

財經事務及庫務局

香港添馬添美道二號
政府總部二十四樓



FINANCIAL SERVICES AND THE
TREASURY BUREAU

24/F, Central Government Offices,
2 Tim Mei Avenue, Tamar
Hong Kong

傳真號碼 Fax No. : (852) 2810 2370
電話號碼 Tel. No. : (852) 2179 5848
本函檔號 Our Ref. : TsyB R 183/535-1/5/0 (18-19) (C)
來函檔號 Your Ref. : LS/B/10/17-18

By email (jyschan@legco.gov.hk)

20 March 2018

Ms Joyce Chan
Assistant Legal Adviser
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Chan,

Inland Revenue (Amendment) Bill 2018 (“the Bill”)

Thank you for your letter of 16 March 2018.

When considering the Inland Revenue (Amendment) Bill 2014 which served to implement the concessionary revenue measures proposed in the 2014-15 Budget, the Bills Committee suggested that instead of enacting transitional provisions each time to implement any adjustment in respect of a proposed deduction item, the Government should consider introducing a standing provision in the Inland Revenue Ordinance (“IRO”) to include any relevant entitlement to deductions exceeding a certain amount as a ground for application for holding over payment of provisional salaries tax. The Government agreed to consider the suggestion at that time.

We have, therefore, adopted a new drafting approach this year. Clauses 5 to 8 of the Bill serve to introduce standing provisions for bringing in new grounds for holding over applications of payment of

provisional salaries or profits tax. As explained in our Legislative Council Brief, clause 5 adds a new section 63CA to the IRO and clause 7 adds a new subsection (2A) to section 63H of the IRO. These two clauses serve to provide for the meaning of certain references used in the relevant provisions of the IRO. Clause 6 brings in additional grounds on which a person may rely in an application under section 63E(1) of the IRO, for the holding over of payment of the provisional salaries tax for a year of assessment (“YA”). Clause 8 brings in an additional ground on which a person may rely in an application under section 63J(1) of the IRO, for the holding over of payment of the provisional profits tax for a YA.

Based on the same consideration, we consider it desirable to introduce standing provisions to provide one-off tax reduction instead of enacting new schedules each time. This is achieved under Clause 9 of the Bill by introducing the new section 100 and Schedule 44. Any proposed one-off reduction of taxes in the future by reference to a percentage of the tax amount and a cap for the tax reduction would be implemented by an amendment to the new Schedule 44.

Yours sincerely,



(Ms Pecvin Yong)

for Secretary for Financial Services and the Treasury

c.c.

Commissioner of Inland Revenue
Department of Justice

(Attn: Mr KK CHIU)

(Attn: Ms Rayne CHAI)