

## Index Page

### Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2019-20

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 5

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<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">S-FSTB(Tsy)01</a>	S0026	TSE Wai-chuen, Tony	51	(1) Acquisition and Allocation
<a href="#">S-FSTB(Tsy)02</a>	S0028	AU Nok-hin	76	(1) Assessing Functions
<a href="#">S-FSTB(Tsy)03</a>	S0035	FAN Kwok-wai, Gary	76	(1) Assessing Functions
<a href="#">S-FSTB(Tsy)04</a>	S0027	TO Kun-sun, James	76	(1) Assessing Functions (2) Collection (3) Investigation and Field Audit
<a href="#">S-FSTB(Tsy)05</a>	S0038	TO Kun-sun, James	76	(1) Assessing Functions (2) Collection (3) Investigation and Field Audit
<a href="#">S-FSTB(Tsy)06</a>	S0039	TO Kun-sun, James	76	(1) Assessing Functions (2) Collection (3) Investigation and Field Audit
<a href="#">S-FSTB(Tsy)07</a>	S0040	TO Kun-sun, James	76	(2) Collection
<a href="#">S-FSTB(Tsy)08</a>	S0023	AU Nok-hin	147	(2) Revenue and Financial Control
<a href="#">S-FSTB(Tsy)09</a>	S0024	AU Nok-hin	147	—

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)01**

**(Question Serial No. S0026)**

Head: (51) Government Property Agency

Subhead (No. & title): ( )

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the assistance to bureaux and departments in reviewing their under-utilised sites, please provide the following supplementary information:

1. A list of non-departmental quarters (NDQs) currently owned by the Government by location, including information on the managing departments, site areas, floor areas, number of units and occupancy rates.
2. As the number of civil servants eligible for occupying the relevant quarters is decreasing, what are the Government's plans to make the best use of the surplus NDQs and the relevant sites, including letting or selling the relevant units, or selling the whole block of quarters or the entire sites in the private market?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: )

Reply:

In consultation with the Civil Service Bureau (CSB), the reply is set out as follows:

1. Non-departmental Quarters (NDQ) units are located in different districts including Central and Western, Southern, Wan Chai, Kowloon City, Yau Tsim Mong, Sha Tin and Tai Po, with floor area of about 130m<sup>2</sup> to 340m<sup>2</sup> per unit. CSB is responsible for the allocation of the quarters concerned, and Government Property Agency (GPA) provides day-to-day property management services for the communal areas and facilities of the quarters concerned through the appointed property management agents. As at 28 February 2019, there were 498 NDQ units in total, of which 486 had been allocated to eligible officers, with an occupancy rate of 98%. GPA does not have in hand relevant information about the area of the sites concerned.

2. CSB has continued to review the demand and supply of NDQ units regularly, and through GPA's assistance, where appropriate and feasible, to dispose of the surplus units in the market, or return the sites of surplus quarters to the Lands Department for long-term development. For example, two NDQ sites at Mansfield Road, the Peak and 135 Tai Hang Road have already been included in the 2019-20 Land Sale Programme. Pending sale of the sites/quarters, GPA will temporarily lease out suitable quarters units at market rent as a transitional arrangement for optimising the use of public resources.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)02**

**(Question Serial No. S0028)**

Head: (76) Inland Revenue Department

Subhead (No. & title): Not Specified

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Further to "Reply Serial No. FSTB(Tsy)025", would the Government please provide the information on the bodies stated below?

- 1) Regarding the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (LOCPG), the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region (OCMFA), and the Hong Kong Garrison of the Chinese People's Liberation Army (HK Garrison of the PLA), how many associated bodies corporate does each of them have? Please provide the figures for each of the past 5 years.
- 2) Please provide the numbers of Hong Kong properties respectively owned by the LOCPG, the OCMFA, and the HK Garrison of the PLA for each of the past 5 years (please set out the figures by property type).
- 3) Please provide the numbers of Hong Kong properties respectively owned by the associated bodies corporate of the LOCPG, the OCMFA, and HK Garrison of the PLA for each of the past 5 years (please set out the figures by property type).

