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### 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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**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)001****(Question Serial No. 0763)**Head: (25) Architectural Services DepartmentSubhead (No. & title): ( )Programme: (2) Facilities UpkeepControlling Officer: Director of Architectural Services (Mrs Sylvia LAM)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the maintenance and repair for the official residences of the Chief Executive, the Chief Secretary for Administration, the Financial Secretary and the Secretary for Justice, what are the costs incurred and details of the works in the past three years?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 2)Reply:

The costs incurred by the Architectural Services Department (ArchSD) for the facilities upkeep for the official residences of the Chief Executive, the Chief Secretary for Administration, the Financial Secretary and the Secretary for Justice from 2016-17 to 2018-19 are as follows:

Official Residences	Financial Year (\$ 0,000) <sup>1</sup>		
	2016-17	2017-18	2018-19 (as at February 2019)
Official Residence of Chief Executive <sup>2</sup> Floor Area: 8 990m <sup>2</sup>	214	596 <sup>3</sup>	41
Official Residence of Chief Secretary for Administration <sup>2</sup> Floor Area: 1 342m <sup>2</sup>	31	127	20
Official Residence of Financial Secretary <sup>2</sup> Floor Area : 890m <sup>2</sup>	37	71	14
Official Residence of Secretary for Justice Floor Area: 457m <sup>2</sup>	4	3	203 <sup>4</sup>



Note 1: As the costs for most of the works projects are not settled within the same year, the figures shown in the table reflect the total costs in terms of cash flows of the relevant years. Maintenance works for government buildings are funded under Head 25 Subhead 000 while refurbishment and improvement works are funded under the Capital Works Reserve Fund. The cost figures shown in the table include the costs of all three categories of works.

Note 2: Apart from being the official residence of the Chief Executive, the Government House is also a declared monument of over 160 years old and enjoys protection under the Antiquities and Monuments Ordinance. The official residences of the Chief Secretary for Administration and the Financial Secretary are Grade two historic buildings with about 68 and 84 years of history respectively. Appropriate facilities upkeep is necessary for the proper conservation of these historic buildings.

Note 3: After the Chief Executive of the preceding term moved out of his official residence in late June 2017, the ArchSD made use of the transition period to conduct necessary maintenance works to the building facilities and building services therein which were affected by normal wear and tear as well as ageing. Works included repairing the internal and external walls of the main building, wooden doors and wooden windows; replacing the tennis court floor mat; refurbishing part of the air-conditioning system; improving the security system and adding green features and seats to the tennis court.

Note 4: A number of buildings and facilities at the Secretary for Justice's official residence have been in use for many years and are showing signs of wear and tear. In February 2018, the official residence underwent necessary repairs, replacement of dilapidated facilities, renovation and slope reinforcement works (reinforcing 2 slopes falling short of the safety standards within the official residence).

The major works projects undertaken at each of these official residences in the past three years (as at February 2019) are as follows:

Official Residences	Major Works Projects
Official Residence of the Chief Executive	Finishing works for internal and external walls and interior fitting-out works; improvement works for air-conditioning and security systems; road resurfacing works; statutory tests for electrical installations; replacement of tennis court floor mat; improvement and greening works for one of the tennis courts, etc.
Official Residence of Chief Secretary for Administration	Repairing loose plastering and spalled concrete and fixing deteriorating paint of the main building; replacement of worn out wood flooring of staircase and carpets; replacement of ageing water mains; air conditioning maintenance, etc.
Official Residence of Financial Secretary	Repairing the wear and tear of building structures and floor slabs; replacement of worn out carpets; repairing the paint works of external walls; waterproofing works for roof, etc.
Official Residence of Secretary for Justice	Slope reinforcement works; waterproofing works for roof; finishing works for internal and external walls and interior fitting-out works; statutory tests for electrical installations, etc.

Apart from the above major works projects, the ArchSD also undertakes routine maintenance works covering water pipes, woodwork, doors and windows, carpets, paint works, roofing, waterproofing, cement plastering and termite control for the official residences. The categories and number of works are too numerous to itemise in full. As with other government buildings, facilities upkeep works for official residences are also carried out as and when necessary.

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**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)002**

**(Question Serial No. 2588)**

Head: (25) Architectural Services Department

Subhead (No. & title): ( )

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services (Mrs Sylvia LAM)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under Programme (2) that the Architectural Services Department will enhance existing and develop new information systems. How will the Department take forward the related work, including the specific measures for implementation, in 2019-20? Please provide details of these respective measures, including their specific contents, implementation timetables, costs, manpower involved and method to assess the effectiveness. Moreover, it is mentioned that the Department will continue to explore and implement new modes of service delivery. What are the specific contents and implementation timetables of the new modes?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 21)

Reply:

In 2019-20, the Architectural Services Department will implement the following 5 major tasks under Programmes (1), (2) and (3) to enhance existing and develop new information systems:

<b>Specific Measures for Information System Projects</b>	<b>Purposes</b>	<b>Implementation Timetables</b>	<b>Estimated Cost (\$ million)</b>	<b>Manpower Involved *</b>	<b>Estimated Benefits</b>
(a) Upgrade of Server Security Solution	To strengthen data security management of departmental servers	From September 2017 to June 2019	3.1	Outsourced Contractor	To ensure and enhance system information security
(b) Upgrade of System Hardware and Software for Automated Communication, Technical Information and Operations Network	To upgrade the hardware and software of the existing system and enhance the system	From December 2017 to September 2019	9.2	In-house Support Team and Outsourced Contractor	To improve operational efficiency of existing system
(c) IT Security Risk Assessment and Audit	To conduct regular information system security risk assessment and audit	From April 2018 to August 2019	0.3	Outsourced Contractor	To ensure and enhance system information security
(d) Upgrade of Operating System and Enhancement of Data Security	To upgrade the operating system of personal computers in the department to Windows 10 operating platform and update the hardware	From June 2018 to July 2020	9.2	Outsourced Contractor	To maintain sustainability of personal computers in the department and enhance information security and system availability
(e) Upgrade of Computer Hardware for Building Information Modelling	To assist project officers on design and supervision for construction projects adopting Building Information Modelling	From April 2019 to March 2020	7.9	Outsourced Contractor	To enhance design and supervision efficiency

\* The Department has outsourced the related tasks to external contractors, and deployed existing resources to manage the above tasks.

Regarding the implementation of new modes of service delivery, we have adopted the New Engineering Contract in the term contracts for slope maintenance. Through contractual partnership and proactive project management procedures, we strive to complete the works within the specified timeframe while achieving good quality and cost-effectiveness.

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**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)003**

**(Question Serial No. 1273)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise this Committee of the following:

1. The numbers of cases involving duty-not-paid cigarettes and the quantities of illicit cigarettes detected by the Customs and Excise Department (C&ED) in the past 3 years;
2. Some members of the tobacco industry consider that the increase in the proportion of health warnings on cigarette packets after the passage of the Smoking (Public Health) (Notices) (Amendment) Order 2017 will aggravate the illicit cigarette problem because it will be more difficult to include labels with anti-forgery feature on cigarette packets. In this regard, has C&ED compared the situation of the illicit cigarette problem in Hong Kong since the passage of the Amendment Order with that in the same periods in the past 3 years? What are the changes?

Asked by: Hon CHAN Pierre (LegCo internal reference no.: 27)

Reply:

1. The numbers of cases of local illegal activities involving duty-not-paid cigarettes and the quantities of duty-not-paid cigarettes detected by C&ED from 2016 to 2018 are as follows:

Year	2016	2017	2018
Number of cases	8 287	7 944	13 573
Quantity of duty-not-paid cigarettes (million sticks)	62	60	53

2. C&ED has been rigorously combating illicit cigarette activities. No noticeable impact on illicit cigarette activities has been observed since the implementation of the Smoking (Public Health) (Notices) (Amendment) Order 2017 in December 2017. C&ED will continue to closely monitor the market and take resolute enforcement actions against illicit cigarette activities.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)004****(Question Serial No. 2637)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (1) Control and EnforcementControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

In 2018, the number of “persons compounded for offences relating to illicit cigarettes” increased significantly to 11 000, representing an upsurge of 74.7% as compared with 2017. In this regard, please inform this Committee:

- A. of the respective numbers of “persons compounded for offences relating to illicit cigarettes” at various control points in the past 3 years;
- B. of the total amounts of fines imposed on the persons concerned; and
- C. whether the Customs and Excise Department (C&ED) consider the “compounding” action will make the incoming passengers misconceive that they will only be fined for carrying excessive quantity of duty-not-paid cigarettes? Will C&ED change its strategy and prosecute the persons concerned as a warning to others?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 6)

Reply:

- A. & B. In the past 3 years, the numbers of “persons compounded for offences relating to illicit cigarettes” and the amounts of fines imposed are as follows:

	2016		2017		2018	
	Number of persons	Amount of fines (\$ million)	Number of persons	Amount of fines (\$ million)	Number of persons	Amount of fines (\$ million)
Hong Kong International Airport	4	0.1	7	0.05	7	0.08
Land boundary and railway control points	6 075	26.92	5 881	25.68	10 505	44.32
Ferry terminal control points	637	2.91	500	2.27	647	2.96
Total	6 716	29.93	6 388	28.00	11 159	47.36



- C. According to the Dutiable Commodities Ordinance (Cap. 109) (“the Ordinance”), incoming passengers who fail to declare to a C&ED officer the quantity of dutiable goods in their possession which exceeds the exempted quantity commit an offence and are liable to criminal prosecution. C&ED may also impose compound penalty under the Ordinance. When determining whether the case should be handled by means of compound penalty, C&ED officers will assess the facts of the case, and consider factors such as the amount of duty involved and whether the person involved has violated the Ordinance before, etc.

C&ED has continued to step up random checks on incoming passengers at control points and adopt risk management, and will closely monitor the trend and review enforcement strategies regularly in order to combat the relevant activities.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)005**

**(Question Serial No. 1095)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Hong Kong ranks among the top four positions for the 4th consecutive year in Asia for its persistent and rampant illicit cigarette smuggling activities. Although a fairly large number of smokers have switched to heat-not-burn cigarettes in recent years, illicit cigarette activities continue to grow, causing enormous loss in tax revenue to the Hong Kong Government. In order to improve air quality and safeguard public health, will the Government advise this Committee of the following:

1. Have the relevant departments assessed the share of illicit cigarettes in the cigarette market of Hong Kong?
2. What specific measures will the relevant departments take to prevent the rampant illicit cigarette activities from undermining the Government's anti-smoking efforts?
3. Quite a large number of illicit cigarette syndicates are controlled by triads. From the point of view of crime fighting, taking stringent measures to combat illicit cigarette activities is the only effective way to cut off the source of funding for triads and to reduce crime rate in Hong Kong. Will the Government step up actions to combat illicit cigarette activities, such as increasing the imprisonment term and penalty, and recovering punitive tax on cigarettes so as to strengthen the deterrent effect of the legislation?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 16)

Reply:

1. The Customs and Excise Department (C&ED) has all along been committed to combating illicit cigarette activities by adopting a holistic enforcement strategy, i.e. intercepting smuggling in the upper stream, smashing storehouses in the middle, and tackling selling activities in the lower end. In 2018, C&ED seized approximately 53 million sticks of illicit cigarettes in local illegal activities, representing a reduction of 12% as compared with 2017. The number of public complaints received by C&ED regarding illicit cigarettes also decreased by 12% as compared with 2017.

2. Apart from taking stringent law enforcement actions against illicit cigarette activities, C&ED continues to step up publicity and public education, reinforce the programme of “Joint Effort with Community against Illicit Cigarettes” and strengthen co-operation with community partners, estate management companies, front-line staff, etc. with a view to combating illicit cigarette activities.
  
3. Illicit cigarette smuggling is a serious crime. Pursuant to the Import and Export Ordinance (Cap. 60), any person who imports any unmanifested cargo (including illicit cigarettes) shall be guilty of an offence and liable to a maximum penalty of a fine of \$2 million and imprisonment for 7 years. Besides, pursuant to the Dutiable Commodities Ordinance (Cap. 109), any person who has in his possession, sells, buys or in any way deals with dutiable commodities shall be guilty of an offence and liable to a maximum penalty of a fine of \$1 million and imprisonment for 2 years. C&ED can also invoke the Organised and Serious Crimes Ordinance (Cap. 455) to take prosecution actions as appropriate, and freeze or confiscate the proceeds of crime involving illicit cigarette activities.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)006**

**(Question Serial No. 2266)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As indicated in Matters Requiring Special Attention in 2019-20, the Customs and Excise Department (C&ED) will combat smuggling of illicit cigarettes. Please inform this Committee of:

1. the staff establishment and expenditure involved;
2. the quantity of illicit cigarettes successfully seized in 2018-19; and
3. the number of times of working with overseas Customs administrations in 2018-19 and the effectiveness of the cooperation.

Asked by: Hon QUAT Elizabeth (LegCo internal reference no.: 168)

Reply:

1. In 2018-19, C&ED has an establishment of 61 officers dedicated to combating illicit cigarette activities and the expenditure involved is approximately \$24.98 million.
2. In 2018, C&ED seized a total of 53 million sticks of cigarettes in the actions against illicit cigarette smuggling in Hong Kong.
3. C&ED has been working closely with overseas law enforcement agencies in combating transnational cigarette smuggling activities through intelligence exchange. Under the initiative of the World Customs Organization, a monitoring and notification system has been set up by C&ED and 23 Customs administrations in the Asia Pacific Region. The system enables members to effectively monitor and combat cross-border cigarette smuggling activities through mutual exchange of information on cigarette export. Moreover, C&ED conducted numerous joint operations with the Mainland Customs at various land boundary control points in 2018 and detected a total of 40 cases involving duty-not-paid cigarettes.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)007**

**(Question Serial No. 0148)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The numbers of illicit fuel filling stations neutralised were 2 in 2017 and 0 in 2018. In this connection, will the Government advise of the following:

1. Is the decrease in the number of illicit fuel filling stations neutralised related to the decline in sales activities of illicit fuel? If yes, what are the details? If no, what are the reasons? and
2. Will the Customs and Excise Department (C&ED) cooperate with the Fire Services Department (FSD) in law enforcement? If yes, what are the details? If no, what are the reasons?

