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**To:** "bc\_104\_16@legco.gov.hk" <bc\_104\_16@legco.gov.hk>  
**Date:** Tuesday, May 23, 2017 05:44PM  
**Subject:** Question about Bills Committee on Inland Revenue (Amendment) (No. 2) Bill 2017

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Dear Sir,

I am Wilson, Accounting Supervisor of Hong Kong International Aviation Leasing Company Limited.

Our company currently own around 30 aircrafts including the operating lease and finance lease (with ratio around 50:50), mostly lease to Hong Kong aircraft operator.

I would like to raise issue with the Inland Revenue (Amendment) (No. 2) Bill 2017.

I wondered why IRD do not think take accounts of finance lease and they think that finance lease is not common.

Actually, a lot of lessee tend to choose finance lease with lessor because of HKFRS 16. Lessee accounting will be treated no difference between operating lease and finance lease.

There is tax issue for depreciation expense of Right-of-Use Asset not resolved currently.

In addition, there should be a mistake under 14G(4). There is no paragraph (a)(ii) under definition of dry lease.

Therefore, the Inland Revenue (Amendment) (No. 2) Bill 2017 and amendment proposed by IRD yesterday will have a lot of potential issues to us.

Our company actually cannot benefit from the new regime due to strict restriction.

May I know if our company able to reflect our opinion in the Committee?

Thanks.

Regards,

**Wilson Kung**

Finance Department (Accounting Supervisor)

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