Asked by: Hon AU Nok-hin (LegCo internal reference no.: )

Reply:

The Inland Revenue Department does not maintain the information requested.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)03**

**(Question Serial No. S0035)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Further to “Reply Serial No. FSTB(Tsy)028”, regarding the applications for tax credits lodged by tax residents, would the Government please inform this Committee of the following:

1. The number of tax residents who applied for partial tax exemption in respect of their income under section 8(1A)(c) of the Inland Revenue Ordinance in each of the past 5 years. Please set out the figures by types of Hong Kong tax residents; types of tax payable, and the locations where the relevant services were provided. What are the respective amounts of tax so exempted?
2. Further to the above question, regarding the Hong Kong tax residents who were granted partial tax exemption in respect of their income, what is the average number of consecutive days or aggregate days of their presence in Mainland China?
3. The Government announced in March this year the tax measures concerning the Greater Bay Area. For Hong Kong people who have been present on the Mainland for less than 24 hours, such a stay will not be counted as a day of presence on the Mainland. Has the Government made any projection of the number of Hong Kong tax residents being affected by the policies? Has the Government made any projection of the increase or decrease in the amount of income tax to be exempted or waived as tax credits?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: )

Reply:

1. The Inland Revenue Department (“IRD”) does not maintain statistical information on the amount of tax paid by a Hong Kong tax resident in a territory where there is a double taxation relief arrangement/agreement with Hong Kong and the locations where the services are provided. In the past 5 years of assessment, the number of cases with income exemption granted under section 8(1A)(c) of the Inland Revenue Ordinance are shown in the table below. IRD does not maintain statistical information regarding revenue foregone arising from granting the income exemption.

Year of Assessment	No. of cases (Note)
2013/14	11 000
2014/15	10 000
2015/16	10 000
2016/17	9 000
2017/18	7 000

Note: Rounded to the nearest thousand

- 2 & 3. As IRD does not maintain statistics on the number of days the Hong Kong tax residents stayed in the Mainland, IRD is not able to estimate the number of Hong Kong tax residents who will be affected by the new standard introduced by the Mainland in determining the number of days the Hong Kong residents staying in the Mainland.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)04**

**(Question Serial No. S0027)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (1) Assessing Functions, (2) Collection, (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Further to "Reply Serial No. FSTB(Tsy)040",

1. Regarding "the statistics on follow-up cases involving transfer of shares in property holding companies and completed review cases recorded by the IRD", the number of such cases chargeable to profits tax was 60 in 2014-15, but the numbers of such cases have been decreasing year by year since then, with only 1 case recorded in 2018-19. What are the reasons for the significant decrease in the number of such cases?
2. Among the follow-up cases of 2014-15, there were 72 cases of which the review has not yet completed. Similarly, there were dozens of cases not yet completed for every year since then. At present, what is the average time required for completion of each review case? What are the reasons for the delays in completing the review of the above cases?
3. Of the cases chargeable to profits tax, what are the amounts of the highest and the lowest tax payments charged for each year; and what is the average tax payment charged per case for each of the years involved?
4. Regarding the above follow-up and review cases, please advise the details of the staff establishment provided for processing such cases for each of the past 5 years. With the implementation of the two-tier profits tax rates regime by the Government on 1 April 2018, the amount of profits tax charged on the first \$2 million assessable profits is expected to drop significantly as a result. Will the Government assess the situation and increase the manpower to be deployed accordingly?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: )

Reply:

1. In part (3) of the reply FSTB(Tsy)040, the figures reflect the number of review cases completed by the Inland Revenue Department (“IRD”) in the relevant financial years (as at 28 February 2019) that are subject to profits tax. The figures do not suggest that a specific percentage of review cases must be subject to profits tax upon completion of review.
2. Depending on the facts and complexity of each review case, the processing time may vary. As such, IRD does not maintain statistics on the time required for processing a review case.
3. Among the cases involving transfer of shares in property holding companies that are subject to profits tax, the highest, the lowest and the average amount of tax assessed in the past five financial years (as at 28 February 2019) are shown in the table below:

Financial Year	Cases Subject to Profits Tax			
	No. of cases	Average amount of tax (\$) (Note 1)	The highest amount of tax (\$) (Note 1)	The lowest amount of tax (\$) (Note 2)
2014-15	60	310,000	3,800,000	100
2015-16	41	440,000	1,970,000	6,500
2016-17	36	390,000	2,720,000	21,300
2017-18	22	850,000	5,190,000	101,000
2018-19 (As at 28 February 2019)	1	420,000	420,000	420,000

Notes:

1. Rounded to the nearest ten thousand
  2. Rounded to the nearest hundred
4. Examination of tax returns and auditing are part of IRD officers’ day-to-day duties. Therefore, IRD does not have the breakdown on staff establishment deployed to follow up and review the above cases specifically. Further, there has been no additional manpower for IRD to implement the two-tiered profits tax rates regime., Nonetheless, IRD has enhanced the computer system and revamped the work process to handle relevant cases.

- End -



**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)05**

**(Question Serial No. S0038)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (1) Assessing Functions, (2) Collection, (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It was mentioned that where a Central People's Government (CPG)'s organ in Hong Kong acquired a local property through its subsidiary company, section 41 of the Stamp Duty Ordinance (SDO) was not directly applicable. Please advise how the Government of the Hong Kong Special Administrative Region (HKSAR) makes reference to the principles of section 41(1) of the SDO in its application of section 52(1); and the principles which have been referred to. Does it mean that exemption of stamp duty will be granted indiscriminately to any organ as long as it is a subsidiary company? Will consideration be given to other factors such as whether the property acquired by a subsidiary company is of residential or commercial nature; whether it is for serving operational, rental or self-occupation purpose? If the answer is in the affirmative, will the exemption of stamp duty be granted under all circumstances?

Please advise the ranks of the officials of the Financial Services and the Treasury Bureau (FSTB) who are authorised to exercise the power under section 52(1). What was the time the authorisation of the power under section 52(1) was initially granted to these officials? In exercising such power, are the applicants required to submit a written application stating the reasons for application in detail? If the applicant claims that it is with a subsidiary company of a CPG's organ in Hong Kong, are the officials required to learn about the background of the property or the purchaser concerned? Are they required to check documentary proof to verify whether the applicant is a genuine subsidiary company of an organ of the CPG? How is the verification conducted? How will they notify the Inland Revenue Department to grant the exemption? Will written justifications for granting the exemption be presented?

Please give the details of the 48 properties acquired by the subsidiary companies of the CPG from 2015 to 2019 by the year of acquisition, the type of property (residential property, car parking space or non-residential property) and floor area of each property.

Did the HKSAR Government make enquiry with the CPG about the reasons why the subsidiary companies of the CPG's organs in Hong Kong need to increase the number of Hong Kong properties, especially residential properties they acquired in recent years? If the answer is in the affirmative, what are the results of the enquiry?

Regarding the execution of the power authorised under section 52(1) by the relevant officials of the FSTB, did they receive any application filed by individual citizens in addition to applicants which are subsidiary companies of the CPG's organs in Hong Kong? If the answer is in the affirmative, what are the reasons for filing such applications? Please provide the total number of applications received, the breakdown of the relevant figures, the reasons for and results of the applications. For the applications which have failed in obtaining the exemption, please provide the total number of such applications, the breakdown of the relevant figures and the reasons for not granting the exemption.