Asked by: Hon SHEK Lai-him, Abraham (LegCo internal reference no.: 31)

Reply:

C&ED has all along been committed to combating illicit fuel activities. It deploys its staff to conduct inspections from time to time and takes resolute enforcement actions. The continuous enforcement actions over the years have achieved the deterrent effect, resulting in a noticeable decline of such activities. C&ED will continue to monitor the situation to protect duty revenue. In addition, C&ED has maintained close collaboration with FSD to combat illicit fuel activities through intelligence exchange and joint operations.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)008**

**(Question Serial No. 0447)**

Head: (51) Government Property Agency  
Subhead (No. & title): (000) Operational expenses  
Programme: (1) Acquisition and Allocation  
Controlling Officer: Government Property Administrator (Vincent Liu)  
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Programme (1), the estimated expenditure for 2019-20 is \$33.2 million higher than the revised estimate for 2018-19, due mainly to an increase of 35 posts and other operating expenses. In this regard, would the Government inform this Committee of:

1. the titles and job nature of the 35 new posts;
2. the expenditure and staff resources involved in continuing to plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront; and
3. the progress and details of the planning.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 25)

Reply:

1. Of the 35 new posts under Programme (1), 30 posts are responsible for planning and implementing government multi-storey building projects involving cross-bureau facilities for Government, Institution and Community uses under the "single site, multiple use" initiative, while the remaining 5 posts are responsible for purchasing properties to facilitate the Social Welfare Department in providing welfare services. The relevant information is listed in Annex.
2. The 35 new posts are not related to the relocation exercise of the three government office buildings at the Wan Chai waterfront.
3. The entire relocation exercise involves 28 government departments, the Judiciary and more than 10 000 staff. The process of preparation and implementation is very complicated. The departments concerned have been taking forward the work actively including consultation with the District Councils or local stakeholders on the design and planning of individual reprovisioning projects.

After completion of the first reprovisioning project under the exercise (namely the West Kowloon Government Offices) at the end of 2018 and in March 2019 by phases, the concerned government departments which include partly those with offices currently located in the three government office buildings at the Wan Chai waterfront, will gradually move into the new buildings. In addition, the Finance Committee of the Legislative Council (LegCo) had approved funding for the construction works of 3 reprovisioning projects (namely the Treasury Building, Revenue Tower, and Government Information Technology Building) in 2018. The relevant works have commenced and are expected to be completed in 2021 and 2022. Meanwhile, the Government is seeking funding approval from the Finance Committee on the reprovisioning project regarding the Immigration Headquarters in Tseung Kwan O. The relevant government departments are actively preparing for another 4 reprovisioning projects, and will consult the LegCo at appropriate time.

**New Posts of the Government Property Agency  
in 2019-20 Under Programme (1)**

Rank	Number of Posts	Job Nature
Administrative Officer Staff Grade C <sup>(1)</sup>	1	To handle the planning and implementation of government multi-storey building projects involving cross-bureau facilities for Government, Institution and Community uses under the “single site, multiple use” initiative.
Chief Estate Surveyor/Principal Valuation Surveyor	1	
Senior Estate Surveyor	1	
Senior Valuation Surveyor	1	
Estate Surveyor	2	
Valuation Surveyor	2	
Senior Survey Officer	1	
Senior Valuation Officer	1	
Survey Officer	2	
Valuation Officer	2	
Architect	1	
Building Services Engineer	1	
Structural Engineer	1	
Quantity Surveyor	1	
Landscape Architect	1	
Senior Technical Officer (Architecture)	1	
Technical Officer (Architecture)	1	
Senior Executive Officer	2	
Executive Officer I	2	
Executive Officer II	1	
Clerical Officer	1	
Assistant Clerical Officer	1	
Personal Secretary I <sup>(1)</sup>	1	
Personal Secretary II	1	
<b><i>Sub-total :</i></b>	<b>30</b>	
Senior Valuation Surveyor <sup>(2)</sup>	1	To purchase properties to facilitate the Social Welfare Department in providing welfare services.
Valuation Surveyor <sup>(2)</sup>	2	
Senior Valuation Officer <sup>(2)</sup>	2	
<b><i>Sub-total :</i></b>	<b>5</b>	
<b><i>Total :</i></b>	<b>35</b>	

Note: (1) Time-limited posts for 5 years.

(2) Time-limited posts for 3 years.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)009**

**(Question Serial No. 3016)**

Head: (51) Government Property Agency

Subhead (No. & title): (000) Operational expenses

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government will implement a series of improvement measures from April 2019 to enhance the protection of the employment terms and conditions as well as labour benefits of non-skilled workers engaged by government service contractors. In this connection, would the Government inform this Committee of:

1. the (i) technical weighting in tender evaluation, (ii) weighting of wage level as an assessment criterion in the technical assessment and (iii) detailed calculation method for the assessment of wage level adopted by the Government Property Agency (GPA) in procuring government service contracts that rely heavily on the deployment of non-skilled employees; and
2. the estimated additional expenditure to be involved by the GPA in implementing these improvement measures in 2019-20?

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 8607)

Reply:

1. In conducting the new round of tender exercise for outsourcing property management services contracts which involve the deployment of non-skilled workers, the Government Property Agency (GPA) will adhere to the requirements of the new improvement measures and adjust the weightings of technical assessment and wage level in the overall assessment. In this respect, the weighting of technical assessment will be adjusted to not less than 50% in the overall assessment and the weighting of wage level will not be less than 25% in the technical assessment. Regarding the specific assessment criteria and calculation of marks, we will take into account the circumstances of individual cases in the preparation of tender documents.

2. The relevant improvement measures will be applicable to service contracts tendered from 1 April 2019 onwards. As the new round of service contracts of the GPA involving the deployment of non-skilled workers will be effective in 2020-21, there is no relevant additional expenditure in 2019-20.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)010**

**(Question Serial No. 2549)**

Head: (51) Government Property Agency

Subhead (No. & title): ( )

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the management of government quarters, will the Government inform this Committee of the following:

- a) Whether the Government Property Agency (GPA) has received complaints against the management of government quarters in the past 3 years; if yes, please provide the number of complaints;
- b) The mechanism for handling complaints against the management of government quarters adopted by the GPA;
- c) The expenditure on repair and maintenance of government quarters under management in the past 3 years; and
- d) Whether the GPA has performance pledge regarding repair and maintenance of government quarters under its management; if yes, what are the details?

Asked by: Hon HO Kai-ming (LegCo internal reference no.: 49)

Reply:

(a) Government Property Agency (GPA) out-sourced the day-to-day property management services of communal areas and facilities of government quarters under its purview to Property Management Agents (PMAs) by tender. Information of the complaints regarding communal areas and facilities of quarters received by the GPA in the past 3 years are tabulated as follows:

Year	Number of Complaints
2016	69
2017	72
2018	62

(b) Generally speaking, PMAs will handle and follow up immediately on receipt of comments and requests on property management services, and the GPA will periodically review the progress of the follow-up actions taken by PMAs. The GPA will also work with PMAs and/or the relevant Government departments to investigate and handle complaint cases having regard to their nature and the actual needs, and inform complainants of the results at appropriate time. For complaints against PMAs, the GPA will take immediate actions and follow-up, and where necessary, request PMAs to make improvement.

(c) The relevant government works departments (including the Architectural Services Department (ArchSD) and the Electrical and Mechanical Services Department (EMSD)) are responsible for the repair and maintenance of communal areas and facilities of quarters while PMAs are responsible for the arrangement and coordination of the said works. According to the information provided by the relevant works departments, the total expenditure on the repair and maintenance of communal areas and facilities of quarters in the past 3 years is around \$300 million. i.e. about \$100 million each year on average. The repair and maintenance of facilities inside quarters units are directly handled by individual occupants in conjunction with the works departments. The GPA does not keep the related information.

(d) As far as the communal areas and facilities of government quarters are concerned, the GPA has asked PMAs to put up requests to the relevant government works departments for follow up actions normally within 24 hours after they have got hold of the specific information of the repair and maintenance works involved.

Regarding the repair and maintenance of facilities inside quarters units, EMSD is responsible for the maintenance of electrical and mechanical installations while ArchSD is responsible for the repair and maintenance of building-related works. EMSD advised that due to the various systems involved in electrical and mechanical installations, the relevant day-to-day repairs cannot be covered by a single performance pledge. In handling the day-to-day repair and maintenance work, EMSD will assess whether the service levels of different electrical and mechanical installations meet the established standards. On the other hand, ArchSD will complete minor repairs within specific time-frames according to respective categories of repairs. On requests for urgent repairs (such as a broken window) or requests for emergency repairs (such as a burst water pipe), requests will be responded within 1 day or 1 hour on receiving notification respectively.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)011**

**(Question Serial No. 0942)**

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:

1. Please provide the following details of the new government office buildings completed in the past 3 years: (a) project titles, (b) floor areas, (c) estimated and actual expenditures of the projects, (d) completion dates, and (e) the government departments accommodated in such buildings.
2. Please provide the following details of the government office buildings under planning: (a) project titles, (b) floor areas, (c) estimated expenditures of the projects, (d) estimated completion dates, and (e) the government departments to be accommodated in such buildings.
3. Given that various government departments have moved into new government office buildings, what are the floor areas of the original offices vacated every year? Among such units, how many of them were rented private property? What is the total floor area involved?
4. How much rent has the Government saved from relocating the government departments originally accommodated in rented private property to government office buildings? Please provide the respective amounts of each of the recently completed office buildings.
5. As for the government departments not accommodated in rented private property, what were the uses of the premises after being vacated? Please provide the details of such units.

Asked by: Hon Hon TO Kun-sun, James (LegCo internal reference no.:21)

Reply:

1. In the past 3 years, a new joint-user government office building project under the purview of the Government Property Agency (GPA) was completed, i.e. the North Tower and South Tower of the West Kowloon Government Offices completed in December 2018 and March 2019 respectively. The relevant information is listed in Annex 1.
2. Under the purview of the GPA, there are 2 new joint-user government office building projects currently under planning. The relevant information is listed in Annex 2.
3. Upon relocation of the departments to the North Tower and the South Tower of the West Kowloon Government Offices, it is expected that a floor area of about 43 700 m<sup>2</sup> will be released, including about 50 leased premises involving floor area of 26 800 m<sup>2</sup>, of which 25 leased premises will be taken up for use by other departments for meeting their needs. The net floor area to be released from leased premises will be around 13 300 m<sup>2</sup>.
4. The relocation of the government departments originally accommodated in leased private premises to the West Kowloon Government Offices will give rise to an estimated annual saving of about \$220 million based on the rental cost in February 2019.
5. Upon relocation of the departments concerned to the West Kowloon Government Offices, the vacated government-owned offices will all be reallocated for the use of other government departments.

**New joint-user government office building completed in 2016-18**  
**under the purview of the Government Property Agency**

Name of Building	Net Operational Floor Area (m <sup>2</sup> )	Approved project estimates (in money-of-the-day prices)	Actual expenditure	Completion date	Bureaux/ departments to be accommodated
West Kowloon Government Offices	About 50 500	\$4,742.5 million (approved for design-and-build contract)	Information not available (to be finalised)	North Tower: December 2018  South Tower: March 2019	Buildings Department Civil Engineering and Development Department Lands Department Leisure and Cultural Services Department Government Property Agency (GPA) Social Welfare Department (SWD) Transport Department (TD) Department of Health (DH)

**New joint-user government office buildings**  
**under planning and construction**  
**under the purview of the Government Property Agency**

Name of Building	Net Operational Floor Area (m <sup>2</sup> )	Estimated / approved project estimates (in money-of-the-day prices)	Target completion date	Bureaux/departments to be accommodated
Treasury Building (under construction)	About 26 500	\$103.2 million (approved estimates for pre-construction consultancy service and site investigation works)  \$2,281 million (approved estimates for main construction works)	Mid 2022	Security Bureau The Treasury Office of the Government Chief Information Officer Office of the Communications Authority Labour Department (LD) Registration and Electoral Office Hongkong Post (HK Post) Efficiency Office Food and Health Bureau (FHB)/ Hospital Authority (HA) SWD GPA
Tseung Kwan O Government Offices* (under planning)	About 40 000	The estimated project cost will be provided when Public Works Subcommittee is consulted on the project.	Early 2025	Census and Statistics Department Education Bureau Environmental Protection Department Innovation and Technology Commission Independent Commission Against Corruption Department of Justice FHB / HA DH SWD LD HK Post

\* Official name of the building to be confirmed

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)012**

**(Question Serial No. 1195)**

Head: (51) Government Property Agency

Subhead (No. & title): ( )

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work to assist Government bureaux and departments in reviewing their under-utilised sites, will the Government inform this Committee of the following:

1. the review results in the past 3 years, please list the locations, areas, and rent of under-utilised sites, as well as the bureaux and departments involved;
2. with regard to the above under-utilised sites, the number and details of sites which have been changed for alternative uses or disposal as appropriate; and
3. the estimated effectiveness of implementing the refined leasing arrangements in 2019-20.

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.:29)

Reply:

1-2. The Government Property Agency (GPA) continues to review under-utilised sites managed by bureaux/departments (B/Ds) and, if condition permits, assists the relevant B/Ds in releasing them for alternative uses or disposal as appropriate. In the past 3 years, under GPA's arrangement, 8 government sites which were found suitable for alternative uses or disposal were handed over to relevant department/organisation for handling in accordance with the established mechanism. Relevant details are as follows:

<b>Item</b>	<b>Property / Site</b>	<b>Managing Department</b>	<b>Site Area (m<sup>2</sup>) (Approx.)</b>	<b>New Use</b>
<b>2016</b>				
1	Tuen Mun Town Lot No. 547 Ex-Perowne Barracks (Part)	Not applicable (ex-military site)	15 400	Residential use
2	Ex-Victoria Road Detention Centre (Part)	GPA	6 430	Educational use
<b>2017</b>				
3	Murray Road Multi-storey Carpark Building	Transport Department	2 880	Commercial use
4	Prince of Wales Hospital Staff Quarters Block E	GPA	2 150	Hospital
<b>2018</b>				
5	Mansfield Road Quarters	GPA	23 920	Residential use
6	Cheung Sha Bungalow, C.S. 44	GPA	920	Residential use
7	Ex-Cheung Sha Wan Abattoir	GPA	19 200	Public housing
8	Former Hong Kong Academy	Education Bureau	2 750	Public housing

The above properties/sites have been delivered vacant possession or left vacant prior to changing to new uses and therefore no rent is involved.

3. “Socially Caring Leasing Arrangements” are applicable to tenancies commencing in 2019 and thereafter in respect of appropriate government premises let out by the GPA. Under the new leasing arrangements, GPA will give priorities to non-government organisations (NGOs) and social enterprises (SEs) with policy support in leasing the appropriate premises, and will also incorporate tenancy provisions to facilitate business operations of small and medium-sized enterprises (SMEs) by providing longer and flexible tenure as well as rental arrangements pegged with the business turnover of tenants. We expect that the new leasing arrangements will facilitate the provision of social services by NGOs and SEs with a view to promoting a caring culture. With the implementation of the new leasing arrangements, GPA will listen to the views of stakeholders so as to continue refining the mechanism to better support SEs, NGOs and SMEs.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)013**

**(Question Serial No. 3113)**

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 properties leased by the Government in the past 5 years, please provide the following information:

1. What were the total floor area leased and the districts concerned in each year? Please present the changes in table form by government departments.
2. Please also present in table form the average rent per square foot of the properties leased by the Government in each year. What was the level of increase?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 31)

Reply:

1. Information on the leased government office accommodation in the past 5 years is at Annex (1).
2. Rental information on the leased government office accommodation in the past 5 years is at Annex (2).

