

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1048/17-18  
(These minutes have been seen  
by the Administration)

Ref : CB1/SS/7/17/1

**Subcommittee on Rating (Exemption) Order 2018**

**Minutes of the second meeting on  
Tuesday, 17 April 2018, at 8:30 am  
in Conference Room 2 of the Legislative Council Complex**

**Members present** : Hon WONG Ting-kwong, GBS, JP (Chairman)  
Hon James TO Kun-sun  
Hon Paul TSE Wai-chun, JP  
Hon WU Chi-wai, MH  
Hon CHAN Chi-chuen  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHU Hoi-dick  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon Tony TSE Wai-chuen, BBS

**Members absent** : Hon CHUNG Kwok-pan  
Hon CHEUNG Kwok-kwan, JP

**Public officers attending** : Mr Andrew LAI, JP  
Deputy Secretary for Financial Services and the  
Treasury (Treasury)2

Ms Pecvin YONG  
Principal Assistant Secretary for Financial Services and  
the Treasury (Treasury)(R1)

Mr IP Pak-keung  
Assistant Commissioner (Rating & Valuation)  
Rating and Valuation Department

Ms Rayne CHAI  
Senior Assistant Law Draftsman  
Department of Justice

**Clerk in attendance :** Ms Connie SZETO  
Chief Council Secretary (1)4

**Staff in attendance :** Miss Evelyn LEE  
Assistant Legal Adviser 10

Miss Sharon LO  
Senior Council Secretary (1)9

Ms Sharon CHAN  
Legislative Assistant (1)4

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Admin

**I Meeting with the Administration**

- (LC Paper No. CB(1)796/17-18(01) — Letter dated 11 April 2018 from Dr Hon KWOK Ka-ki (Chinese version only)
- LC Paper No. CB(1)797/17-18(01) — Submission from Mr LAM Siu-pan (Chinese version only)
- LC Paper No. CB(1)811/17-18(01) — Administration's response to submission from Mr LAM Siu-pan
- LC Paper No. CB(1)815/17-18(01) — Amendments proposed by Hon James TO Kun-sun and Hon WU Chi-wai (Chinese version only)

Action

Matters arising from the previous meeting

- (LC Paper No. CB(1)753/17-18(01) — A list of follow-up actions arising from the discussion at the meeting on 27 March 2018
- LC Paper No. CB(1)775/17-18(01) — Administration's response to issues raised at the meeting on 27 March 2018
- LC Paper No. CB(1)753/17-18(02) — Letter dated 28 March 2018 from Hon James TO Kun-sun and Hon WU Chi-wai (Chinese version only)
- LC Paper No. CB(1)775/17-18(02) — Administration's response to the letter dated 28 March 2018 from Hon James TO Kun-sun and Hon WU Chi-wai)

Other relevant papers

- (L.N. 37 of 2018) — Rating (Exemption) Order 2018
- LC Paper No. LS39/17-18 — Legal Service Division Report
- LC Paper No. CB(1)730/17-18(02) — Background brief prepared by the Legislative Council Secretariat
- LC Paper No. CB(1)730/17-18(01) — Administration's paper on Rating (Exemption) Order 2018)

Discussion

The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

Action

Motions

2. At 10:03 am, the Chairman said that he had received a motion from Dr KWOK Ka-ki. Members agreed to proceed with the motion. The Chairman ordered that members be notified of the voting by ringing the voting bell. Dr KWOK Ka-ki read out his motion as follows –

"本小組委員會促請政府：

(a) 盡快更新差餉物業估價署收集物業業權和使用狀況的資料，並更新電腦系統以處理及儲存相關的資料；及

(b) 日後作出差餉寬減措施，必須改變以公司名義持有多個物業的財團不成比例地受惠於豁免措施，令措施變成"還富於富"的情況；限制同一名擁有人或佔用人名下有多於一定數量物業單位時，只可選擇一定數量的物業獲得豁免。"

(Translation)

"This Subcommittee urges the Government to:

(a) update as soon as possible information on titles and occupation particulars of properties collected by the Rating and Valuation Department, and update its computer systems for the processing and storage of the relevant information; and

(b) when implementing rates exemption measures in the future, alter the situation that consortiums holding a number of properties in the name of a company can reap the benefits of rates exemption disproportionately, therefore rendering such exemption a measure returning wealth to the wealthy people; and impose a restriction that the same owner or occupier holding tenements under his/her name exceeding a certain quantity may only benefit from rates exemption for a certain number of such properties."

