

立法會
Legislative Council

LC Paper No. CB(1)10/19-20

Ref: CB1/BC/8/18

**Second report of the Bills Committee on Inland Revenue (Amendment)
(Tax Concessions) Bill 2019**

Purpose

This paper reports on the scrutiny of the Administration's proposed amendments to the Inland Revenue (Amendment) (Tax Concessions) Bill 2019 ("the Bill") by the Bills Committee on Inland Revenue (Amendment) (Tax Concessions) Bill 2019 ("the Bills Committee").

Background

2. The Bills Committee reported its deliberations to the House Committee on 26 April 2019. The House Committee noted that the Bills Committee had completed its work then and raised no objection to the resumption of the Second Reading debate on the Bill at the Council meeting of 26 June 2019. The Administration thereafter gave notice for the Second Reading debate on the Bill to be resumed at that Council meeting.¹ A report of the Bills Committee was tabled at the Council meeting under LC Paper No. CB(1)1180/18-19. No amendment to the Bill was proposed by the Administration or any Member then. The resumption of the Second Reading debate was not dealt with before the 2018-2019 session ended on 19 July 2019.²

¹ The deadline for giving notice of amendments to the Bill was 17 June 2019.

² The resumption of the Second Reading debate was not dealt with at the Council meeting of 26 June 2019 and was carried forward to the Council meeting of 3 July 2019. Both the Council meetings of 3 July and 10 July 2019 (i.e. the last regular meeting of the Council in the 2018-2019 legislative session) were not held given the serious damage caused by the storming of the Legislative Council Complex by some protesters on 1 July 2019 and due to safety and security considerations.

Administration's proposed amendments to the Bill

3. The Bill, which was introduced into the Legislative Council on 20 March 2019, seeks to give effect to the proposal in the 2019-2020 Budget to reduce salaries tax, tax under personal assessment and profits tax for the Year of Assessment ("YA") 2018-2019 by 75% subject to a ceiling of \$20,000 per case. Under this proposal, about 2.05 million taxpayers will benefit from a saving of about \$18.9 billion.

4. 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 said tax reduction for YA 2018-2019 from 75% to 100% while retaining the ceiling of \$20,000 per case ("enhanced tax reduction"). About 1.43 million taxpayers will benefit from a further saving of \$1.84 billion.

5. To implement the enhanced tax reduction, the Administration has proposed that clause 5 of the Bill be amended so that the specified percentage for tax reductions is increased from 75% to 100%. The Administration has also proposed that the long title of the Bill be amended to reflect that the enhanced tax reduction is announced in addition to the 2019-2020 Budget proposal.

Consideration of the Administration's proposed amendments by the Bills Committee

6. The Administration has invited the Bills Committee to consider its proposed amendments to the Bill by way of a paper. The legal adviser to the Bills Committee has advised that no difficulties relating to the legal and drafting aspects of the amendments have been identified. The Bills Committee has noted that as the deadline for giving notice of amendments to the Bill (i.e. 17 June 2019) ("the notice") has passed, the Administration needs to seek the President's permission under Rule 57(2) of the Rules of Procedure ("RoP") to dispense with the notice.

7. On the direction of Hon Kenneth LEUNG, Chairman of the Bills Committee, Bills Committee members were invited to consider the Administration's proposed amendments vide LC Paper No. CB(1)1358/18-19 issued on 27 September 2019. Members were consulted on whether they had any views on the Administration's proposed amendments, and whether they had objection to the Administration's seeking the President's permission under Rule 57(2) of RoP to dispense with the notice. Members were also notified by the circular that subject to members' views on the arrangement, the House

Committee will be invited to consider giving support for the Administration's seeking the said permission of the President.

8. By the specified deadline, three Bills Committee members (i.e. the Chairman, Hon WONG Ting-kwong and Hon KWOK Wai-keung) had returned the reply slips.³ These members signified no objection to the Administration's seeking the President's permission to dispense with the notice. The Chairman gave his initial personal view that the Administration's proposed amendments were not controversial. Other members did not give any specific comment on the Administration's proposed amendments and did not request that the proposed amendments be considered at a meeting. In light of Bills Committee members' views, the Administration has written to the Clerk to the Legislative Council on 8 October 2019 to seek the President's permission to dispense with the notice so that the Administration's proposed amendments could be moved at the Council meeting of 23 October 2019.⁴

Consultation with the House Committee

9. The House Committee was consulted on 11 October 2019 and supported the President's giving permission to dispense with the notice.

Council Business Division 1
Legislative Council Secretariat
15 October 2019

³ There are five members in the Bills Committee. The other two members are Hon WU Chi-wai and Dr Hon KWOK Ka-ki.

⁴ The letter was copied to House Committee Chairman and Bills Committee Chairman on 8 October 2019. On the instruction of Bills Committee Chairman, the letter was issued to Bills Committee members (and copied to all other Members) on 9 October 2019 for reference.