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: )

Reply:

Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the HKSAR Government or any incorporated public officer or any person acting in his capacity as a public officer shall not be liable for the payment of stamp duty chargeable on any instrument. There is no specified condition for such exemption. Where a CPG's organ in Hong Kong acquires a local property through its subsidiary company, section 41 is not directly applicable. With reference to the principle of section 41 (including that the CPG's organs in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41, and that there is no specified condition for such exemption), the HKSAR Government will apply section 52(1) to remit the stamp duty chargeable on the relevant transaction instrument. To ensure the consistency of the exemption arrangement, remission of stamp duty on transaction instruments is granted under section 52(1) for local properties acquired either by the CPG's organs in Hong Kong or through their subsidiary company.

The Chief Executive has first delegated the power to exercise the power under section 52(1) of the SDO to the Financial Secretary and the Secretary for Financial Services and the Treasury. Since September 2005, the power has been further delegated to the relevant Permanent Secretary, Deputy Secretary and Principal Assistant Secretary in the Financial Services and the Treasury Bureau (FSTB). In exercising the delegated authority, FSTB will examine and consider the information submitted by the applicants, such as agreements for sale and purchase, declarations of trust, notarial certificates, declarations of shareholdings and/or companies search records, etc.

We would not comment on individual cases or disclose specific information of individual cases. Nevertheless, it should be emphasised that in implementing the SDO, including its provisions on stamp duty exemption, the HKSAR Government will carefully examine each case and the information provided by the persons concerned and confirm that the requirements are met before granting remission in accordance with the law.

Information on types of properties acquired by the subsidiary company of the CPG's organ in Hong Kong between the financial years 2014-15 and 2018-19 is tabulated below:

Financial Year	2014-15	2015-16	2016-17	2017-18	2018-19 (as at 28.02.2019)
No. of residential property	0	15	8	0	22
No. of car parking space	0	0	0	0	3

IRD does not maintain the information about the floor area of the properties concerned.

Details of application for remission of stamp duty under section 52 of the SDO submitted by individuals in connection with acquisitions of properties in Hong Kong between the financial years 2014-15 and 2018-19 are tabulated below:

Financial Year	2014-15	2015-16	2016-17	2017-18	2018-19 (as at 28.02.2019)
No. of application	0	0	1	0	2
No. of remission disapproved	0	0	1	0	2

IRD would not comment on individual cases or disclose specific information of individual cases.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)06**

**(Question Serial No. S0039)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (1) Assessing Functions, (2) Collection, (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government please explain the status of “not having applied for a valid Hong Kong Permanent Identity Card”, as referred to by the Government? If the buyer, on the day of purchase, not only holds a “Notice of Application Result for Verification of Eligibility for Permanent Identity Card”, but has also filled in the application form to apply for the Hong Kong Permanent Identity Card, though the buyer has not yet collected the Card, will such a buyer be regarded as a Hong Kong permanent resident (HKPR) as defined by the Stamp Duty Ordinance (SDO)?

For infants born in Hong Kong or children under the age of 18 who have not yet applied for a valid Hong Kong Permanent Identity Card, are they regarded as HKPRs as defined by the Stamp Duty Ordinance?

Is it the Government's intent to exclude those Hong Kong people who hold a “Notice of Application Result for Verification of Eligibility for Permanent Identity Card” but have not yet applied for or are not yet holding a valid Hong Kong Permanent Identity Card?

The aforementioned Hong Kong people are regarded as HKPRs under the Immigration Ordinance. What is the reason for a Hong Kong person, on the day of purchasing a property, to be regarded as a HKPR under the Immigration Ordinance and to be regarded as a local buyer (who shall be exempted from paying the Buyer's Stamp Duty (BSD)) but not a HKPR under the SDO? Is there a loophole in the SDO or a mistake in drafting the relevant provisions?

How many cases involving the aforementioned controversy over the definition of HKPR have been received by the Inland Revenue Department?

Will the Financial Services and the Treasury Bureau consider whether it is necessary to amend the relevant provisions, so that all Hong Kong people being regarded by the Immigration Department as HKPRs under the Immigration Ordinance will be regarded as conforming with the definition of HKPR under the SDO, and therefore can be exempted from payment of the “double stamp duty” and the BSD provided that they also meet the other eligibility criteria?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: )

Reply:

Any purchaser (irrespective of age) who holds or later obtains a Hong Kong Permanent Identity Card (PIC) of which the date of issue is not later than the date of acquisition of a residential property, is considered falling within the definition of Hong Kong Permanent Residents (HKPR) under the Stamp Duty Ordinance (Cap. 117) (SDO).