3. The Chairman put Dr KWOK Ka-ki 's motion to vote. Mr SHIU Ka-fai claimed a division on the votes. Of the members present, five voted for the item, one against it. The Chairman declared the motion passed. The votes of individual members were as follows:

Action

*For*

Mr WU Chi-wai  
Dr KWOK Ka-ki  
Mr CHU Hoi-dick  
(5 members)

Mr CHAN Chi-chuen  
Dr Fernando CHEUNG

*Against*

Mr SHIU Ka-fai  
(1 member)

*(Post-meeting note: The terms of the motion were circulated to members vide LC Paper No. CB(1)816/17-18(01) on 17 April 2018.)*

Follow-up action to be taken by the Administration

4. The Administration was requested to provide supplementary information on the impact, if any, on the Gini coefficient arising from the one-off rates concession for the four quarters of 2018-2019.

*(Post meeting note: The Administration's written response was issued to members vide LC Paper No. CB(1)865/17-18(01) on 24 April 2018.)*

**II Any other business**

Legislative timetable

5. The Chairman concluded that the Subcommittee had completed the scrutiny of the Rating (Exemption) Order 2018 Order ("the Order") and would not propose any amendment to the Order.

*(Post meeting note: Members were informed vide LC Paper No. CB(1)817/17-18 issued on 17 April 2018 that the Subcommittee had completed scrutiny of the subsidiary legislation.)*

6. The Subcommittee noted that the motion to extend the scrutiny period of the Order to the Council meeting of 9 May 2018 was passed at the Council meeting of 11 April 2018. The Chairman would report the deliberations of the Subcommittee at the House Committee meeting on 27 April 2018. The deadline for giving notice of motion to amend the Order was 2 May 2018.

Action

7. There being no other business, the meeting ended at 10:24 am.

Council Business Division 1  
Legislative Council Secretariat  
30 May 2018

**Proceedings of the second meeting of the Subcommittee  
on Rating (Exemption) Order 2018  
on Tuesday, 17 April 2018, at 8:30 am  
in Conference Room 2 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
<b>Agenda item I — Meeting with the Administration</b>			
000639 – 002503	Chairman Dr KWOK Ka-ki Administration	<p>Dr KWOK's views and concerns on the Rating (Exemption) Order 2018 ("the Order") as follows –</p> <p>(a) restriction should be imposed on the rates concession measure to ensure that the concession would benefit the needy more (e.g. by limiting the number of rateable properties per owner to be eligible for rates concession);</p> <p>(b) according to the information provided by the Administration, for the 2018-2019 financial year, the total rates concessions estimated to be received by the top 10 ratepayers would amount to about \$250 million; and</p> <p>(c) providing rates concessions to ratepayers holding a large number of properties (e.g. the top ratepayer alone held 15 645 rateable properties) would run counter to the Administration's objective of sharing the fruits of economic success with the community.</p> <p>The Administration responded that –</p> <p>(a) the valuation and collection of rates were based on tenements. The ratepayers of tenements could be the owners, occupiers or agents of the owners or occupiers;</p> <p>(b) the Rating and Valuation Department ("RVD") did not collect information relating to the identity of the owner of each rateable property;</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>(c) rates concession was implemented on an equal-footing basis in that the measure benefited all ratepayers and was on tenement basis, regardless of the rateable value of the relevant properties;</p> <p>(d) the rates concession measure under the Order would cover some 3.25 million rateable properties in Hong Kong and the Administration considered that the measure was an effective concessionary measure given the simple implementation mechanism and low administrative cost involved;</p> <p>(e) RVD's information showed that more than 82% of the tenancy agreements of the top 10 ratepayers were of rates exclusive basis. These property owners had to rebate the concession to the tenants concerned in accordance with the provisions of tenancy agreements although for the sake of management convenience of the owners, they remained as ratepayers;</p> <p>(f) any changes to the current rates concession approach might imply making fundamental changes to the rates collection system, amending the Rating Ordinance (Cap. 116) ("RO") and upgrading RVD's computer systems and databases, which would require careful consideration and thorough discussion;</p> <p>(g) there would be considerable financial and manpower implications for implementing proposals suggested by members as RVD would need to collect, process and verify additional information collected from ratepayers (e.g. unique identity information of the ratepayers, details of the tenancy agreements, etc.);</p> <p>(h) the Administration noted the concerns expressed by individual members and some in the community on the existing rates concession mechanism, and members' proposals to improve the</p>	