**Information on the leased government office accommodation**  
**(as at December 2018)**

District in which the properties are located	2014		2015		2016		2017		2018	
	Internal floor area (m <sup>2</sup> ) (Approx.)	No. of user B/Ds	Internal floor area (m <sup>2</sup> ) (Approx.)	No. of user B/Ds	Internal floor area (m <sup>2</sup> ) (Approx.)	No. of user B/Ds	Internal floor area (m <sup>2</sup> ) (Approx.)	No. of user B/Ds	Internal floor area (m <sup>2</sup> ) (Approx.)	No. of user B/Ds
Central & Western	6 500	10	5 300	9	4 000	6	4 000	6	3 400	5
Eastern	22 400	15	21 100	15	21 600	19	23 600	20	23 700	19
Southern	12 500	12	12 500	12	12 200	11	11 900	11	14 300	17
Wan Chai	22 000	16	21 200	17	19 000	20	20 000	22	22 500	23
Kowloon City	8 500	5	8 100	4	4 300	3	4 300	3	5 500	4
Kwun Tong	59 900	24	64 300	25	64 200	25	62 500	26	72 900	30
Sham Shui Po	19 000	13	15 100	12	15 800	13	17 400	16	16 600	16
Wong Tai Sin	14 500	7	12 100	6	12 100	6	12 100	6	13 300	6
Yau Tsim Mong	27 500	11	27 200	11	27 200	11	28 700	12	31 300	14
Islands	25 100	15	25 400	16	27 500	17	31 000	17	30 000	17
Kwai Tsing	17 800	13	16 800	14	16 800	13	17 300	13	17 300	14
North	8 300	6	7 900	6	7 500	6	7 400	6	8 400	7
Sai Kung	7 000	6	7 600	6	9 000	6	8 100	7	8 100	7
Sha Tin	15 700	11	14 500	10	17 600	10	17 700	11	16 700	13
Tai Po	1 400	5	2 400	7	3 300	7	3 300	7	4 000	8
Tsuen Wan	12 700	10	12 800	10	12 700	10	12 700	10	20 500	13
Tuen Mun	21 700	13	20 500	13	21 600	14	22 300	15	21 000	13
Yuen Long	10 600	9	11 800	9	11 800	9	11 800	9	11 800	9
<b>Total internal floor area (m<sup>2</sup>)(Approx.)</b>	<b>313 100</b>		<b>306 600</b>		<b>308 200</b>		<b>316 100</b>		<b>341 300</b>	

Legend

B/Ds : bureaux/departments

**Rental information on the leased government office accommodation**

<b>Year (As at December)</b>	<b>Average monthly rental expenses (\$) (Approx.) (on an internal floor area basis)</b>	
	<b>\$ per square metre</b>	<b>\$ per square foot</b>
<b>2014</b>	266	25
<b>2015</b>	269	25
<b>2016</b>	296	27
<b>2017</b>	290	27
<b>2018</b>	327	30

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)014**

**(Question Serial No. 2555)**

Head: (59) Government Logistics Department

Subhead (No. & title): (000) Operational Expenses

Programme: (2) Supplies Management

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Programme (2): Supplies Management Estimated financial provision \$96.4 million (+7.3%)

The Government Logistics Department (GLD) aims to supply common-user items required by government departments through allocated term contracts whereby the items will be delivered by suppliers directly to user departments on an as-and-when-required basis, to supply essential and emergency items to government departments in a cost-effective manner, and to assist government departments to manage their supplies activities effectively.

In 2019-20, GLD will continue to arrange allocated term contracts for the supply of common-user items so that user departments may place orders with suppliers for direct delivery as and when required, monitor the draw-off rates by user departments and conduct inspections on departments' management of these items. Will the Government inform this Committee of:

1. the total value of the term contracts involved in implementing such work; and
2. the ratio of human resources expenses involved in the estimated financial provision of \$96.4 million?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 29)

Reply:

The Supplies Management Division of the Government Logistics Department (GLD) estimates that the total value of allocated term contracts in 2019-20 is \$375 million.

Out of the estimated expenditure of \$96.4 million for Programme (2) in 2019-20, \$61.5 million (i.e. around 63.8%) is related to human resources expenses. However, apart from arranging allocated term contracts, monitoring the draw-off rates by user departments and conducting inspections on departments' management of these items, staff in the Supplies Management Division are also responsible for other duties (such as maintaining, storing and distributing emergency items, as well as conducting compliance checks to review whether departments have followed relevant procurement procedures, etc.). GLD did not compile separate statistics or budget for expenditure incurred in arranging allocated term contracts.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)015**

**(Question Serial No. 3235)**

Head: (59) Government Logistics Department

Subhead (No. & title): ( )

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. The provision for printing services of the Government Logistics Department (GLD) in 2019-20 is estimated to be 7.0% higher than that in 2018-19, indicating continued increase in expenditure. Given the Government's efforts in the promotion of going paperless and digitisation, what are the reasons for such increase?
2. What is the amount of paper used by GLD in the past 3 years?
3. What measures will GLD take in the future to reduce the use of paper and printed materials with a view to aligning with the Government's initiative of going paperless and digitisation?

Asked by: Hon CHEUNG Kwok-kwan (LegCo internal reference no.: 49)

Reply:

1. The increase in the estimated expenditure under the Printing Services programme of the Government Logistics Department (GLD) in 2019-20 is mainly due to the increase in salaries and personnel related expenses, as well as the expenditure arising from the printing requirements of bureaux/departments (including printing jobs for the 2019 District Council Election) and the replacement of printing machines and equipment (including 2 high speed digital photocopying machines and the separator and baling press of the automatic paper waste baling system).
2. The amount of printing paper used by GLD in the past 3 years is as follows:

	2016	2017	2018
Amount of printing paper used (metric tonnes)	5 451.8	4 544.4	4 370.8



3. GLD provides printing services according to the requirements of bureaux/departments and will render professional advice in the course of providing the services. In determining their printing requirements, bureaux/departments will try to strike a balance between readers' needs and environmental factors when considering suitable forms and channels (including electronic means) for publishing information.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)016****(Question Serial No. 1217)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please inform this Committee of the information requested below in respect of the properties held by a company:

1. A breakdown of the numbers of (i) first-hand residential properties, (ii) second-hand residential properties, (iii) industrial properties, (iv) commercial properties, and (v) other properties (please specify their uses(s)) in Hong Kong acquired by (a) local companies and (b) non-local companies (please list the companies by their registered addresses) in each of the past 5 years:

	2014-15		2015-16		2016-17		2017-18		2018-19	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Types of the properties acquired										
(i) First-hand residential properties										
(ii) Second-hand residential properties										
(iii) Industrial properties										
(iv) Commercial properties										
(v) Other properties (please specify the uses(s))										

2. A breakdown of the total numbers of (i) residential properties, (ii) industrial properties, (iii) commercial properties, and (iv) other properties (please specify their uses(s)) in Hong Kong held by (a) local companies and (b) non-local companies (please list the companies by their registered addresses) in each of the past 5 years:

	2014-15		2015-16		2016-17		2017-18		2018-19	
Total numbers of the properties held	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
(i) Residential properties										
(ii) Industrial properties										
(iii) Commercial properties										
(iv) Other properties (please specify the uses(s))										

3. A breakdown of the numbers (to be presented in the groups of “1 property unit”, “2 property units”, “3 to 10 property units”, “10 to 100 property units”, “over 100 property units”) of the residential properties, industrial properties, commercial properties, and other properties (please specify their uses(s)) in Hong Kong held by (a) local companies and (b) non-local companies (please list the companies by their registered addresses) in each of the past 5 years:

	2014-15		2015-16		2016-17		2017-18		2018-19	
(i) Numbers of residential properties held	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
1 property unit										
2 property units										
3 to 10 property units										
10 to 100 property units										
Over 100 property units										

	2014-15		2015-16		2016-17		2017-18		2018-19	
(ii) Numbers of industrial properties held	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
1 property unit										
2 property units										
3 to 10 property units										
10 to 100 property units										
Over 100 property units										

	2014-15		2015-16		2016-17		2017-18		2018-19	
(iii) Numbers of commercial properties held	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
1 property unit										
2 property units										
3 to 10 property units										
10 to 100 property units										
Over 100 property units										

	2014-15		2015-16		2016-17		2017-18		2018-19	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
(iv) Numbers of other properties (please specify the uses(s) held										
1 property unit										
2 property units										
3 to 10 property units										
10 to 100 property units										
Over 100 property units										

Asked by: Hon AU Nok-hin (LegCo internal reference no.: 23)

Reply:

In the financial years 2014-15 to 2018-19, the numbers of (i) primary residential properties, (ii) secondary residential properties and (iii) non-residential properties acquired by (a) company buyers established in Hong Kong and (b) company buyers not established in Hong Kong are tabulated below:

Type of properties	2014-15 <sup>Note</sup>		2015-16		2016-17		2017-18		2018-19 (as at 28 February 2019)	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
(i) Primary residential properties	249	17	94	5	162	5	262	13	201	8
(ii) Secondary residential properties	2 406	251	975	69	807	73	2 744	236	1 708	167
(iii) Non-residential properties	8 535	288	5 462	345	5 573	271	7 438	257	5 754	193

Note: Including cases where transactions took place during the transitional period from the implementation date of Buyer's Stamp Duty (BSD) up to the date before the Stamp Duty (Amendment) Ordinance 2014 was published in the Gazette (i.e. the period from 27 October 2012 to 27 February 2014), with the relevant BSD collected during 2014-15.

The Inland Revenue Department does not maintain the statistics by the requested breakdowns, and therefore cannot provide the relevant information.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)017****(Question Serial No. 1218)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

At present, all unlisted companies are required to have the contract notes and instruments of transfer of their shares stamped at the Stamp Office. Such companies and their subsidiaries should also complete form IRSD102 of the Inland Revenue Department (IRD) to declare to the Government if they have acquired any property, their interest in the property and the details of their investments. In this connection, would the Government please provide the following information -

1. The numbers of cases applying for stamping of share transfers by unlisted companies in each of the past 5 years and the amounts of stamp duty which were to be paid by such companies.

Financial year	Number of documents stamped	Stamp duty collected (\$ million)
2014-15		
2015-16		
2016-17		
2017-18		
2018-19		

2. The numbers of unlisted companies holding a property/ properties in each of the past 5 years. Please also set out the numbers of cases applying for stamping of share transfer by such companies by the types of property they held (as stated in the IRD form IRSD102, the "Type of Property" refers to "Bare Site", "Village Home", "Building" and "Others") and the amounts of stamp duty they were required to pay.

Financial year	Number of documents stamped	Stamp duty collected (\$ million)
2014-15		
2015-16		
2016-17		
2017-18		
2018-19		

3. The numbers of unlisted companies holding a property/ properties in each of the past 5 years. Please also set out the numbers of cases applying for stamping of share transfer by such companies by the percentage of interest they held in the property (100%, over 50% or below 50%) and the amounts of stamp duty they were required to pay.

Financial year	Bare site	Village home	Building	Others	Number of documents stamped	Stamp duty collected (\$ million)
2014-15						
2015-16						
2016-17						
2017-18						
2018-19						

Asked by: Hon AU Nok-hin (LegCo internal reference no.: 25)

Reply:

1. The number of documents stamped for share transfers and amount of stamp duty collected from unlisted companies for the financial years from 2014-15 to 2018-19 are as follows:

Financial year	Number of documents stamped	Stamp duty collected (\$ million)
2014-15	654 238	616
2015-16	624 747	889
2016-17	606 819	987
2017-18	712 956	905
2018-19 (as at 28 February 2019)	634 508	1,028

- 2&3. Unlisted companies holding landed properties should complete form IRSD102 when applying for stamping of share transfers. The Stamp Office of the Inland Revenue Department (IRD) uses the information provided in the form for the purpose of assessing the amount of stamp duty. As the relevant information has not been compiled for statistics and analysis, the IRD cannot provide the required statistical breakdown.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)018**

**(Question Serial No. 1224)**

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:

In reply to enquiries made by a Councillor (LC Paper No. CB(1)562/12-13(01)), the Inland Revenue Department (IRD) had indicated that it had been keeping watch on suspected speculation cases involving share transfer of "property holding companies" to ensure that profits derived from property speculations were duly taxed. In this connection, we would like to ask the Government to provide:

- 1) the number of suspected speculation cases (to be set out by year and property type) involving share transfer of "property holding companies" as recorded by the IRD over the past 5 years;
- 2) the number of suspected speculation cases (to be set out by year and property type) involving share transfer of "property holding companies" which were charged to profits tax as recorded by the IRD over the past 5 years and the amount of profits tax collected; and
- 3) the number of cases (to be set out by year and property type) where exemption from Buyer's Stamp Duty (BSD) was granted to the acquisition or transfer of a residential property between associated bodies corporate as recorded by the IRD over the past 5 years, the amount of BSD exempted, and the number of cases where the exemption of BSD was revoked by reason of de-association.

Asked by: Hon AU Nok-hin (LegCo internal reference no.: 24)

Reply:

- 1) & 2) In the past five financial years, the statistics on follow-up cases involving transfer of shares in property holding companies and completed review cases recorded by the Inland Revenue Department (IRD) are shown in the table below:

Financial Year	Number of follow-up cases (Note)	Number of completed review cases	Cases subject to profits tax	
			Number of cases	Amount of tax (\$ million)
2014-15	889	817	60	18.6
2015-16	746	723	41	18.2
2016-17	871	846	36	14.2
2017-18	1 414	1 132	22	18.7
2018-19 (as at 28 February 2019)	1 253	675	1	0.4

Note: The IRD does not maintain a breakdown of statistics on residential and non-residential properties.

When stamping the transfer of shares in private companies, the Stamp Office will screen and refer shares transfer cases of “property holding companies” to the Profits Tax Unit for review. The Profits Tax Unit will examine each case and the relevant information thoroughly, including the length of the holding period of the shares, the motive for acquiring the shares and the financial arrangements entered into. Based on the relevant facts, the IRD officers will determine whether the share transfer amounts to a trading activity and is subject to Profits Tax.

- 3) The number of applications for exemption from buyer’s stamp duty (BSD) for transfer of residential properties between associated bodies corporate and the amount of BSD involved for each of the financial years from 2014-15 to 2018-19 are as follows:

Financial year	Number of Applications	Amount of BSD involved (\$ million)
2014-15	198	1,283
2015-16	223	1,335
2016-17	162	1,039
2017-18	223	1,243
2018-19 (as at 28 February 2019)	197	2,382

In the past five financial years, no application has been revoked by reason of de-association.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)019****(Question Serial No. 3153 )**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (000) Operational Expenses  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government inform this Committee of: (1) the number of cases granted the exemption of ad valorem stamp duty, Special Stamp Duty and Buyer's Stamp Duty respectively by the Stamp Office in each of the past 3 years; (2) the reasons for granting the exemption of stamp duty and for each reason stated, the respective numbers of cases exempted of ad valorem stamp duty, Special Stamp Duty and Buyer's Stamp Duty; (3) the staffing provision, the estimated annual salary expenditure and the recurrent expenditure of the Stamp Office in 2019-20?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 31)

Reply:

- (1) The number of exemption cases granted by the Stamp Office in respect of charging ad valorem stamp duty (AVD) at Scale 1 rates, special stamp duty (SSD) and buyer's stamp duty (BSD) for each of the financial years from 2016-17 to 2018-19 are tabulated as follows:

<b>Type of stamp duty with exemption granted</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
AVD at Scale 1 rates	4 058	5 199	4 821
SSD	1 027	1 465	1 438
BSD	1 359	1 140	828

Note: The above figures represent the statistics as at 28 February 2019. They may be subject to change after subsequent review of the cases.

