

**Bills Committee on
Inland Revenue (Amendment) (Tax Concessions) Bill 2019**

Committee Stage Amendments Proposed by the Government

Purpose

This paper sets out the Committee Stage Amendments (“CSAs”) that the Government proposes to introduce to the Inland Revenue (Tax Concessions) Bill 2019 (“the Bill”) for implementing the enhanced tax reduction announced by the Financial Secretary on 15 August 2019.

Committee Stage Amendments

2. The 2019-20 Budget proposed to reduce salaries tax, tax under personal assessment and profits tax for the Year of Assessment (“YA”) 2018/19 by 75% subject to a ceiling of \$20,000. About 2.05 million taxpayers will benefit from a saving of about \$18.9 billion. On 15 August 2019, the Financial Secretary announced a package of measures to counter the challenging external and local economic environment. One of the measures is to increase the tax reduction for YA 2018/19 from **75% to 100%** while retaining the ceiling of \$20,000. About 1.43 million taxpayers will benefit from a further saving of \$1.84 billion.

3. To implement the enhanced tax reduction, we propose that clause 5 of the Bill be amended so that the specified percentage for tax reduction is increased from 75% to 100%. Besides, as the enhanced tax reduction is announced in addition to the 2019-20 Budget proposal, we propose that the long title of the Bill be amended accordingly to reflect that the Bill seeks to implement the tax reduction proposals made by the Government in 2019.

Advice Sought

4. Members are invited to consider the draft CSAs at [Annex](#).¹

**The Treasury Branch
Financial Services and the Treasury Bureau
September 2019**

¹ The proposed CSAs are subject to any subsequent necessary refinements.

Inland Revenue (Amendment) (Tax Concessions) Bill 2019

Committee Stage

Amendments to be moved by the Secretary for Financial Services and the Treasury

<u>Clause</u>	<u>Amendment Proposed</u>
Long title	By deleting “a proposal concerning tax concessions in the Budget introduced by the Government for the 2019–2020 financial year” and substituting “the proposals made by the Government in 2019 to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2018/19”.
5	By deleting “75%” (wherever appearing) and substituting “100%”.