

Clerk to Bill Committee on the Inland Revenue (Amendment) (No. 2) Bill 2017
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Hong Kong

Email: bc_104_16@legco.gov.hk

24th May 2017

Re: Bills Committee on Inland Revenue (Amendment) (No. 2) Bill 2017, Invitation for Submissions on the draft Committee stage amendments

Cathay Pacific Group (representing Cathay Pacific Airways, Hong Kong Dragon Airlines Limited and Air Hong Kong) welcomes the opportunity to comment on the captioned Bill amendment because of its potential impact on the aviation sector in Hong Kong. In making our submission we refer to the Bills Committee on Inland Revenue (Amendment) (No. 2) Bill 2017, LC Paper No. CB(4) 1060/16-17(01).

We note that the Committee Stage Amendments proposed to extend the proposed tax regime to onshore aircraft leasing activities as well. Cathay Pacific Group remains supportive of the Bill. We believe that the adoption of the Inland Revenue (Amendment) (No. 2) Bill 2017 would be a supportive development for Hong Kong.

We do not believe that the amendments proposed have any significant impact on the proposed Bill from the perspective of a Hong Kong based airline. We remain in any case fully supportive of the government's stated objectives for this legislation.

Hong Kong is already one of the world's most sophisticated aviation hubs and certainly has the potential to develop aircraft leasing to complete the spectrum of aviation services available in the HKSAR. A competitive tax regime would attract aircraft leasing activities and support the Four Pillar Industries identified by the government. Hong Kong has a robust financial services infrastructure, professional legal services, effective and transparent regulation to support the growth of an aircraft leasing industry.

By establishing the aircraft leasing industry, Hong Kong would benefit from increase hospitality and tourism, further strengthening HKIA's hub position. Moreover, with



the business advantages and efficiencies that Hong Kong has to offer, this would place Hong Kong at a strategic advantage to be part of the rapid development of China's aviation industry,

We take this opportunity to note once again that currently Cathay Pacific Group is a customer of the aircraft leasing business, and does not currently operate as an aircraft lessor for external parties. Any consideration of our interests in this amendment may take these facts into account.

Yours Sincerely,

A handwritten signature in black ink, appearing to be "Paul Loo", written in a cursive style.

Paul Loo
Director Corporate Development and IT
Cathay Pacific Airways