- (2) The exemption cases granted by the Stamp Office in respect of charging AVD at Scale 1 rates, SSD and BSD with reasons for exemption and number of cases for each of the financial years from 2016-17 to 2018-19 are tabulated as follows:

Charging AVD at Scale 1 rates

<b>Reasons for exemption</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
(1) Acquisition of a residential property by Hong Kong Permanent Resident (HKPR) jointly with a close relative(s) who is / are not HKPR	848	641	378
(2) Acquisition or transfer of a residential property between close relatives or nomination of a close relative(s) of the original purchaser to take up the assignment of a residential property	3 175	4 319	4 326
(3) Acquisition or transfer of a property by a court order or pursuant to a court order	13	11	10
(4) Acquisition of a property to replace another property that has been purchased or resumed pursuant to other Ordinances	20	226	103
(5) Others (including acquisition or transfer of a mortgaged property under a conveyance to or in its mortgagee that is a financial institution within the meaning of section 2 of the Inland Revenue Ordinance (Cap. 112) (IRO), acquisition of a residential property by a purchaser as a trustee or guardian on behalf of a HKPR minor or mentally incapacitated person, etc.)	2	2	4

SSD

<b>Reasons for exemption</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
(1) Nomination of a close relative(s) of the original purchaser to take up the assignment of a residential property or addition / deletion of name(s) to / from a chargeable agreement for sale or assignment if the person(s) added / deleted is a close relative of the purchaser	569	1029	1 038
(2) Acquisition or transfer of a property by a court order or pursuant to a court order	30	20	25
(3) Sale of the estate of a deceased person by the administrator / personal representative, or sale / transfer of a residential property by a person whose property is inherited from a deceased person's estate or is passed to that person under the right of survivorship	410	411	367
(4) Sale of mortgaged properties under a conveyance to or in its mortgagee that is a financial institution within the meaning of section 2 of the IRO	17	4	5
(5) The property sold relates solely to (i) a bankrupt's estate, or (ii) the property of a company which is being wound up by the court by reason of its inability to pay debts	1	1	3

BSD

<b>Reasons for exemption</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
(1) Acquisition of a residential property by HKPR jointly with a close relative(s) who is / are not HKPR	1 144	738	440
(2) Nomination of a close relative(s) of the original purchaser to take up the assignment of a residential property or addition / deletion of name(s) to / from a chargeable agreement for sale or assignment if the person(s) added / deleted is a close relative of the purchaser	204	369	365
(3) Acquisition or transfer of a property by a court order or pursuant to a court order	6	7	8
(4) Acquisition of a property to replace another property that has been purchased or resumed pursuant to other Ordinances	3	25	15
(5) Others (including acquisition or transfer of a mortgaged property under a conveyance to or in its mortgagee that is a financial institution within the meaning of section 2 of the IRO, acquisition of a residential property by a purchaser as a trustee or guardian on behalf of a HKPR who is a mentally incapacitated person, etc.)	2	1	0

Note: The above figures represent the statistics as at 28 February 2019. They may be subject to change after subsequent review of the cases.

- (3) In the financial year 2018-19, the estimated expenditure for collection of stamp duty by the Inland Revenue Department was about \$65.3 million. The expenditure to be incurred for 2019-20 is expected to be similar to that of 2018-19.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)020**

**(Question Serial No. 0448)**

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:

The provision for 2019-20 under Programme (1) is \$69.8 million higher than the revised estimate for 2018-19. The increased amount will be mainly spent on salary increments for staff, filling of vacancies, increase of 34 posts and the increased operating expenses. In this regard, would the Government please inform this Committee of:

1. the post titles and the respective job nature of the newly created 34 posts;
2. the expenditure and manpower resources involved in processing claims for the new tax measures effective from the year of assessment 2018-19.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 21)

Reply:

1. To cope with the increasing workload, the Inland Revenue Department (IRD) will create 34 non-directorate permanent posts under Programme (1) in the financial year 2019-20. The work of Programme (1) involves establishing the liabilities of taxpayers under profits tax, salaries tax, property tax and personal assessment; processing objections and appeals in relation to tax assessments raised under the Inland Revenue Ordinance (Cap. 112); and assessing chargeable stamp duty, etc. A breakdown of these new posts is tabulated as follows:

<b>New posts</b>	<b>Number</b>	<b>Nature of works</b>
Assessor	4	Mainly deployed to undertake tax assessment and related duties, and to supervise junior staff
Assistant Assessor	10	Mainly deployed to undertake tax assessment and related duties, and to assist Assessors
Taxation Officer	6	Mainly deployed to assist in tax assessment and related duties, and to supervise and train Assistant Taxation Officers and clerical staff in performing their duties
Assistant Taxation Officer	13	Mainly deployed to assist in tax assessment and related duties
Clerical Assistant	1	Mainly deployed on general clerical duties, e.g. general office support, statistical and information technology support, etc.
<b>Total</b>	<b>34</b>	

2. Implementing the new tax measures effective from the year of assessment 2018/19 are part of the IRD officers' day-to-day duties. Therefore, the IRD is unable to provide a breakdown on the manpower to be deployed and the estimated expenditure involved.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)021**

**(Question Serial No. 0449)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (000) Operational Expenses  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under the section "Matters Requiring Special Attention in 2019-20" that the Inland Revenue Department (IRD) will strive to expand Hong Kong's network of double taxation agreements (DTAs). Hong Kong has entered into DTAs with 40 tax jurisdictions, among which 13 are major trading partners with Hong Kong. Is there any plan for the Government to enter into DTAs with other jurisdictions? If so, would the Government please advise the details of the planned work for the future and whether any additional manpower and expenditure are required for the work?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 22)

Reply:

The Hong Kong Special Administrative Region (HKSAR) Government has all along endeavoured to expand Hong Kong's network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs). At present, Hong Kong is in CDTA negotiations with 15 tax jurisdictions, namely Bahrain, Bangladesh, Cambodia, Estonia, Israel, Maldives, North Macedonia, Nigeria, Serbia, Turkey, Cyprus, Germany, the Macao Special Administrative Region, Mauritius and Norway. The HKSAR Government will strive for early conclusion of the negotiations and signing of the agreements. We will also continue to proactively identify negotiation partners, in particular countries along the Belt and Road, with a view to bringing the total number of CDTAs to 50 over the next few years.

A Deputy Commissioner of the Inland Revenue Department (IRD) is responsible for overseeing the CDTA negotiations and leading the IRD's Tax Treaty Section to take up the relevant tasks. Since such work forms part of the regular duties of the IRD, the manpower and expenditure involved have been included in the overall establishment and expenditure of the IRD. The IRD will review the manpower arrangements from time to time and, where operational needs so require, apply for additional manpower and funding in accordance with the established procedures.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)022**

**(Question Serial No. 2915)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following figures in respect of property tax cases processed by the Inland Revenue Department in each of the past 5 years:

- (a) Please set out in the table below the numbers of property tax cases reported in Form B.I.R. 60 (applicable to properties solely owned by an individual), Form B.I.R. 57 (applicable to properties jointly owned or co-owned by individuals) and Form B.I.R. 58 (applicable to properties owned by corporations or bodies of persons) respectively:

Year	No. of Form B.I.R. 60	No. of Form B.I.R. 57	No. of Form B.I.R. 58
2014			
2015			
2016			
2017			
2018			

- (b) Regarding the property tax cases reported in Form B.I.R. 60, Form B.I.R. 57 and Form B.I.R. 58 for the financial years list below, please indicate in the table below whether the properties involved respectively in the three types of returns were used for rental purpose or not (i.e. whether the property owners would have given the answer “no” or “yes” when asked if their properties had been leased out):



Year	Form B.I.R. 60		Form B.I.R. 57		Form B.I.R. 58	
	Properties involved were leased out	Properties involved were not leased	Properties involved were leased out	Properties involved were not leased	Properties involved were leased out	Properties involved were not leased
2014						
2015						
2016						
2017						
2018						

(c) Please set out in the table below the numbers of demand notes for property tax payable, the numbers of properties involved and the amounts of tax involved in respect of Form B.I.R. 60, Form B.I.R. 57 and Form B.I.R. 58:

Year	Form B.I.R. 60			Form B.I.R. 57			Form B.I.R. 58		
	No. of demand notes	No. of properties involved	Amount of tax involved	No. of demand notes	No. of properties involved	Amount of tax involved	No. of demand notes	No. of properties involved	Amount of tax involved
2014									
2015									
2016									
2017									
2018									

(d) Please set out in the table below the numbers of demand notes on which the property address declared for assessment of property tax was the address of a building, the numbers of such properties, and the amounts of tax involving such properties on Form B.I.R. 60, Form B.I.R. 57 and Form B.I.R. 58 respectively:

Year	Form B.I.R. 60			Form B.I.R. 57			Form B.I.R. 58		
	No. of demand notes on which the property address declared was the address of a building	No. of such properties	Amount of tax involving such properties	No. of demand notes on which the property address declared was the address of a building	No. of such properties	Amount of tax involving such properties	No. of demand notes on which the property address declared was the address of a building	No. of such properties	Amount of tax involving such properties
2014									
2015									
2016									
2017									
2018									

- (e) Please set out in the table below the numbers of demand notes on which the property address declared for assessment of property tax was the address of a residential property, the numbers of such properties, and the amounts of tax involving such properties on Form B.I.R. 60, Form B.I.R. 57 and Form B.I.R. 58 respectively:

Year	Form B.I.R. 60			Form B.I.R. 57			Form B.I.R. 58		
	No. of demand notes on which the property address declared was the address of a residential property	No. of such properties	Amount of tax involving such properties	No. of demand notes on which the property address declared was the address of a residential property	No. of such properties	Amount of tax involving such properties	No. of demand notes on which the property address declared was the address of a residential property	No. of such properties	Amount of tax involving such properties
2014									
2015									
2016									
2017									
2018									

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 5)

Reply:

- (a) and (b) The following table sets out the numbers of Tax Returns-Individuals (BIR60) and Property Tax Returns (BIR57 and BIR58) issued by the Inland Revenue Department (IRD) and the numbers of respective tax returns BIR60 / BIR57 / BIR58 involving letting properties in the past five years:

Financial Year	No. of Tax Returns – Individuals (BIR60) (Notes 1 & 2)	No. of BIR60 involving letting solely-owned properties (Note 1)
2014 – 15	2 770 000	123 000
2015 – 16	2 830 000	130 000
2016 – 17	2 930 000	140 000
2017 – 18	2 920 000	146 000
2018 – 19 (As at 28 February 2019)	2 980 000	155 000

Financial Year	Property Tax Returns (BIR57) (Notes 1 & 3)	No. of BIR57 involving letting jointly owned or co-owned properties (including at least one individual owner) (Note 1)
2014 – 15	152 000	129 000
2015 – 16	150 000	130 000
2016 – 17	150 000	131 000
2017 – 18	149 000	130 000
2018 – 19 (As at 28 February 2019)	151 000	130 000

Financial Year	Property Tax Returns (BIR58) (Notes 1 & 3)	No. of BIR58 involving letting properties held by corporation and bodies of persons (Note 1)
2014 – 15	9 000	6 000
2015 – 16	9 000	6 000
2016 – 17	10 000	6 000
2017 – 18	10 000	6 000
2018 – 19 (As at 28 February 2019)	10 000	6 000

Note 1: Tax Return – Individuals (BIR60) allows individual taxpayer to report his / her employment income, rental income from solely owned properties (100% ownership), profits from sole proprietorship businesses, and election for Personal Assessment (if applicable). If a taxpayer is the sole owner of one or more than one properties, he/she has to report in BIR 60 the rental income derived from all solely owned properties during a year of assessment (i.e. from 1 April in a year to 31 March in the next). If there is a change in ownership of a property during a year, the rental income of the property concerned may be reported in more than one tax return (BIR60 / BIR57 / BIR58).

Note 2: The IRD may not issue Tax Return-Individuals (BIR60) to an individual annually if the individual does not have any chargeable income. Such individuals include owner with no rental income from his/her solely owned property.

Note 3: The IRD may not issue Property Tax Returns (BIR57 / BIR58) to property owners annually if the properties jointly owned or co-owned or held by corporations and bodies of persons are not let out for rental purpose.

(c) The following table sets out the numbers of demand notes for property tax payable and the amounts of tax involved in the past five years:

Financial Year	Letting properties solely-owned by individuals (Notes 4 & 5)		Letting properties jointly owned or co-owned or held by corporations and bodies of persons (Note 4)		Total	
	No. of Property Tax demand notes	Amounts of tax involved (\$million)	No. of Property Tax demand notes	Amounts of tax involved (\$million)	No. of Property Tax demand notes	Amounts of tax involved (\$million)
2014 – 15	62 000	1,854.6	75 000	1,370.5	137 000	3,225.1
2015 – 16	63 000	1,949.7	73 000	1,377.0	136 000	3,326.7
2016 – 17	69 000	2,235.1	77 000	1,452.0	146 000	3,687.1
2017 – 18	69 000	2,229.5	70 000	1,447.9	139 000	3,677.4
2018 – 19 (As at 28 February 2019)	74 000	2,475.8	70 000	1,457.0	144 000	3,932.8

Note 4: For taxpayers electing for Personal Assessment, their rental income will be taxed under Personal Assessment. The IRD will only tax rental income under Property Tax if the taxpayer is not assessed under Personal Assessment.

Note 5: The Property Tax demand notes issued by the IRD cover all solely owned letting properties of the taxpayer. Therefore, a Property Tax demand note may involve more than one property.

(d) and (e) The IRD does not maintain the statistics concerned, and therefore cannot provide the information requested.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)023****(Question Serial No. 2944 )**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the properties acquired by the organs of the Central People's Government (CPG) in Hong Kong (including their subsidiaries and public officers) to which the Financial Services and the Treasury Bureau (FSTB) has granted the remission of stamp duty, please set out in the table below the respective numbers and geographical distribution of such properties from 2014 to 2019.