Time Marker	Speaker	Subject(s)	Action Required
		<p>mechanism so as to achieve a more equitable distribution of the rates concession amount and ensure the concession would benefit the needy more; and</p> <p>(i) the Administration would study the proposals, assess their impact, and provide a paper to the relevant Panel by end of 2018.</p>	
002504 – 003210	Chairman Mr WU Chi-wai Administration	<p>Mr WU pointed out that the Land Registry should have information relating to the identity of the owner of a rateable property, and questioned why RVD did not obtain the relevant information from the Land Registry. He further suggested that newly completed but unsold residential properties held by property developers should be excluded from rates concession and sought the Administration's view on his suggestion.</p> <p>The Administration advised that –</p> <p>(a) there were legal restrictions for departments in sharing their data, in particular personal data, collected from the public when discharging their duties (e.g. there were provisions in RO restricting the disclosure of information to third parties); and</p> <p>(b) the Administration was aware of public concern about newly completed but unsold residential properties held by developers, and would study measures to address the issue separately.</p>	
003211 – 004216	Chairman Mr SHIU Ka-fai Administration	<p>On some members' concern that the rates concession measure in the Order was lopsided to the rich/property developers, Mr SHIU expressed his views as follows –</p> <p>(a) unlike other one-off concessionary measures which aimed at providing financial subsidies to the needy (e.g. social security recipients), the rates concession measure was to waive rates up to</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>a maximum of \$2,500 per quarter for each tenement, no matter whether the ratepayers were owner, tenants or property developers;</p> <p>(b) as advised by the Administration, 82% of the tenancy agreements of the top 10 ratepayers were of rates exclusive basis. Owners of these properties had to rebate the rates concessions to the tenants concerned in accordance with the provisions of tenancy agreements;</p> <p>(c) imposing restrictions on rates concessions might render some individuals or business establishments (including the small and medium enterprises ("SMEs")) renting properties and responsible for paying rates under the relevant tenancy agreements unable to benefit from the rates concessions; and</p> <p>(d) SMEs and property developers made contributions to the Hong Kong economy. They faced risks in running their businesses.</p> <p>The Administration said that –</p> <p>(a) waiving rates payments at a maximum of \$2,500 per tenement per quarter could help relieve the financial burden of ratepayers, in particular in view of the rising rateable values after the annual revaluation; and</p> <p>(b) the rates concession measure did not only benefit property owners and developers but also tenants of public rental housing ("PRH") as the 3.25 million properties covered by the rates concession measure included 796 000 PRH tenements.</p>	
004217 – 005446	Chairman Mr CHAN Chi-chuen Administration	Mr CHAN expressed concern that the rates concession measure was lopsided to the rich. He enquired about the costs for RVD to: (a) collect information on ratepayers and owners of the properties (e.g. the Hong Kong Identity Card or Business Registration	

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		<p>numbers) through the "Requisition for Particulars of Tenements" (i.e. Form R1A), and (b) to upgrade its computer systems and databases for maintaining the data. He referred to the proposed amendment made by the then Hon Albert CHAN to the Rating (Exemption) Order 2012 and asked if the Administration could implement the proposed amendment with an additional expenditure of \$48 million.</p> <p>The Administration advised that –</p> <ul style="list-style-type: none"> <li>(a) the estimated additional expenditure of \$48 million was based on the proposed amendment by the then Hon Albert CHAN made in 2012 which sought to limit the number of rateable properties to be eligible for rates concession to three per ratepayer in each quarter;</li> <li>(b) the costs would include putting in place a new computer system to store and process information relating to the identity of the ratepayers, and additional manpower to handle the workload arising from the anticipated large number of applications for change of ratepayers' particulars and account adjustments triggered by the proposed arrangement; and</li> <li>(c) information collected in Form R1A mainly related to rents and key terms of tenancy agreements which would be used for determining the rateable values for the next general revaluation, when a lease had recently expired, or when a rent had been reviewed. Information relating to the identity of the owners of the rateable properties was not collected.</li> </ul>	
005447 – 010248	Chairman Mr James TO	<p>Mr TO 's views as follows –</p> <ul style="list-style-type: none"> <li>(a) he was not convinced of the Administration's explanation that it was appropriate to issue the demand notes for rates payment for the quarter from April to June 2018 before the Order came into</li> </ul>	

