concession measures to be introduced, the Government took into account factors such as the prevailing local and external economic environment, and inflation. There was no specific mechanism to determine the timing and extent of adjusting each tax allowance or deduction ceiling; and</p> <p>(b) widening of the marginal tax bands and increase in tax allowances and deduction ceilings had to be carefully considered as they had far-reaching implications on tax revenue.</p>	

Time marker	Speaker	Subject(s)	Action required
001939 - 003506	Chairman Mr KWOK Wai-keung Administration	<p>Mr KWOK enquired on whether the various types of tax allowances and deduction ceilings could be adjusted across the board every year or on a more structured basis taking into account factors such as population structure and longer-term budget planning.</p> <p>The Administration responded that:</p> <p>(a) tax allowances/deductions which attracted wider public concern, such as the child allowance and the dependent parent and grandparent allowance, were adjusted more frequently; and</p> <p>(b) tax concessions offered might vary from year to year in echo to the keynote of each year's budget, which might include considerations for the population policy.</p> <p>The Chairman's enquiry and the Administration's response regarding approved education providers and prescribed courses of education eligible for deduction for self-education expenses.</p>	Admin (paragraph 6(b) to (d) of the minutes refers)
003507 - 004310	Chairman Mr WU Chi-wai Administration	<p>Mr WU opined that the Administration should regularly review the levels of tax allowances and deduction ceilings to ensure that their intended objectives were met and not offset/reduced by inflation or other circumstances.</p> <p>The Administration responded that it would strike a balance of all factors to determine which tax allowances and deduction ceilings should be adjusted, and whether one-off tax reductions could be offered in each year.</p>	
004311 - 004516	Chairman Administration	Discussion on whether the levels of relevant expenses of taxpayers (such as expenses on textbooks and school uniforms for taxpayers' children) were taken into account when adjusting the tax allowances or deduction ceilings in question.	
004517 - 004942	Chairman Mr IP Kin-yuen Administration	<p>Discussion on:</p> <p>(a) the number of taxpayers who would benefit from the proposed increase in the deduction ceiling for self-education</p>	Admin (paragraph 6(a) and (b) of the minutes refers)

Time marker	Speaker	Subject(s)	Action required
		<p>expenses; and</p> <p>(b) the scope of prescribed courses or education providers eligible for deduction for self-education expenses.</p>	
004943 - 005837	Chairman Dr KWOK Ka-ki Administration	<p>Discussion on:</p> <p>(a) how the level of proposed increase in the disabled dependant allowance was determined, and whether it had taken into account the level of medical and other expenses borne by taxpayers for their disabled dependants; and</p> <p>(b) Dr KWOK's suggestion that deductions for self-education expenses should cover courses on caring of chronic disease patients and ex-mentally ill persons taken by carers or healthcare professionals.</p>	Admin (paragraph 6(a) of the minutes refers)
005838 - 010439	Chairman Mr KWOK Wai-keung Administration	<p>Mr KWOK expressed the following views:</p> <p>(a) extending the entitlement period for home loan interest ("HLI") deduction from 15 years to 20 years could not cover the full mortgage tenure;</p> <p>(b) the proposed increase in the deduction ceiling for self-education expenses would benefit only those with higher earnings and hence could afford courses of higher fees; and</p> <p>(c) it would be more beneficial offering direct tax cut hinged to the amount of individual taxpayer's self-education expenses.</p> <p>The Administration advised that:</p> <p>(a) the proposed extension of the entitlement years for HLI deduction would benefit taxpayers on home mortgages in respect of their principal place of residence; and</p> <p>(b) the proposed increase in the deduction ceiling for self-education expenses had taken into account various factors, one of which was that the ceiling had not been adjusted for a few years since the year of assessment 2013-3014.</p>	

Time marker	Speaker	Subject(s)	Action required
010440 - 011130	Chairman Mr IP Kin-yuen Administration Assistant Legal Adviser 2 ("ALA2")	<p>Discussion on Mr IP's suggestion to introduce Committee Stage amendments ("CSAs") with a view to expanding the scope of prescribed courses to cover healthcare-related courses taken by taxpayers for supporting dependants who were chronic disease patients or ex-mentally ill persons.</p> <p>The Chairman and ALA2 pointed out the limitation on proposing CSAs which might dispose of or charge any part of the revenue or other public moneys of Hong Kong, and advised that whether the suggested CSAs might have possible charging effect would be a factor to be considered by the President of the Legislative Council in determining their admissibility.</p> <p>Mr IP indicated that he would not pursue the suggested CSAs. Instead, he requested the Administration to actively consider, in contexts outside the Bill, members' suggestion of expanding the scope of prescribed courses of education.</p> <p>The Administration advised that it would review the matter as and when necessary.</p>	
<p><b>Clause-by-clause examination of the Bill</b>                      [The Bill (LC Paper No. CB(3)388/16-17)]                      [Marked-up copy of the Bill prepared by the Legal Service Division (LC Paper No. CB(1)786/16-17(01))]</p>			
011131 - 011330	Chairman Administration	<p><u>Clause 1 — Short title</u>  <u>Clause 2 — Inland Revenue Ordinance amended</u>  <u>Clause 3 — Section 26E amended (home loan interest)</u></p> <p>Members raised no queries.</p>	
011331 - 012059	Chairman Administration	<p><u>Clause 4 — Section 89 amended (transitional provisions)</u>  <u>Clause 5 — Section 99 added</u>  <u>Clause 6 — Schedule 2 amended (rates)</u>  <u>Clause 7 — Schedule 3A amended (deduction for expenses of self-education)</u></p> <p>Discussion on law drafting practices in relation to addition of new Schedules and making of references to Schedules.</p>	



<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
012100 - 012155	Chairman Administration	<u>Clause 8 — Schedule 4 amended (allowances)</u> <u>Clause 9 — Schedules 39 and 40 added</u>  Members raised no queries.	
<i>Agenda Item III — Any other business</i>			
012156 - 012544	Chairman Administration	Legislative timetable	

Council Business Division 1  
Legislative Council Secretariat  
10 May 2017