2015

District	Number of the properties acquired by the organs of the CPG in Hong Kong (including their subsidiaries and public officers) to which the FSTB has granted the remission of stamp duty	Amount of tax remitted
Central & Western District		
Eastern District		
Southern District		
Wan Chai District		
Kowloon City District		
Kwun Tong District		
Sham Shui Po District		
Yau Tsim Mong District		
Wong Tai Sin District		
Islands District		
Kwai Tsing District		
North District		
Sai Kung District		
Sha Tin District		
Tai Po District		
Tsuen Wan District		
Tuen Mun District		
Yuen Long District		

2016

District	Number of the properties acquired by the organs of the CPG in Hong Kong (including their subsidiaries and public officers) to which the FSTB has granted the remission of stamp duty	Amount of tax remitted
Central & Western District		
Eastern District		
Southern District		
Wan Chai District		
Kowloon City District		
Kwun Tong District		
Sham Shui Po District		
Yau Tsim Mong District		
Wong Tai Sin District		
Islands District		
Kwai Tsing District		
North District		
Sai Kung District		
Sha Tin District		
Tai Po District		
Tsuen Wan District		
Tuen Mun District		
Yuen Long District		

2017

District	Number of the properties acquired by the organs of the CPG in Hong Kong (including their subsidiaries and public officers) to which the FSTB has granted the remission of stamp duty	Amount of tax remitted
Central & Western District		
Eastern District		
Southern District		
Wan Chai District		
Kowloon City District		
Kwun Tong District		
Sham Shui Po District		
Yau Tsim Mong District		
Wong Tai Sin District		
Islands District		
Kwai Tsing District		
North District		
Sai Kung District		
Sha Tin District		
Tai Po District		
Tsuen Wan District		
Tuen Mun District		
Yuen Long District		

2018

District	Number of the properties acquired by the organs of the CPG in Hong Kong (including their subsidiaries and public officers) to which the FSTB has granted the remission of stamp duty	Amount of tax remitted
Central & Western District		
Eastern District		
Southern District		
Wan Chai District		
Kowloon City District		
Kwun Tong District		
Sham Shui Po District		
Yau Tsim Mong District		
Wong Tai Sin District		
Islands District		
Kwai Tsing District		
North District		
Sai Kung District		
Sha Tin District		
Tai Po District		
Tsuen Wan District		
Tuen Mun District		
Yuen Long District		



2019

District	Number of the properties acquired by the organs of the CPG in Hong Kong (including their subsidiaries and public officers) to which the FSTB has granted the remission of stamp duty	Amount of tax remitted
Central & Western District		
Eastern District		
Southern District		
Wan Chai District		
Kowloon City District		
Kwun Tong District		
Sham Shui Po District		
Yau Tsim Mong District		
Wong Tai Sin District		
Islands District		
Kwai Tsing District		
North District		
Sai Kung District		
Sha Tin District		
Tai Po District		
Tsuen Wan District		
Tuen Mun District		
Yuen Long District		

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 34)

Reply:

Information of stamp duty remission accorded to the Central People's Government's (CPG) organs in Hong Kong or their subsidiary companies in respect of local properties they acquired between the financial years 2014-15 and 2018-19 is tabulated as follows:

Financial Year	Organizations	Stamp duty involved (\$ million)	No. of immovable properties involved	District
2014-15	The Liaison Office of the CPG in the Hong Kong Special Administrative Region	52.3	6	5 (Kwun Tong) 1 (Central and Western)
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8	3 (Southern) 5 (Eastern)
	Subsidiary company of a CPG's organ in Hong Kong	15.6	15	5 (Central and Western) 10 (Sha Tin)
2016-17	Subsidiary company of a CPG's organ in Hong Kong	8.4	8	6 (Central and Western) 2 (Kowloon City)
2017-18	-	0	0	0
2018-19*	Subsidiary company of a CPG's organ in Hong Kong	47.9	25	23 (Central and Western) 2 (Sha Tin)

\* As at 28 February 2019

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)024**

**(Question Serial No. 2945 )**

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:

- (a) According to the reply given by the Government of HKSAR earlier, if the offices of the Central People's Government (CPG) acquire an immovable property through a subsidiary company in Hong Kong and the property concerned is used as staff quarters of the offices, exemption of the stamp duty payable under section 52 of the Stamp Duty Ordinance will be granted. What are the criteria adopted and mechanism used by the Government of HKSAR in determining whether a company is a subsidiary to an office of the CPG in Hong Kong? What are the criteria adopted and mechanism used by the Government of HKSAR in determining and ensuring the properties concerned are used as staff quarters but not for letting or speculation?
- (b) Is Newman Investment Company Limited a subsidiary company of the offices of the CPG in Hong Kong?

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 35)

Reply:

Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of HKSAR 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. Furthermore, under section 52(1) of the SDO, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

The organs of the CPG in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the SDO. 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 principles 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 Government of HKSAR will examine and consider the information such as agreements for sale and purchase, declarations of trust, notarial certificates, declarations of shareholding and / or companies' search records, etc.

We do not comment on individual cases. Nevertheless, we would emphasise that in implementing the SDO (including its provision on stamp duty exemption), the Government of HKSAR will carefully examine each case and the information provided by the persons concerned and confirm that the requirements are met before granting exemption in accordance with the law.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)025****(Question Serial No. 2946 )**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

According to section 52 of the Stamp Duty Ordinance, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty. Please set out in the table below the individuals, bodies of persons or organisations to which the remission of stamp duty was granted by the Chief Executive; the amounts of stamp duty exempted; and the reasons for the exemptions for the past 5 years.

2015

Individual/ Body of person/ Organisation	District	Amount of stamp duty remitted	Reason for remission

2016

Individual/ Body of person/ Organisation	District	Amount of stamp duty remitted	Reason for remission

2017

Individual/ Body of person / Organisation	District	Amount of stamp duty remitted	Reason for remission

2018

Individual/ Body of person / Organisation	Distict	Amount of stamp duty remitted	Reason for remission

2019

Individual/ Body of person / Organisation	District	Amount of stamp duty remitted	Reason for remission

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 36)

Reply:

Under section 52(1) of the Stamp Duty Ordinance (SDO), the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

Information of stamp duty remission granted to shares under section 52 of the SDO for the financial years from 2014-15 to 2018-19 is tabulated as follows. The cases involved were related to the stamp duty concession in respect of the trading of exchange traded funds proposed in the 2010-11 Budget Speech. Before the passing of the relevant Amendment Ordinance, the Government of Hong Kong Special Administrative Region (HKSAR) remitted the relevant stamp duty for shares by virtue of section 52 of the SDO. The relevant Amendment Ordinance subsequently came into operation on 13 February 2015. Hence, there were no relevant stamp duty remission cases from the financial year 2015-16.

Financial Year	2014-15	2015-16	2016-17	2017-18	2018-19 (as at 28 February 2019)
No. of remission cases	4	0	0	0	0

Under section 41(1) of SDO, the Central People's Government (CPG), the Government of HKSAR 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. 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 principles 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. Information of stamp duty remission given to these properties under section 52 of the SDO from the 2014-15 to 2018-19 financial years is tabulated below:

Financial Year	Organizations	Stamp duty involved (\$ million)	No. of immovable properties involved	District
2014-15	Liaison Office of the CPG in the Hong Kong Special Administrative Region	52.3	6	5 (Kwun Tong) 1 (Central and Western)
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8	3 (Southern) 5 (Eastern)
	Subsidiary company of a CPG's organ in Hong Kong	15.6	15	5 (Central and Western) 10 (Sha Tin)
2016-17	Subsidiary company of a CPG's organ in Hong Kong	8.4	8	6 (Central and Western) 2 (Kowloon City)
2018-19 (As at 28 February 2019)	Subsidiary company of a CPG's organ in Hong Kong	47.9	25	23 (Central and Western) 2 (Sha Tin)

In addition, the Government also exempted a public organisation from the stamp duty involved in the assignment of a railway portion under section 52 of the SDO in the 2017-18 financial year. Due to the special nature of railway projects, the Government has not assessed the amount of stamp duty involved.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)026**

**(Question Serial No. 3085)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please set out in the table below the numbers of cases involving the remission of stamp duty granted on the grounds of “sale or transfer of residential properties to the Government” and the details of the remission cases recorded for the past 5 years.

Date	Buyer	Value of the residential property	Details of the remission cases

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 1059)

Reply:

Under the Stamp Duty Ordinance, an agreement for sale and purchase made for the Government and a conveyance on sale to the Government shall not be chargeable with stamp duty. There is no need to apply for remission of stamp duty and therefore the Inland Revenue Department does not have the relevant information.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)027****(Question Serial No. 0707)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Under this programme, the work of the Inland Revenue Department (IRD) includes assessing stamp duty chargeable on assignments, agreements for sale and purchase, leases of immovable property and transfers of shares. According to section 41 of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of HKSAR, 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. In addition, according to section 52 of the SDO, the Chief Executive may remit or refund, wholly or in part, the stamp duty payable in respect of any instrument chargeable with stamp duty. Meanwhile, the IRD has also made it clear that if the offices of the CPG acquire an immovable property through a subsidiary company in Hong Kong and the property concerned is used as staff quarters of the offices, exemption of the stamp duty payable under section 52 will be granted. Please inform the Committee of:

1. Please set out in the table below in chronological order the exemption, remission or refund of stamp duty granted to the abovementioned bodies and their subsidiary institutions (including the Liaison Office of the CPG in the Hong Kong Special Administrative Region and its related company, the "Newman Investment Company Limited") over the past 5 years, together with the legal provisions served as the basis for granting such exemption, remission and refund:

Date	The name of the exempted body, such as the CPG, the Government of HKSAR, the incorporated public officer or the person acting in his capacity as a public officer and their related companies/ bodies	The Ordinance (section 41 or section 52 of the SDO) under which the exemption was granted	Details of the property units concerned

2. Please provide the details of the total administration expenditure incurred by performing the aforementioned work of granting the exemption of stamp duty.

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 25)

Reply:

1. Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of HKSAR 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. Furthermore, under section 52(1) of the SDO, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

The organs of the CPG in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the SDO. 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 principles 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.

Information on stamp duty remission accorded to the CPG's organs in Hong Kong or their subsidiary company in respect of local properties they acquired between the financial years 2014-15 and 2018-19 is tabulated as follows:

Financial Year	Organizations	Stamp duty involved (\$ million)	No. of properties involved
2014-15	Liaison Office of the CPG in the Hong Kong Special Administrative Region	52.3	6
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8
	Subsidiary company of a CPG's organ in Hong Kong	15.6	15
2016-17	Subsidiary company of a CPG's organ in Hong Kong	8.4	8
2017-18	-	0	0
2018-19*	Subsidiary company of a CPG's organ in Hong Kong	47.9	25

\* As at 28 February 2019

2. In the financial years 2014-15 to 2018-19, the Inland Revenue Department (IRD) incurred the following expenditure on collecting stamp duty:

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19 (Revised estimate)
\$ million	53.2	55.5	56.6	58.3	65.3 <sup>Note</sup>

Note: A higher provision for 2018-19 Revised Estimate is mainly due to the creation of 13 non-directorate posts in the Stamp Office of the IRD.

The IRD does not have any breakdown of expenses by reference to the work on handling remission of stamp duty as it is part of the daily duties of the IRD's staff.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)028**

**(Question Serial No. 2840 )**

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:

According to the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” (“the Comprehensive Arrangement”) signed between Hong Kong and the Mainland of China, the remuneration that a Hong Kong resident working on the Mainland received may be exempted from taxation on the Mainland and will be subject to taxation in Hong Kong only if all of the 3 conditions are satisfied (the conditions include that the resident was present on the Mainland for a period or periods not exceeding in the aggregate 183 days in any 12-month period commencing or ending in the taxable year concerned; the remuneration is not paid by a Mainland employer or its representative; the remuneration is not borne by a permanent establishment set up by the employer on the Mainland). Would the Inland Revenue Department please inform this Committee of the following:

1. The number of Hong Kong tax residents who applied for and benefited from the tax credits under section 50 of the Inland Revenue Ordinance and the Comprehensive Arrangement and the amount of tax credits involved in each of the past 5 years. Please set out the figures by types of residents (individuals, partnerships, companies, etc.) and types of tax payable (profits tax, salaries tax and property tax).
2. Further to the above question, for the aforementioned Hong Kong tax residents who benefited from the tax credits, what is the average number of consecutive days or aggregate days they were present on the Mainland?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 26)

Reply:

1. In the past five years of assessment (as at 28 February 2019), the number and amount of tax credit in respect of Salaries Tax and Profits Tax (sole proprietorship) allowed under section 50 of the Inland Revenue Ordinance (“IRO”) are shown in the table below. These cases cover all tax credit applications in respect of territories where there is a double taxation relief arrangement/agreement with Hong Kong. The Inland Revenue Department does not maintain separate statistical information on applications for tax credit under the “Arrangement between the Mainland of China and the HKSAR for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income”.

Year of assessment	Salaries Tax		Profits Tax (Sole proprietorship)	
	Tax Credit allowed		Tax Credit allowed	
	No. of cases	Amount (\$)(Note)	No. of cases	Amount (\$)(Note)
2013/14	4	95,000	0	0
2014/15	6	174,000	0	0
2015/16	6	290,000	0	0
2016/17	6	327,000	1	49,000
2017/18	3	124,000	0	0

Note: Rounded to the nearest thousand

Under Salaries Tax, for a year of assessment up to 2017/18, if a taxpayer has paid tax (substantially the same nature as Salaries Tax) to a territory outside Hong Kong in respect of income derived from services rendered in that territory, he/she may either apply for income exemption under section 8(1A)(c) of the IRO in respect of that part of income or claim for tax credit under section 50 of the IRO. In the past years of assessment, most of the taxpayers claimed for income exemption under section 8(1A)(c).

Since property tax is a tax imposed on owners who own a property located in Hong Kong for rental purposes, Hong Kong tax residents normally will not claim for tax credit under section 50 of the IRO for property tax.

Breakdown of tax credit allowed in the past five years (as at 28 February 2019) for profits tax cases (including Partnership and Corporations cases) is tabulated below. These cases cover all tax credit applications in respect of territories where there is a double taxation relief arrangement/agreement with Hong Kong. The Inland Revenue Department does not maintain separate statistical information on applications for tax credit under the “Arrangement between the Mainland of China and the HKSAR for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income”:

Year of assessment	Partnership		Corporations		Total	
	No. of cases	Amount (\$)(Note)	No. of cases	Amount (\$)(Note)	No. of cases	Amount (\$)(Note)
2013/14	4	486,000	472	889,987,000	476	890,473,000
2014/15	6	587,000	457	1,316,918,000	463	1,317,505,000
2015/16	5	1,142,000	446	1,277,927,000	451	1,279,069,000
2016/17	6	712,000	437	779,460,000	443	780,172,000
2017/18	6	2,118,000	453	911,762,000	459	913,880,000

Note: Rounded to the nearest thousand

2. The Inland Revenue Department does not maintain statistical data on the average number of days stayed in the Mainland by Hong Kong tax residents who have claimed tax credit under section 50 of the IRO.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)029**

**(Question Serial No. 1097)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In paragraph 108 of the Budget Speech of this year, the Financial Secretary mentioned of “reducing profits tax for 2018-19 by 75 per cent, subject to a ceiling of \$20,000. The reduction will be reflected in the final tax payable for 2018-19. This will benefit 145 000 taxpayers and reduce government revenue by \$1.9 billion”. In this connection, will the Government provide the following figures?

1. The number of persons who have filed a tax return before the due date in the last financial year; and
2. The number of taxpayers who were not required to pay tax before being offered the 75 per cent tax reduction on salaries tax or tax under personal assessment in the last financial year.