When formulating the buyer’s stamp duty (BSD), the Government has clearly stated in the relevant Legislative Council Brief that the definition of a HKPR was a person who belonged to a class or description of person specified in Schedule 1 of the Immigration Ordinance (Cap. 115). As all HKPRs are eligible to apply for PICs under the Registration of Persons Ordinance (Cap. 177), a HKPR is defined as a person –

- (a) who holds a valid PIC issued under the Registration of Persons Ordinance; or
- (b) who is eligible to but exempted from applying for the issue of a PIC under regulation 25(e) of the Registration of Persons Regulations (Cap. 177A).

From 27 October 2012 (i.e. the effective date of relevant ordinance) up to 31 March 2019, the Inland Revenue Department (IRD) has processed 4 cases involving disputes over the definition of HKPR.

The Government considers the relevant legislative provisions clear and there is no need for amendments. As concluded by the court of Hong Kong in *Chen An v Collector of Stamp Revenue (DCSA 17/2015)*, holding only a “Notice of Application Result for Verification of Eligibility for Permanent Identity Card” does not meet the definition of HKPR under the SDO. IRD has recently updated the frequently asked questions of BSD and ad valorem stamp duty at its website to make clear that a person who only holds a “Notice of Application Result for Verification of Eligibility for Permanent Identity Card” issued by the Immigration Department cannot be regarded as a HKPR. Moreover, the Transport and Housing Bureau has recently notified the Estate Agents Authority to alert the licensed estate agents that the statutory definition of HKPR under the SDO refers to a person who holds a valid PIC.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)07**

**(Question Serial No. S0040)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Of the cases concerning the around 76 000 transitional instruments, how many of them have been settled so far; how many of them are subject to the Buyer's Stamp Duty (BSD) and what is the amount of BSD recovered? How many cases are not chargeable to BSD and what is the amount of BSD not collected as a result? Please also provide the number of cases still being processed, and the estimated amount of BSD that would possibly be recovered through such cases.

Of the cases concerning the around 76 000 transitional instruments, how many of them required to be referred to the Department of Justice (DOJ) for follow-up actions? Of such cases, how many of them were settled with successful recovery of BSD and what is the total amount of BSD recovered? How many cases were not chargeable to BSD and what is the amount of BSD not collected as a result?

Of the cases having been followed up by the DOJ, how many of them warranted the initiation of prosecution and what are the results of such actions? What are the respective numbers of cases in which BSD was recovered or not chargeable; and what are the respective amounts of BSD so recovered or not collected? How many cases are still being followed up by the DOJ, and what is the number of cases against which prosecution proceedings have been officially initiated?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: )

Reply:

As at 31 March 2019, details of the transitional instruments of Buyer's Stamp Duty (BSD) handled by the Inland Revenue Department (IRD) are tabulated below:

	No. of cases (Note)	Amount of BSD involved (\$billion)
Chargeable cases	3 700	0.52
Not chargeable cases	71 700	-
Cases not yet completed	900	0.60

Note: Round to the nearest hundred

There are various reasons for the Stamp Office of IRD to take recovery actions against the duty payers for the amount in arrears, which include failure to make timely payment of stamp duty, or further stamp duty demanded due to inadequacy of purchase consideration or cases of splitting a larger transaction or series of transactions. Generally speaking, if a duty payer does not settle the stamp duty by the specified due date, the Stamp Office will issue reminders to the duty payer for recovery of the outstanding duty. If needed, the case will be referred to the Department of Justice (DOJ) for further actions. As at 31 March 2019, the Stamp Office referred a total of 52 cases to DOJ for follow up. Of the 52 cases, the buyers in 43 cases have submitted the statutory declarations and it is confirmed that no BSD is payable on these cases; one case is confirmed chargeable with BSD and the amount of duty involved is \$525,000; and the remaining eight cases are being processed.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)08**

