

Subcommittee on Rating (Exemption) Order 2018

**Government's Response to a Written Submission
(LC Paper No. CB(1)797/17-18(01))**

Regarding the opinion that those owners with a large number of properties would be the biggest beneficiaries under the rates concession measure, the Government emphasised in our paper submitted to the Legislative Council Secretariat on 6 April 2018 (CB(1)775/17-18(01)) that over 82% of the tenancies (mainly involving non-domestic properties) of the estimated top 10 ratepayers in 2018-19 are of rates exclusive basis. The rates concessions are rebated to the tenants although for the sake of management convenience, the owners remain as ratepayers. The relevant ratios in the past few years were at a comparable level.

2. As for the suggestion to limit the number of properties eligible for rates concession per owner, as explained in the aforementioned paper (CB(1)775/17-18(01)), pursuant to the Rating Ordinance, the valuation and collection of rates are based on tenements. A ratepayer can be the owner, occupier or agent of the owner or occupier. At present, for the purpose of issuing quarterly demand notes for rates payment, the Rating and Valuation Department (RVD) maintains information on the name and mailing address of the ratepayers, but does not collect their Hong Kong Identity Card number, the Business Registration number or information of the owners of the tenements. Any changes to the current rates concession approach may imply a fundamental change to the rates collection system. Amending the Rating Ordinance and replacing the RVD's computer systems and databases with new ones may also be required. Moreover, all the relevant information will need to be constantly updated to reflect the latest status. The way of handling jointly-owned properties or properties held via a holding company may also be contentious and problematic. In addition, a new restriction may exclude those tenants who are required to pay rates by the terms of a tenancy agreement from enjoying rates concession. All these issues require careful and thorough consideration.

3. We will provide a paper to the Legislative Council on our analysis of options to change/improve the current rates concession mechanism and the

implications. Given the complexity of the issues involved, we will endeavor to complete the analysis by the end of this year.

Financial Services and the Treasury Bureau
April 2018