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 18)

Reply:

As the filing deadline for the profits tax returns for the year of assessment 2018/19 (which were issued on 1 April 2019) has not yet expired and the tax returns for individuals for the year of assessment 2018/19 have not been issued, the Inland Revenue Department does not have the statistics on the number of persons filing tax returns before the due date or not liable to tax.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)030**

**(Question Serial No. 1411)**

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:

A) Please provide the details of the ad valorem stamp duty (AVD) collected in the past 3 years in the table below:

2016-17			
<b>Consideration or value of the property (whichever is the higher)</b>	<b>No. of cases</b>	<b>Average amount of AVD</b>	<b>Average percentage of AVD to the consideration of the property</b>
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$8,000,000			
\$8,000,001 to \$10,000,000			
\$10,000,001 to \$20,000,000			
\$20,000,001 to \$30,000,000			
\$30,000,001 to \$50,000,000			
\$50,000,001 to \$100,000,000			
\$100,000,001 or above			



2017-18			
<b>Consideration or value of the property (whichever is the higher)</b>	<b>No. of cases</b>	<b>Average amount of AVD</b>	<b>Average percentage of AVD to the consideration of the property</b>
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$8,000,000			
\$8,000,001 to \$10,000,000			
\$10,000,001 to \$20,000,000			
\$20,000,001 to \$30,000,000			
\$30,000,001 to \$50,000,000			
\$50,000,001 to \$100,000,000			
\$100,000,001 or above			

2018-19			
<b>Consideration or value of the property (whichever is the higher)</b>	<b>No. of cases</b>	<b>Average amount of AVD</b>	<b>Average percentage of AVD to the consideration of the property</b>
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$8,000,000			
\$8,000,001 to \$10,000,000			
\$10,000,001 to \$20,000,000			
\$20,000,001 to \$30,000,000			
\$30,000,001 to \$50,000,000			
\$50,000,001 to \$100,000,000			
\$100,000,001 or above			

B) Please provide the information regarding the levy of AVD under Scale 1 and Scale 2 respectively after the introduction of the “double stamp duty” in the table below:

2016-17				
<b>Consideration or value of the property (whichever is the higher)</b>	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$8,000,000				
\$8,000,001 to \$10,000,000				
\$10,000,001 to \$20,000,000				
\$20,000,001 to \$30,000,000				
\$30,000,001 to \$50,000,000				
\$50,000,001 to \$100,000,000				
\$100,000,001 or above				

2017-18				
<b>Consideration or value of the property (whichever is the higher)</b>	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$8,000,000				
\$8,000,001 to \$10,000,000				
\$10,000,001 to \$20,000,000				
\$20,000,001 to \$30,000,000				
\$30,000,001 to \$50,000,000				
\$50,000,001 to \$100,000,000				
\$100,000,001 or above				

2018-19				
<b>Consideration or value of the property (whichever is the higher)</b>	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$8,000,000				
\$8,000,001 to \$10,000,000				
\$10,000,001 to \$20,000,000				
\$20,000,001 to \$30,000,000				
\$30,000,001 to \$50,000,000				
\$50,000,001 to \$100,000,000				
\$100,000,001 or above				

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 12)

Reply:

A) Details of the Ad valorem stamp duty (AVD) collected by the Inland Revenue Department in the past three financial years are set out as follows:

2016-17			
Consideration or value of the property (\$)	No. of cases (Notes 1 & 3)	Average amount of AVD (\$) (Note 2)	Average percentage of AVD to the consideration of the property
2,000,000 or below	22 106	11,516	1.02%
2,000,001 to 3,000,000	8 305	53,492	2.04%
3,000,001 to 4,000,000	13 027	97,410	2.73%
4,000,001 to 6,000,000	21 063	177,110	3.56%
6,000,001 to 8,000,000	10 618	326,357	4.70%
8,000,001 to 10,000,000	6 490	446,595	5.00%
10,000,001 to 20,000,000	8 283	720,278	5.34%
20,000,001 to 30,000,000	1 959	1,482,453	6.11%
30,000,001 to 50,000,000	1 320	2,454,936	6.43%
50,000,001 to 100,000,000	525	4,528,071	6.71%
100,000,001 or above	283	19,518,319	7.10%

2017-18			
Consideration or value of the property (\$)	No. of cases (Notes 1 & 3)	Average amount of AVD (\$) (Note 2)	Average percentage of AVD to the consideration of the property
2,000,000 or below	20 588	12,765	1.09%
2,000,001 to 3,000,000	8 721	59,018	2.27%
3,000,001 to 4,000,000	10 118	103,158	2.87%
4,000,001 to 6,000,000	21 311	174,320	3.49%
6,000,001 to 8,000,000	12 277	309,654	4.42%
8,000,001 to 10,000,000	8 255	421,379	4.73%
10,000,001 to 20,000,000	11 366	711,489	5.21%
20,000,001 to 30,000,000	2 825	1,499,555	6.22%
30,000,001 to 50,000,000	1 774	2,419,317	6.37%
50,000,001 to 100,000,000	814	4,602,271	6.82%
100,000,001 or above	318	26,085,815	7.68%

2018-19 (As at 28 February 2019)			
Consideration or value of the property (\$)	No. of cases (Notes 1 & 3)	Average amount of AVD (\$) (Note 2)	Average percentage of AVD to the consideration of the property
2,000,000 or below	15 599	15,337	1.27%
2,000,001 to 3,000,000	6 167	66,654	2.58%
3,000,001 to 4,000,000	6 538	117,921	3.26%
4,000,001 to 6,000,000	16 922	193,722	3.77%
6,000,001 to 8,000,000	10 944	339,714	4.83%
8,000,001 to 10,000,000	7 186	492,981	5.52%
10,000,001 to 20,000,000	9 285	828,884	6.06%
20,000,001 to 30,000,000	2 136	1,699,273	7.01%
30,000,001 to 50,000,000	1 417	2,748,767	7.28%
50,000,001 to 100,000,000	650	5,356,754	7.86%
100,000,001 or above	282	24,325,446	8.88%

Note 1 : Each instrument stamped is counted as one separate case.

Note 2 : The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument. The amount involved does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transaction), or partial refund (for change of residential properties, or acquisitions of properties for redevelopment).

Note 3 : The figures computed do not include the stamp duty paid on deeds of gift which do not have “stated consideration”.

B) The Stamp Duty (Amendment) Ordinance 2018 was gazetted on 19 January 2018. Under the aforesaid Ordinance, Scale 1 rates are divided into Part 1 (a flat rate of 15%) and Part 2 (original Scale 1 rates) with effect from 5 November 2016. Unless otherwise specified in the Stamp Duty Ordinance, the rate at Part 1 of Scale 1 applies to instruments of residential property while the rates at Part 2 of Scale 1 apply to instruments of non-residential property.

The number of cases chargeable to Scale 1 and Scale 2 rates and the average amount of AVD collected in the past three financial years are set out below:

2016-17				
Consideration or value of the property (\$)	Transactions charged at original Scale 1 rates (i.e. “double stamp duty” rates)		Transactions charged at Scale 2 rates	
	No. of transactions (Notes 1 & 4)	Average amount of AVD levied (\$) (Notes 2 & 4)	No. of transactions	Average amount of AVD levied (\$) (Notes 1 & 3)
2,000,000 or below	16 888	15,036	5 218	124
2,000,001 to 3,000,000	3 437	75,779	4 868	37,756
3,000,001 to 4,000,000	3 253	154,202	9 774	78,509
4,000,001 to 6,000,000	4 447	294,286	16 616	145,750
6,000,001 to 8,000,000	3 112	506,387	7 506	251,717
8,000,001 to 10,000,000	2 146	672,863	4 344	334,816
10,000,001 to 20,000,000	3 467	1,020,956	4 816	503,823
20,000,001 to 30,000,000	879	2,054,998	1 080	1,016,465
30,000,001 to 50,000,000	672	3,267,600	648	1,612,173
50,000,001 to 100,000,000	303	5,748,119	222	2,862,870
100,000,001 or above	171	25,910,402	112	9,758,978

2017-18 (from April 2017 to 18 January 2018)				
Consideration or value of the property (\$)	Transactions charged at original Scale 1 rates (i.e. "double stamp duty" rate)		Transactions charged at Scale 2 rates	
	No. of transactions (Notes 1 & 4)	Average amount of AVD levied (\$) (Notes 2 & 4)	No. of transactions	Average amount of AVD levied (\$) (Notes 1 & 3)
2,000,000 or below	13 268	16,025	4 078	175
2,000,001 to 3,000,000	3 526	75,755	3 853	37,706
3,000,001 to 4,000,000	2 246	153,799	6 285	79,537
4,000,001 to 6,000,000	2 529	299,647	14 825	146,682
6,000,001 to 8,000,000	1 894	517,792	8 326	254,998
8,000,001 to 10,000,000	1 471	682,983	5 314	333,468
10,000,001 to 20,000,000	3 117	1,061,377	6 344	507,994
20,000,001 to 30,000,000	955	2,067,800	1 369	1,008,337
30,000,001 to 50,000,000	676	3,273,945	836	1,601,486
50,000,001 to 100,000,000	336	5,851,436	334	2,820,634
100,000,001 or above	181	37,181,924	88	9,115,775

2017-18 (from 19 January 2018 to 31 March 2018)				
Consideration or value of the property (\$)	Transactions charged at new Scale 1 rates (Note 5)		Transactions charged at Scale 2 rates	
	No. of transactions (Note 1)	Average amount of AVD levied (\$) (Note 2)	No. of transactions	Average amount of AVD levied (\$) (Notes 1 & 3)
2,000,000 or below	2 620	18,837	622	214
2,000,001 to 3,000,000	641	118,013	701	38,024
3,000,001 to 4,000,000	412	251,840	1 175	80,574
4,000,001 to 6,000,000	530	522,697	3 427	147,514
6,000,001 to 8,000,000	306	811,003	1 751	256,797
8,000,001 to 10,000,000	280	1,088,524	1 190	333,597
10,000,001 to 20,000,000	493	1,706,522	1 412	505,981
20,000,001 to 30,000,000	193	2,949,492	308	1,012,431
30,000,001 to 50,000,000	112	4,415,693	150	1,635,203
50,000,001 to 100,000,000	96	7,257,091	48	2,945,707
100,000,001 or above	32	19,177,138	17	8,794,375

2018-19 (As at 28 February 2019)				
Consideration or value of the property (\$)	Transactions charged at new Scale 1 rates (Note 5)		Transactions charged at Scale 2 rates	
	No. of transactions (Note 1)	Average amount of AVD levied (\$) (Note 2)	No. of transactions	Average amount of AVD levied (\$) (Notes 1 & 3)
2,000,000 or below	12 137	19,673	3 462	132
2,000,001 to 3,000,000	3 200	93,327	2 967	37,886
3,000,001 to 4,000,000	2 117	194,518	4 421	81,242
4,000,001 to 6,000,000	2 295	455,054	14 627	152,718
6,000,001 to 8,000,000	1 709	788,613	9 235	256,642
8,000,001 to 10,000,000	1 451	1,119,333	5 735	334,509
10,000,001 to 20,000,000	2 568	1,667,543	6 717	508,254
20,000,001 to 30,000,000	760	2,941,795	1 376	1,012,996
30,000,001 to 50,000,000	572	4,457,261	845	1,592,247
50,000,001 to 100,000,000	329	7,819,743	321	2,832,382
100,000,001 or above	185	32,308,786	97	9,099,488

Note 1: Each instrument stamped is counted as one separate case.

Note 2: The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument. The amount involved does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transaction), or partial refund (for change of residential properties, or acquisitions of properties for redevelopment).

Note 3: The above transactions include some cases where residential property and non-residential property were acquired under a single instrument. The relevant instrument concerned was partly charged with stamp duty at Scale 2 rates in respect of the residential property and partly at Scale 1 rates in respect of the non-residential property. These cases are classified as “transactions charged with stamp duty at Scale 2 rates” for the purpose of compiling the above information.

Note 4: The Government introduced a new residential stamp duty (NRSD) on 4 November 2016 to increase the AVD rate for residential property transactions to a flat rate of 15% with effect from 5 November 2016. The aforesaid Ordinance was gazetted on 19 January 2018. For instruments of residential properties executed between the transitional period from 5 November 2016 and 18 January 2018, and have already been stamped before 19 January 2018, additional stamp duty (the difference between AVD calculated at NRSD and the original Scale 1 rates) is required to be paid on or before 20 February 2018. The number of cases shown for 5 November 2016 to 18 January 2018 includes cases which are subject to NRSD. The amounts of stamp duty levied as shown in the above table only reflect AVD collected at the prevailing Scale 1 rates (i.e. original Scale 1 rates but not NRSD at 15%).

Note 5: Residential Property – Part 1 of Scale 1 rate at 15%, Non-Residential Property –original Scale 1 rates.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)031****(Question Serial No. 1429)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (2) CollectionControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Will the Government please inform this Committee of:

- (A) the number of tax recovery cases with recovery actions not yet completed up till now, and the main reasons for not having completed the actions;
- (B) the details of the recovery cases for the financial year 2018-19 as requested in the table below:

Amount of tax involved in recovery cases	No. of cases				
	Salaries Tax	Profits Tax	Property Tax	Personal Assessment	Stamp Duty
below \$100					
\$100 – \$500					
\$501 – \$1,000					
\$1,001 – \$5,000					
\$5,001 – \$10,000					
\$10,001 – \$50,000					
\$50,001 – \$100,000					
\$100,001 – \$500,000					
\$500,001 – \$1,000,000					
\$1,000,001 – \$5,000,000					
Over \$5,000,000					

- (C) the details of the staff establishment for taking recovery actions, including the ranks (with salary points specified), the number of staff deployed, and the total expenditure involved on personal emoluments

Asked by: Hon LAM Kin-fung Jeffrey (LegCo internal reference no.: 46)

Reply:

- (A) The Inland Revenue Department (IRD) takes prompt recovery actions including imposition of surcharge, issuance of warning letter, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings to recover any tax in default by a taxpayer. The estimated number of tax recovery cases to be completed in financial year 2018-19 is around 268 000.

As at 28 February 2019, there were around 161 800 accumulated tax demand notes with payment overdue. For some taxpayers who encounter financial difficulties in paying their tax on time, they may apply to the IRD for making tax payment by instalments. As for other cases involving legal proceedings, it usually takes longer and cannot be completed within a short period of time. The IRD will continue to take appropriate actions to recover tax in default so as to protect government tax revenue.

- (B) The following table sets out the statistics on the surcharge notices issued by the IRD for four types of tax in 2018-19 (as at 28 February 2019):

Types	5% surcharge			10% surcharge		
	No. of charges involved <sup>^</sup>	Amount of surcharge (\$million)	Amount of tax involved (\$million)	No. of charges involved <sup>^</sup>	Amount of surcharge (\$million)	Amount of tax involved (\$million)
Profits Tax	21 300	136.94	2,739	5 100	76.40	728
Salaries Tax	179 100	150.85	3,017	13 300	44.56	424
Property Tax	16 000	19.25	385	2 300	7.59	72
Personal Assessment	16 200	7.30	146	1 000	5.31	51
Total	232 600	314.34	6,287	21 700	133.86	1,275

<sup>^</sup> Rounded to nearest hundred

As for stamp duty, there were 12 123 late stamping cases in financial year 2018-19 (as at 28 February 2019). The late penalty involved amounted to \$59 million.