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		<p>operation (i.e. 1 April 2018) because the "Last Day for Payment" (i.e. 30 April 2018) fell on a date after 1 April 2018;</p> <p>(b) the rates concession measure was unfair as not all ratepayers had financial pressure. Property developers and ratepayers holding many properties were wealthy;</p> <p>(c) the Administration had implemented rates concession measures for years but had failed to make any improvements to the mechanism despite criticisms from individual Legislative Council ("LegCo") Members and some in the community; and</p> <p>(d) RVD should obtain information on the number of properties owned by individuals/parties from relevant departments, and such information would help implement measures to improve the equity of the rates concession mechanism.</p>	
010249 – 010653	Chairman Mr Holden CHOW Administration	Mr CHOW was of the view that the Government should consider excluding newly completed but unsold residential properties held by developers from the rates concession measure.	
010654 – 011518	Chairman Mr CHU Hoi-dick Administration	<p>Mr CHU asked whether RVD did not collect information relating to property owners because it had to avoid possible disputes arising from adverse possession. He also sought information on the valuation and payment of rates for temporary domestic structures in Choi Yuen San Tsuen.</p> <p>The Administration replied that –</p> <p>(a) the valuation and collection of rates were based on tenements regardless of whether the ratepayer was the owner of the property concerned;</p> <p>(b) the ratepayer could be the owner or occupier of the property, and the owner of the property could ask RVD to issue the demand notes for rates payment to him/her if he/she found a trespasser paying rates</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>for the property concerned without his/her consent; and</p> <p>(c) temporary domestic structures held under Short Term Waivers on private land (commonly known as "licensed structures"), including licensed structures in Choi Yuen San Tsuen, were subject to rates payment.</p>	
011519 – 012512	Chairman Dr Fernando CHEUNG Administration	<p>Dr CHEUNG criticized that the rates concession measure was lopsided to the rich (e.g. developers holding a large number of completed but unsold residential properties would enjoy a large proportion of the concession amount). He suggested that each ratepayer should only be entitled to rates concessions for one rateable property he/she held. He requested the Administration to provide information on the impact, if any, on the Gini coefficient arising from the rates concessions under the Order. He also urged the Administration to identify ways to improve the rates concession measure so as to ensure that the measure would benefit the needy more.</p> <p>The Administration responded that –</p> <p>(a) the rates concession measure would cover all properties (about 3.25 million) liable to rates payment, including residential properties, properties rented by SMEs and tenants of PRH; and</p> <p>(b) the Administration noted members' concerns and would provide a paper to the relevant Panel by the end of 2018 to set out the impact assessment of various options to change the current rates concession mechanism.</p>	The Administration to take action as per paragraph 4 of the minutes
012513 – 013036	Chairman Dr KWOK Ka-ki Administration	Dr KWOK stressed that the concessionary measures should benefit the needy more. He asked if RVD would review and update Form R1A with a view to collecting necessary information (e.g. the identity of the owner of each rateable property) for implementing the improvement measures proposed by members.	

Time Marker	Speaker	Subject(s)	Action Required
		<p>The Administration advised that RVD had been updating Form R1A from time to time taking into account operational needs. Subject to the future rates concession approach, Form R1A might be revised to collect additional information, including the identity of the owner of each rateable property. RVD's computer systems and databases would also need to be upgraded for maintaining and processing the new information collected.</p>	
013037 – 013556	Chairman Mr CHAN Chi-chuen Administration	<p>Mr CHAN opined that the Administration should impose restrictions on the rates concession measure so as to ensure the measure would benefit the needy more, such as confining the concession to tenants and properties held and used by the owners, properties rented by SMEs, etc. He enquired about the feasibility of requiring ratepayers to apply for rates concession from RVD, and how RVD would assist in verifying the amount of rates concession received by ratepayers when the Administration implemented the Caring and Sharing Scheme under the 2018-2019 Budget.</p> <p>The Administration advised that any fundamental change to the existing rates concession mechanism would create additional workload to RVD, require amendments to RO, and necessitate substantial adjustments to the accounting and computer systems of RVD. As regards the Caring and Sharing Scheme announced by the Financial Secretary on 23 March 2018, eligible persons who had received salaries tax rebate and/or rates concession less than \$4,000 in total, could apply to the Scheme for the difference in payment. The Government would announce the details of the Scheme in due course.</p>	
013557 – 013722	Chairman Assistant Legal Adviser 10 ("ALA10")	<p>ALA10 advised that any amendments proposed by members to the Order would be subject to the President's ruling, including whether the proposed amendments would have a charging effect within the meaning of Rule 31(1) of the Rules of Procedures ("RoP"). Members who planned to propose amendments to the Order might approach the Legal Service Division of the LegCo Secretariat for advice.</p>	

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
013723 – 014614	Chairman Dr KWOK Ka-ki Clerk	Voting on the motion moved by Dr KWOK Ka-ki	
014615 – 015633	Chairman Clerk Mr WU Chi-wai ALA10	<p>The Chairman drew members' attention to the amendments proposed by Mr TO and Mr WU.</p> <p>[LC Paper No. CB(1)815/17-18(01)]</p> <p>Mr WU requested the Subcommittee to move the proposed amendments.</p> <p>ALA10 further advised that the proposed amendments might involve issues regarding the scope of rates exemption and might have a charging effect within the meaning of Rule 31(1) of RoP, and ALA10 noted the proposal or policy intent, as drafted, required careful consideration of certain essential details (such as whether and how the exclusion would apply to a property jointly owned by a company and a charitable organization). She invited the Subcommittee and/or the members' concerned to provide further clarification on the matter.</p> <p>The Chairman invited Mr WU to consider moving the amendments in his own name. Mr WU said that he and Mr TO would consider moving the amendments in their own names.</p>	
<b>Agenda item II — Any other business</b>			
015634 – 015751	Chairman	Legislative timetable and concluding remarks	