**(Question Serial No. S0023)**

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): Not Specified

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Ms Alice LAU)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Further to Reply Serial No. FSTB(Tsy)081, if the organs of the Central People's Government in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the Stamp Duty Ordinance (SDO) and there is no specified condition for such exemption, please inform this Committee of the following:

1. While the Financial Services and the Treasury Bureau is authorised to exercise the power under section 52(1) of the SDO, in doing so, will the Bureau scrutinise the legal documentary proof submitted by these organs or their subsidiary companies to confirm their compliance with the requirements?
2. As it has been reported earlier that the properties acquired by the organs concerned are not used as staff quarters, has the Government ever scrutinised the use of the properties acquired by these organs? If the answer is negative, will the Government consider reviewing the mechanism?
3. It is mentioned that the Government has exempted a public organisation from the stamp duty involved in the assignment of the railway portion under section 52 of the SDO. In this connection, please provide this Committee with detailed information, including a) the name of the public organisation, and b) details of the railway project.

Asked by: Hon AU Nok-hin (LegCo internal reference no.: )



Reply:

Under section 41(1) of the SDO, the Central People's Government (CPG), the HKSAR Government or any incorporated public officer or any person acting in his capacity as a public officer shall not be liable for the payment of stamp duty chargeable on any instrument. There is no specified condition for such exemption. Where a CPG's organ in Hong Kong acquires a local property through its subsidiary company, section 41 is not directly applicable. With reference to the principle of section 41, the HKSAR Government will apply section 52(1) to remit the stamp duty chargeable on the relevant transaction instrument. To ensure the consistency of the exemption arrangement, remission of stamp duty on transaction instruments is granted under section 52(1) for local properties acquired either by the CPG's organs in Hong Kong or through their subsidiary company.

The Chief Executive has authorised relevant officials of the Financial Services and the Treasury Bureau (FSTB) to exercise the power under section 52(1) of the SDO. In exercising the delegated authority under section 52(1) of the SDO, FSTB will examine and consider the information submitted by the CPG's organs in Hong Kong or their subsidiary company, such as agreements for sale and purchase, declarations of trust, notarial certificates, declarations of shareholdings and/or companies search records, etc.

For part 3 of the question, we would not comment on individual cases or disclose the relevant information. Nevertheless, it should be emphasised that in implementing the SDO (including its provisions on stamp duty exemption), the HKSAR Government will carefully examine the merits of the cases and the information provided by the persons concerned before granting exemption in accordance with the law upon confirmation that the requirements are met.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)09**

**(Question Serial No. S0024)**

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): Not Specified

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Ms Alice LAU)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Further to Reply Serial No. FSTB(Tsy)082 concerning the 4 items with provision earmarked as mentioned in the 2019-20 Budget Speech, please inform this Committee of the following:

1. the planned timetable of submitting each item to the Finance Committee for funding approval; and
2. the information on the cash flow, the distribution of expenditure and the use of estimated expenditure of each item for every subsequent financial year.

Asked by: Hon AU Nok-hin (LegCo internal reference no.: )

Reply:

The supplementary information relating to the four items with earmarked provisions announced by the Financial Secretary in 2019-20 Budget Speech is as follows –