The IRD has no breakdown on the tax default cases by the amount of tax in default.

- (C) The Enforcement Section of the IRD is headed by an Assistant Commissioner and has an establishment of 220 staff, comprising 32 Assessor grade staff, 141 Taxation Officer grade staff, 45 clerical grade staff and 2 common grade staff. The revised estimate of funding provision for this Section in financial year 2018-19 is \$132.5 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)032**

**(Question Serial No. 2344 )**

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:

1. According to the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of HKSAR, any incorporated public officer or any person acting in his capacity as a public officer shall not be chargeable to stamp duty. If the offices of the CPG acquire an immovable property through a subsidiary company in Hong Kong and the property concerned is used as staff quarters of the offices, remission of the stamp duty payable under section 52 of the SDO will be granted. Please set out in a table the number of applications for remission of stamp duty submitted to the Financial Services and the Treasury Bureau and the figures on vetting such applications since 2012.

2. Regarding the properties acquired by the offices of the CPG in Hong Kong (including their subsidiaries and public officers) which were granted the remission of stamp duty, please set out in a table the respective numbers and geographical distribution of such properties in each year since 2012.

Asked by: Hon MO Claudia (LegCo internal reference no.: 1)

Reply:

Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of the Hong Kong Special Administrative Region (HKSAR) 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. Furthermore, under section 52(1) of the SDO, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

The organs of the CPG in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the SDO. 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 principles 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) of the SDO for local properties acquired either by the CPG's organs in Hong Kong or through their subsidiary company.

Information of stamp duty remission accorded to the CPG's organs in Hong Kong or their subsidiary company in respect of local properties they acquired between the financial years 2014-15 and 2018-19 is tabulated as follows:

Financial Year	Organizations	Stamp duty involved (\$ million)	No. of immovable properties involved	District
2014-15	Liaison Office of the CPG in the Hong Kong Special Administrative Region	52.3	6	5 (Kwun Tong) 1 (Central and Western)
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8	3 (Southern) 5 (Eastern)
	Subsidiary company of a CPG's organ in Hong Kong	15.6	15	5 (Central and Western) 10 (Sha Tin)
2016-17	Subsidiary company of a CPG's organ in Hong Kong	8.4	8	6 (Central and Western) 2 (Kowloon City)
2017-18	-	0	0	0
2018-19*	Subsidiary company of a CPG's organ in Hong Kong	47.9	25	23 (Central and Western) 2 (Sha Tin)

\* As at 28 February 2019

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)033****(Question Serial No. 2196)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

How many cases of transfer/ sale and purchase of residential properties were chargeable with the Buyer's Stamp Duty (BSD) in each year since its introduction? Of these cases, please provide the numbers of transactions involving the purchase of properties in the name of individuals and in the name of companies respectively; and their respective percentages to the total numbers cases of transfer/ sale and purchase of residential properties for the corresponding years.

Asked by: Hon OR Chong-shing, Wilson (LegCo internal reference no.: 6)Reply:

The number of transactions of Buyer's Stamp Duty (BSD) paid by individuals and companies and the corresponding percentage of those numbers to the total number of residential property transactions for each of the financial years from 2014-15 to 2018-19 are shown in the table below:

Financial Year	Total no. of residential property transactions	BSD				
		Total no. of transactions	Individuals		Companies	
			No. of transactions	Percentage to total number of residential property transactions	No. of transactions	Percentage to total number of residential property transactions
2014-15 <sup>(Note 1)</sup>	77 348	4 966	2 061	2.66%	2 905	3.76%
2015-16	51 027	2 191	1 051	2.06%	1 140	2.23%
2016-17	70 743	2 709	1 672	2.36%	1 037	1.47%
2017-18	71 206	4 358	1 132	1.59%	3 226	4.53%
2018-19 (as at 28 February 2019)	55 560	2 702	631	1.14%	2 071	3.73%

Notes:

1. Including the transactions during the transitional period from the implementation date of BSD to the date before the Stamp Duty (Amendment) Ordinance 2014 was published in the Gazette (i.e. from 27 October 2012 to 27 February 2014) and the related BSD was collected during 2014-15.
2. To ensure quality and timely response to the question, we only provide the relevant information for the past five years.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)034****(Question Serial No. 2200)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing functionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Of the transactions in residential properties completed in the past 3 years, what are the numbers of transactions charged with Special Stamp Duty (SSD), Buyer's Stamp Duty (BSD), "Double Stamp Duty" and the rates of Part 1 and Part 2 of Scale 1 of the Ad Valorem Stamp Duty (AVD) respectively? What are the respective percentages of such numbers out of the total number of transactions of residential properties for the same period?

Asked by: Hon OR Chong-shing, Wilson (LegCo internal reference no.: 15)Reply:

The number of residential transactions for which Special Stamp Duty (SSD), Buyer's Stamp Duty (BSD), Ad Valorem Stamp Duty (AVD) at Part 1 of Scale 1 rate (New Residential Stamp Duty "NRSD") and AVD at Part 2 of Scale 1 rates (Doubled Ad Valorem Stamp Duty "DSD") are payable, and the corresponding percentage of those numbers to the total number of residential property transactions for each of the financial years from 2016-17 to 2018-19 are shown in the table below:

Financial Year	Total no. of residential transactions	SSD		BSD		AVD			
		No. of transactions (Note 1)	Percentage to total number of residential property transactions	No. of transactions (Note 1)	Percentage to total number of residential property transactions	Part 1 of Scale 1 (NRSD)		Part 2 of Scale 1 (DSD)	
						No. of transactions (Notes 1 & 2)	Percentage to total number of residential property transactions	No. of transactions (Notes 1 & 2)	Percentage to total number of residential property transactions
2016-17	70 743	577	0.82%	2 709	3.83%	-	-	15 517	21.93%
2017-18	71 206	551	0.77%	4 358	6.12%	1 342	1.88%	7 406	10.40%
2018-19 (as at 28 February 2019)	55 560	464	0.84%	2 702	4.86%	5 751	10.35%	-	-



Note 1: In some cases, the same instrument is subject to AVD as well as SSD and/or BSD.

Note 2: The Government introduced NRSD on 4 November 2016 to increase the AVD rate for residential property transactions, unless specifically exempted or provided otherwise, to a flat rate of 15% (NRSD rate, i.e. Part 1 of Scale 1 rate) with effect from 5 November 2016. The Stamp Duty (Amendment) Ordinance 2018 was gazetted on 19 January 2018. For instruments of residential property transactions executed between the transitional period from 5 November 2016 (the effective date of NRSD) to 18 January 2018, and have already been stamped before 19 January 2018, additional stamp duty (the difference between AVD calculated at NRSD rate and Part 2 of Scale 1 rates) is required to be paid on or before 20 February 2018. The number of transactions shown for November 2016 to 18 January 2018 includes cases which are subject to NRSD.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)035**

**(Question Serial No. 2805 )**

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:

1) For each of the past 10 years, what were the numbers of instruments stamped respectively for the collection of Special Stamp Duty, Buyer's Stamp Duty and the stamp duty levied on tenancy agreements; and what were the respective amounts of stamp duties so collected? What were the manpower involved and the staff costs incurred? Please set out the figures in the table below:

	Special Stamp Duty				Buyer's Stamp Duty				Stamp duty levied on tenancy agreements			
Year	No. of cases	amount	Manpower involved	cost	No. of cases	amount	Manpower involved	cost	No. of cases	amount	Manpower involved	cost

2) For each month of the past 10 years, what was the number of property transactions conducted by buyers who were Hong Kong permanent residents (HKPRs) and were not the owner of any other residential property in Hong Kong at the time of acquisition (i.e. first-time home buyers), and what was the amount of consideration involved? Please set out the figures in the table below:

Month	Residential property transactions involving HKPR-buyers		
	No. of property transactions conducted by buyer who was not a beneficial owner of any other residential property in Hong Kong at the time of acquisition / Total no. of property transactions conducted by buyers who were HKPRs	No. of transactions	Amount of consideration

3) Regarding the property transactions involving first-time home buyers over the past 5 years, please set out in the table below the numbers of transactions of each year based on the amounts of consideration or value of the properties (whichever is the higher) concerned.

Stamp duty levied on transactions involving first-time home buyers		2014-15	2015-16	2016-17	2017-18	2018-19
Amount of consideration or value of the property (whichever is the higher)	\$2,000,000 or below					
	\$2,000,001 to \$2,351,760					
	\$2,351,761 to \$3,000,000					
	\$3,000,001 to \$3,290,320					
	\$3,290,321 to \$4,000,000					
	\$4,000,001 to \$4,428,570					
	\$4,428,571 to \$6,000,000					
	\$6,000,001 to \$6,720,000					
	\$6,720,001 to \$20,000,000					
	\$20,000,001 to \$21,739,120					
	\$21,739,121 or above					

4) Please set out for each of the past 10 years the number of the agreements for the sale and purchase of residential properties recorded; the number of cases involving the purchase of flats by non-Hong Kong residents; the percentage of these cases out of the total number of transactions for property acquisition and total amount of consideration involved.

Year	No. of agreements for sale and purchase of residential properties	Individual buyers not holding a Hong Kong identity card and company buyers		
		No. of agreements for sale and purchase	Proportion	Total amount of consideration involved (\$ million)

5) Please set out in the table below the details of the ad valorem stamp duty (AVD) collected in the past 5 years:

2014-15			
Consideration or value of the property (whichever is the higher)	No. of cases	Average amount of AVD	Average percentage of AVD to the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2015-16			
Consideration or value of the property (whichever is the higher)	No. of cases	Average amount of AVD	Average percentage of AVD to the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2016-17			
Consideration or value of the property (whichever is the higher)	No. of cases	Average amount of AVD	Average percentage of AVD to the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2017-18			
Consideration or value of the property (whichever is the higher)	No. of cases	Average amount of AVD	Average percentage of AVD to the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2018-19			
Consideration or value of the property (whichever is the higher)	No. of cases	Average amount of AVD	Average percentage of AVD to the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

6) Please provide the information regarding the levy of AVD under Scale 1 and Scale 2 respectively after the introduction of the double stamp duty in the table below:

2014-15				
Consideration or value of the property (whichever is the higher)	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2015-16				
Consideration or value of the property (whichever is the higher)	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2016-17				
Consideration or value of the property (whichever is the higher)	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2017-18				
Consideration or value of the property (whichever is the higher)	No. of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2018-19				
Consideration or value of the property (whichever is the higher)	No. of transactions charged with stamp duty at the new rate of 15%	Average amount of AVD levied on transactions charged with stamp duty at the new rate of 15%	No. of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 34)

Reply:

- (1) Details of the special stamp duty (SSD), buyer's stamp duty (BSD) and stamp duty on tenancy agreements collected by the Inland Revenue Department (IRD) in the past five financial years \* are set out as follows:

Financial year	SSD		BSD		Stamp Duty on Tenancy agreements	
	Number of cases	Amount (\$million)	Number of cases	Amount (\$million)	Number of cases	Amount (\$million)
2014-15	589	203	4 966	9,627	580 579	577
2015-16	550	220	2 191	4,812	568 993	612
2016-17	577	250	2 709	7,140	593 842	597
2017-18	551	308	4 358	9,351	592 187	663
2018-19 (As at 28 February 2019)	464	289	2 702	7,773	560 147	663

\* To ensure quality and timely response to the question, we only provide the relevant information for the past five years.

IRD does not have breakdown of expenses by reference to handling different types of stamp duty cases. In the financial years 2014-15 to 2018-19, IRD incurred the following expenditure on collecting stamp duty:

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19 (Revised estimate)
\$ million	53.2	55.5	56.6	58.3	65.3 #

# The higher provision for 2018-19 Revised Estimate is mainly due to the creation of 13 non-directorate posts.

(2) Details of the residential property transactions in which the buyer was a Hong Kong permanent resident (HKPR) for the financial years from 2014-15 to 2018-19 ^ are tabulated as follows:

Year/Month	Residential property transactions involving HKPR buyers			
	Buyer was not a beneficial owner of any other residential property in Hong Kong at the time of transaction		Residential property transactions by HKPR buyers	
	Number of transactions	Amount (\$ million)	Total number of transactions	Amount (\$ million)
04/2014	4 258	22,928	5 249	29,400
05/2014	4 607	23,988	5 563	29,357
06/2014	5 506	29,751	6 818	37,986
07/2014	5 784	37,275	7 433	51,020
08/2014	4 720	26,718	6 204	36,392



Year/Month	Residential property transactions involving HKPR buyers			
	Buyer was not a beneficial owner of any other residential property in Hong Kong at the time of transaction		Residential property transactions by HKPR buyers	
	Number of transactions	Amount (\$ million)	Total number of transactions	Amount (\$ million)
09/2014	4 552	29,619	6 320	42,455
10/2014	4 536	29,392	6 254	45,213
11/2014	3 728	22,232	5 066	32,656
12/2014	4 484	27,512	6 016	37,738
01/2015	5 197	30,750	6 991	42,691
02/2015	4 140	26,638	5 681	36,370
03/2015	2 870	18,417	3 888	25,936
04/2015	3 860	27,715	5 356	38,942
05/2015	3 504	24,211	4 702	33,370
06/2015	4 390	30,228	5 874	41,710
07/2015	3 866	27,641	5 213	39,526
08/2015	3 180	23,136	4 245	31,459
09/2015	2 917	18,819	4 051	26,438
10/2015	2 217	13,962	3 075	19,768
11/2015	2 012	13,605	2 899	19,969
12/2015	2 529	16,341	3 546	23,732
01/2016	1 565	10,277	2 025	13,727
02/2016	1 393	8,318	1 765	10,692
03/2016	2 331	14,949	3 002	19,893
04/2016	3 563	24,917	4 563	33,819
05/2016	3 789	25,464	4 914	35,532
06/2016	3 401	20,659	4 389	28,063
07/2016	3 389	21,454	4 379	29,316
08/2016	5 037	31,461	6 539	41,875

Year/Month	Residential property transactions involving HKPR buyers			
	Buyer was not a beneficial owner of any other residential property in Hong Kong at the time of transaction		Residential property transactions by HKPR buyers	
	Number of transactions	Amount (\$ million)	Total number of transactions	Amount (\$ million)
09/2016	6 129	42,556	8 458	60,245
10/2016	5 157	36,814	6 872	51,132
11/2016	4 255	35,750	6 092	49,906
12/2016	2 817	22,240	3 042	23,860
01/2017	3 342	23,492	3 522	25,320
02/2017	3 620	29,275	3 875	31,781
03/2017	6 591	55,123	7 019	59,410
04/2017	6 189	56,817	6 686	62,898
05/2017	4 911	40,481	5 229	44,501
06/2017	5 048	41,006	5 518	45,589
07/2017	3 335	26,784	3 611	29,602
08/2017	3 654	26,654	3 899	28,965
09/2017	5 034	38,379	5 367	41,618
10/2017	4 832	36,825	5 214	40,564
11/2017	4 925	39,513	5 354	44,732
12/2017	4 559	42,940	4 965	48,509
01/2018	4 982	41,602	5 332	45,188
02/2018	4 904	42,844	5 241	47,296
03/2018	4 876	37,577	5 173	40,790
04/2018	5 745	50,135	6 101	53,752
05/2018	5 230	45,794	5 550	49,808
06/2018	6 475	64,295	6 937	71,518
07/2018	4 835	44,217	5 173	48,797
08/2018	4 030	33,066	4 309	35,893

Year/Month	Residential property transactions involving HKPR buyers			
	Buyer was not a beneficial owner of any other residential property in Hong Kong at the time of transaction		Residential property transactions by HKPR buyers	
	Number of transactions	Amount (\$ million)	Total number of transactions	Amount (\$ million)
09/2018	3 272	29,393	3 634	34,206
10/2018	3 136	24,034	3 328	25,874
11/2018	2 120	17,163	2 248	18,829
12/2018	2 281	19,302	2 451	21,288
01/2019	4 592	40,182	4 905	43,883
02/2019	3 261	26,605	3 373	27,725

^ To ensure quality and timely response to the question, we only provide the relevant information for the past five years.

