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FINANCIAL SERVICES BRANCH
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來函檔號 YOUR REF.:

27 February 2019

Mr Derek LO
Clerk to Bills Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Lo,

**Follow-up on the treatment of tax deductible voluntary contributions
("TVCs") when applying for different public services**

Thank you for your email on 31 January 2019, regarding the letter from Hon WU Chi-wai dated 30 January 2019 on the captioned. Having consulted the Bureaux, I set out below the consolidated response.

2. TVCs are a new type of contributions different from the existing mandatory contributions ("MCs") and voluntary contributions ("VCs"). On the one hand, same as MCs, TVCs are subject to the preservation requirements, i.e. withdrawal is allowed only upon retirement at the age of 65 or on statutorily permissible grounds¹. On the other hand, unlike the existing MCs, for which there are statutory requirements in respect of the timing, frequency or amount of contributions, employees can make TVCs at any time at any amount. Given the differences between TVCs and MCs, we consider it inappropriate to uniformly require Bureaux/Departments to exclude the accrued benefits of TVCs from the

¹ Such grounds include early retirements at the age of 60, total incapacity, terminal illness, permanent departure from Hong Kong, death and small balance.

calculation of assets of the applicants for public services/social welfare benefits solely because TVCs and MCs are subject to the same preservation requirements.

3. In fact, each of the means-tested public services or welfare schemes has its unique policy objective, target beneficiaries to be covered by the policy, and implementation details (such as how assets should be defined, etc.). Hence, there might not be a one-size-fits-all treatment of accrued benefits of TVCs for all these means-tested public services or schemes.

4. We have ascertained from the Bureaux whether they would treat accrued benefits of TVCs as assets when they process applications for means-tested public services and welfare schemes. Based on the response from Bureaux available thus far, in general, if the accrued benefits of TVCs of the applicants cannot be withdrawn at the time of applications for means-tested public services and welfare schemes², their accrued benefits of TVCs will not be regarded as assets.

Yours sincerely,



(Ms Noel TSANG)

for Secretary for Financial Services and the Treasury

² For example: the Samaritan Fund of the Food and Health Bureau, the application for public rental housing of the Housing Department, and the Comprehensive Building Safety improvement Loan Scheme of the Buildings Department, etc.