<b>Item (Provision Earmarked)</b>	<b>Forecasted Use of Provision (As per the response in Reply Serial No.: FSTB(Tsy)082)</b>	<b>Estimated time for submitting to the Finance Committee and details of expenditure</b>
<p>Take forward the first batch of projects under the “single site, multiple use” initiative (\$22 billion earmarked)</p>	<ul style="list-style-type: none"> <li>The first batch of projects under the “single site, multiple use” initiative will include redevelopment of Tuen Mun Clinic, development of a proposed ambulance depot near Sheung Wan Fire Station, and consolidation of several government sites in Tsuen Wan town centre. Specifically, the Government will make use of multi-storey buildings to accommodate and consolidate different public facilities, with a view to providing public services to meet the needs of local communities and optimising the use of land. Upon the completion of the planning, detailed design and district consultation of these public works projects, the Development Bureau (DEVB) will submit funding proposals to the Legislative Council (LegCo) in accordance with established procedures.</li> </ul>	<ul style="list-style-type: none"> <li>The Government Property Agency is now co-ordinating among the departments involved under the first batch of the “single site, multiple use” development projects with a view to finalising the development mix, whilst the Planning Department will review the redevelopment setting of the site, the compatibility with the nearby area and the highest plot ratio. Upon completion of planning, detailed design, costs estimation and district consultation of these projects, the DEVB will submit funding proposals to the LegCo in accordance with established procedures. Costs of individual projects will be ascertained at / after the completion of the technical feasibility study, whilst the details of relevant information cannot be provided at this stage.</li> </ul>
<p>Enhance or refurbish campus facilities (such as laboratories) of University Grants Committee-funded universities (\$16 billion earmarked)</p>	<ul style="list-style-type: none"> <li>The Education Bureau (EDB) will apply to the LegCo for the earmarked provision having regard to the progress of the relevant works projects of individual universities.</li> </ul>	<ul style="list-style-type: none"> <li>The EDB is expected to submit the funding application to the Finance Committee for the first relevant works project in the 2019-20 legislative year the earliest. Funding applications for the remaining projects are expected to be made in the subsequent years. As the preparation for the relevant works projects is underway, the details of relevant expenditure cannot be provided at this stage.</li> </ul>

<b>Item (Provision Earmarked)</b>	<b>Forecasted Use of Provision (As per the response in Reply Serial No.: FSTB(Tsy)082)</b>	<b>Estimated time for submitting to the Finance Committee and details of expenditure</b>
<p>Set up a public healthcare stabilisation fund (\$10 billion earmarked)</p>	<ul style="list-style-type: none"> <li>To facilitate better resource planning by the Hospital Authority (HA), the current-term Government has adopted a triennium funding arrangement to increase progressively the recurrent funding for the HA having regard to population growth and demographic changes. However, in view of the importance of public healthcare and the need to save for rainy days, the Government will earmark \$10 billion to set up a public healthcare stabilisation fund, which can be used to meet any additional expenditure of the HA arising from unexpected circumstances in case the Government is unable to fully cope with such additional funding requirement in the future.</li> </ul>	<ul style="list-style-type: none"> <li>The Government will earmark \$10 billion to set up a public healthcare stabilisation fund, which can be used to meet any additional expenditure of the HA arising from unexpected circumstances. The relevant expenditure would depend on the circumstances in the future.</li> </ul>
<p>Develop new harbourfront promenades and open space, and improve harbourfront facilities (\$6 billion earmarked)</p>	<ul style="list-style-type: none"> <li>The \$6 billion will be used to take forward nine harbourfront enhancement projects in Wanchai, Eastern District, Kai Tak, Cha Kwo Ling and Tsuen Wan. The DEVB has consulted the Harbourfront Commission on the nine projects in January 2019 and gained the Commission's support. We have also maintained communication with individual District Councils in respect of these projects. We will, in due course, consult the public, the Harbourfront Commission and the District Councils, etc., on the details of the projects and submit the funding proposals to the LegCo.</li> </ul>	<ul style="list-style-type: none"> <li>The DEVB will ascertain the detailed project scopes based on the project scales, project timetables and funding requests. On completion of the technical feasibilities studies and detailed design, the funding proposals will be submitted to the LegCo in due course. Of the nine projects, the boardwalk underneath the Island Eastern Corridor is expected to make the fastest progress. The current target is to commence works in 2021 and for completion in 2025. The DEVB will explore to shorten the timeline on advice of consultants appointed. The details of relevant expenditure cannot be provided at this stage.</li> </ul>

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