

**Government's Response to the Matters raised
at the Meeting of Bills Committee on Travel Industry Bill
held on 4 June 2018**

Purpose

This paper sets out the Government's response to the matters raised at the meeting of the Bills Committee on Travel Industry Bill (the Bill) held on 4 June 2018.

Levy Arrangements

2. Under clauses 147 and 148, a licensed travel agent is liable to pay Travel Industry Authority (TIA) levy and Travel Industry Compensation Fund levy respectively in respect of every outbound fare received by it. Under clause 139, "outbound fare" means the amount of any payment paid in relation to an outbound package (whether the payment amounts to the whole or a part of the price of the package).

3. As we have pointed out on various occasions¹, the Bill requires a licensed travel agent to pay levies in respect of every outbound fare received by it, and the licensed travel agent's timing to receive the outbound fare (no matter before or after an outbound tour commences) does not affect its liability to pay levies. In other words, even if a licensed travel agent receives an outbound fare in relation to an outbound package from an outbound traveller only after the outbound tour commences, the travel agent will still be required to pay levies in respect of the outbound fare.

4. In accordance with the principles stated in paragraphs 2 to 3, if the arrangements for a self-paid activity form a part of an outbound package, the amount concerned will be part of the outbound fare, and the travel agent will be required to pay levies in respect of that amount (regardless of the timing of receipt). On the other hand, if an outbound traveller gives tips to a tour escort/local tourist guide on his/her own initiative during an outbound tour (i.e. the tips are not the fare received from the outbound traveller through the tour escort/local tourist guide by the travel agent), the amount concerned will not come under an outbound fare, and the travel agent will not be required to pay any levy in respect of that amount.

¹ See, for example, LC Paper Nos. CB(4)257/17-18(02) (paragraphs 24 to 26) and CB(4)468/17-18(02) (paragraph 12).

5. On whether an on-line travel agent outside Hong Kong will be required to pay levies, as we have pointed out on various occasions², under the new regulatory regime, so long as a person fulfils the definition contained in clause 4, regardless of carrying on business through traditional premises or on-line, that person will be considered carrying on travel agent business and required to obtain a travel agent licence from TIA and come under its regulation. The travel agent so licensed will be required to pay levies.

Tourism Commission
Commerce and Economic Development Bureau
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² See, for example, LC Paper Nos. CB(4)955/16-17(02) (paragraphs 6 to 8), CB(4)1333/16-17(03) (paragraphs 5 to 6 in the annex) and CB(4)257/17-18(02) (paragraph 31).