- (3) Under the Stamp Duty Ordinance (Cap. 117), a HKPR who is acting on his/her own behalf in acquiring a residential property and is not a beneficial owner of any other residential property in Hong Kong at the time of acquisition will be subject to ad valorem stamp duty (AVD) at the lower rates under Scale 2. IRD does not have information as to whether the buyers of the transactions have acquired properties before or are first-time home buyers. Therefore IRD cannot provide the required statistics.
- (4) In the past five financial years (Note 1), the statistics on individual buyers not holding Hong Kong Identity Card (HKIC) and company buyers are as follows:

Financial Year	Number of agreements for sale and purchase of residential properties (Note 2)	Individual buyers not holding HKIC and company buyers		
		No. of agreements for sale and purchase	Proportion	Total amounts involved (\$ billion)
2014-15	77 348	2 533	3.27%	40.59
2015-16	51 027	1 881	3.69%	26.77
2016-17	70 743	2 202	3.10%	35.71
2017-18	71 206	4 048	5.68%	55.53
2018-19 (As at 28 February 2019)	55 560	2 633	4.74%	49.46

Note 1: To ensure quality and timely response to question, we only provide the relevant information for the past five years.

Note 2: It refers to the number of stamping applications received by IRD during the year.

(5) Details of the AVD collected by IRD in the past five financial years are set out as follows:

2014-15			
Consideration or value of the property (\$)	Number of cases (Notes 1 & 3)	Average amount of AVD (\$) (Note 2)	Average percentage of AVD to the consideration of the property
2,000,000 or below	32 107	7,269	Not Available (Note 4)
2,000,001 to 3,000,000	13 472	48,658	1.86%
3,000,001 to 4,000,000	16 414	92,045	2.61%
4,000,001 to 6,000,000	20 717	174,275	3.52%
6,000,001 to 20,000,000	25 351	452,317	4.83%
20,000,001 or above	3 926	3,633,311	6.74%

2015-16			
Consideration or value of the property (\$)	Number of cases (Notes 1 & 5)	Average amount of AVD (\$) (Note 6)	Average percentage of AVD to the consideration of the property
2,000,000 or below	21 897	11,561	1.08%
2,000,001 to 3,000,000	6 712	55,608	2.13%
3,000,001 to 4,000,000	9 478	104,203	2.90%
4,000,001 to 6,000,000	14 690	189,660	3.81%
6,000,001 to 20,000,000	18 187	498,529	5.33%
20,000,001 or above	2 835	4,048,450	7.10%

2016-17			
Consideration or value of the property (\$)	Number of cases (Notes 1 & 5)	Average amount of AVD (\$) (Note 6)	Average percentage of AVD to the consideration of the property
2,000,000 or below	22 106	11,516	1.02%
2,000,001 to 3,000,000	8 305	53,492	2.04%
3,000,001 to 4,000,000	13 027	97,410	2.73%
4,000,001 to 6,000,000	21 063	177,110	3.56%
6,000,001 to 20,000,000	25 391	485,595	5.06%
20,000,001 or above	4 087	3,436,644	6.65%

2017-18			
Consideration or value of the property (\$)	Number of cases (Notes 1 & 5)	Average amount of AVD (\$) (Note 6)	Average percentage of AVD to the consideration of the property
2,000,000 or below	20 588	12,765	1.09%
2,000,001 to 3,000,000	8 721	59,018	2.27%
3,000,001 to 4,000,000	10 118	103,158	2.87%
4,000,001 to 6,000,000	21 311	174,320	3.49%
6,000,001 to 20,000,000	31 898	481,751	4.88%
20,000,001 or above	5 731	3,589,190	6.89%

2018-19 (as at 28 February 2019)			
Consideration or value of the property (\$)	Number of cases (Notes 1 & 5)	Average amount of AVD (\$) (Note 6)	Average percentage of AVD to the consideration of the property
2,000,000 or below	15 599	15,337	1.27%
2,000,001 to 3,000,000	6 167	66,654	2.58%
3,000,001 to 4,000,000	6 538	117,921	3.26%
4,000,001 to 6,000,000	16 922	193,722	3.77%
6,000,001 to 20,000,000	27 415	545,562	5.58%
20,000,001 or above	4 485	3,983,571	7.88%

Note 1: Each instrument stamped is counted as one separate case.

Note 2: The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument or the market value provided by the Rating and Valuation Department (RVD) (where no consideration was stated). The amount involved does not include any subsequent adjustments such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transactions), or partial refund (for change of residential properties, or acquisition of properties for redevelopment).

Note 3: The figures computed include the stamp duty paid on deeds of gift which do not have "stated consideration".

Note 4: RVD did not advise IRD on the exact market value if the property was valued at \$2,000,000 or below. Therefore, IRD cannot provide the average percentage to the consideration of \$2,000,000 or below.

Note 5: The figures computed do not include the stamp duty paid on deeds of gift which do not have "stated consideration".

Note 6: The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument. The amount involved does not include any subsequent adjustments such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transactions), or partial refund (for change of residential properties, or acquisition of properties for redevelopment).

(6) The Stamp Duty (Amendment) (No. 2) Ordinance 2014 (the 2014 (No. 2) Amendment Ordinance) was gazetted on 25 July 2014. Instruments dealing with immovable property executed between 23 February 2013 and 24 July 2014 (the transitional period) and presented for stamping before 25 July 2014 were stamped at the original rates of AVD as stipulated by the law. As such, the Stamp Office has no record showing whether these instruments were subject to Scale 1 or Scale 2 rates. Upon the enactment of the 2014 (No. 2) Amendment Ordinance, the Stamp Office was then able to collect the additional stamp duty for instruments executed between 23 February 2013 and 24 July 2014 and subject to AVD at the then Scale 1 rates as well as to process applications for charging AVD at Scale 2 rates. Given the constraints of computer system, the Stamp Office cannot provide the breakdown of transaction cases by value band during the transitional period as requested in the question.

The Stamp Duty (Amendment) Ordinance 2018 (2018 Amendment Ordinance) was gazetted on 19 January 2018. Under the 2018 Amendment Ordinance, AVD at Scale 1 are divided into Part 1 (a flat rate of 15%) and Part 2 (original Scale 1 rates) with effect from 5 November 2016. Unless otherwise specified in the Stamp Duty Ordinance, AVD at Part 1 of Scale 1 applies to instruments of residential property while Part 2 of Scale 1 applies to instruments of non-residential property.

Regarding instruments dealing with immovable property executed between 25 July 2014 and 28 February 2019, the number of cases subject to Scale 1 and Scale 2 rates and the average amount of AVD collected are tabulated as below:

2014-15 (from 25 July 2014 to 31 March 2015)				
Consideration or value of the property (\$)	Transactions charged at original Scale 1 rates (i.e. double stamp duty rates)		Transactions charged at Scale 2 rates	
	Number of transactions (Note 1)	Average amount of AVD (\$) (Note 2)	Number of transactions	Average amount of AVD (\$) (Notes 1 & 3)
2,000,000 or below	13 908	13,099	4 010	119
2,000,001 to 3,000,000	3 291	78,972	3 873	37,561
3,000,001 to 4,000,000	3 034	159,236	6 784	77,783
4,000,001 to 6,000,000	3 759	321,601	9 289	144,562
6,000,001 to 20,000,000	6 581	754,546	9 593	329,520
20,000,001 or above	1 481	4,771,650	859	1,699,706

2015-16				
Consideration or value of the property (\$)	Transactions charged at original Scale 1 rates (i.e. double stamp duty rates)		Transactions charged at Scale 2 rates	
	Number of transactions (Note 1)	Average amount of AVD (\$) (Note 4)	Number. of transactions	Average amount of AVD (\$) (Notes 1 & 3)
2,000,000 or below	17 303	14,599	4 594	117
2,000,001 to 3,000,000	3 131	76,144	3 581	37,654
3,000,001 to 4,000,000	3 075	156,343	6 403	79,163
4,000,001 to 6,000,000	4 403	293,426	10 287	145,246
6,000,001 to 20,000,000	7 583	726,797	10 604	335,293
20,000,001 or above	1 665	5,553,806	1 170	1,906,213

2016-17				
Consideration or value of the property (\$)	Transactions charged at original Scale 1 rates (i.e. double stamp duty rates)		Transactions charged at Scale 2 rates	
	Number of transactions (Notes 1 & 5)	Average amount of AVD (\$) (Notes 4 & 5)	Number of transactions	Average amount of AVD (\$) (Notes 1 & 3)
2,000,000 or below	16 888	15,036	5 218	124
2,000,001 to 3,000,000	3 437	75,779	4 868	37,756
3,000,001 to 4,000,000	3 253	154,202	9 774	78,509
4,000,001 to 6,000,000	4 447	294,286	16 616	145,750
6,000,001 to 20,000,000	8 725	751,805	16 666	346,228
20,000,001 or above	2 025	5,024,459	2 062	1,877,320

2017-18 (from April 2017 to 18 January 2018)				
Consideration or value of the property (\$)	Transactions charged at original Scale 1 rates (i.e. double stamp duty rate)		Transactions charged at Scale 2 rates	
	Number of transactions (Notes 1 & 5)	Average amount of AVD (\$) (Notes 4 & 5)	Number of transactions	Average amount of AVD (\$) (Notes 1 & 3)
2,000,000 or below	13 268	16,025	4 078	175
2,000,001 to 3,000,000	3 526	75,755	3 853	37,706
3,000,001 to 4,000,000	2 246	153,799	6 285	79,537
4,000,001 to 6,000,000	2 529	299,647	14 825	146,682
6,000,001 to 20,000,000	6 482	816,673	19 984	356,179
20,000,001 or above	2 148	5,998,113	2 627	1,699,100

2017-18 (from 19 January 2018 to 31 Mar 2018)				
Consideration or value of the property (\$)	Transactions charged at new Scale 1 rates (Note 6)		Transactions charged at Scale 2 rates	
	Number of transactions (Note 1)	Average amount of AVD (\$) (Note 4)	Number of transactions	Average amount of AVD (\$) (Notes 1 & 3)
2,000,000 or below	2 620	18,837	622	214
2,000,001 to 3,000,000	641	118,013	701	38,024
3,000,001 to 4,000,000	412	251,840	1 175	80,574
4,000,001 to 6,000,000	530	522,697	3 427	147,514
6,000,001 to 20,000,000	1 079	1,292,186	4 353	358,621
20,000,001 or above	433	5,483,046	523	1,621,430

2018-19 (as at 28 February 2019)				
Consideration or value of the property (\$)	Transactions charged at new Scale 1 rates (Note 6)		Transactions charged at Scale 2 rates	
	Number of transactions (Note 1)	Average amount of AVD (\$) (Note 4)	Number of transactions	Average amount of AVD (\$) (Notes 1 & 3)
2,000,000 or below	12 137	19,673	3 462	132
2,000,001 to 3,000,000	3 200	93,327	2 967	37,886
3,000,001 to 4,000,000	2 117	194,518	4 421	81,242
4,000,001 to 6,000,000	2 295	455,054	14 627	152,718
6,000,001 to 20,000,000	5 728	1,266,435	21 687	355,164
20,000,001 or above	1 846	7,223,802	2 639	1,717,005

Note 1: Each instrument stamped is counted as one separate case.

Note 2: The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument or the market value provided by RVD (where no consideration was stated). The amount involved does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transaction), or partial refund (for change of residential properties, or acquisition of properties for redevelopment).

Note 3: The above transactions include some cases where residential property and non-residential property were acquired under a single instrument. The relevant instrument concerned was partly charged with stamp duty at Scale 2 rates in respect of the residential property and partly at Scale 1 rates in respect of the non-residential property. These cases are classified as “transactions charged with stamp duty at Scale 2 rates” for the purpose of compiling the above details.



- Note 4: The analysis above is based on AVD collected at the time of initial stamping, which represents the stated consideration in the instrument. The amount involved does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property), refund (because of cancellation of the property transaction), or partial refund (for change of residential properties, or acquisitions of properties for redevelopment).
- Note 5: The Government introduced a new residential stamp duty (NRSD) on 4 November 2016 to increase the AVD rate for residential property transactions to a flat rate of 15% with effect from 5 November 2016. The aforesaid Ordinance was gazetted on 19 January 2018. For instruments of residential properties executed between the transitional period from 5 November 2016 and 18 January 2018, and have already been stamped before 19 January 2018, additional stamp duty (the difference between AVD calculated at NRSD and the original Scale 1 rates) is required to be paid on or before 20 February 2018. The number of cases shown for 5 November 2016 to 18 January 2018 includes cases which are subject to NRSD. The amounts of stamp duty levied as shown in the above table only reflect AVD collected at the prevailing Scale 1 rates (i.e. original Scale 1 rates but not NRSD at 15%).
- Note 6: Residential Property – Part 1 of Scale 1 rate at 15%, Non-Residential Property – original Scale 1 rates.

- END -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)036**

**(Question Serial No. 2819 )**

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:

It is reported that Newman Investment Company Limited, a related company of the Liaison Office of the Central People's Government (CPG) in the Hong Kong Special Administrative Region (Liaison Office), acquired a number of properties in Hong Kong in the early years. It has so far acquired over 700 properties. Most of the property units acquired are in the vicinity of the headquarters of the Liaison Office and some are at the Grand Central in Kwun Tong. It is also reported that members of the public could rent the properties owned by the Liaison Office through estate agents. In this regard, would the Government of HKSAR please inform this Committee of the following?

- (1) The (i) location, (ii) project name, (iii) completion date and (iv) consideration for each of the properties acquired by the Liaison Office in Hong Kong over the past 5 years;
- (2) According to the Stamp Duty Ordinance (SDO), the CPG and any person acting in his capacity as a public officer of the CPG are exempted from the payment of stamp duty. Which offices of the CPG in Hong Kong (including their subsidiaries and public officers) were granted remission of stamp duty over the past 5 years?
- (3) The Government of HKSAR indicated last year that "if the offices of the CPG acquired an immovable property through a subsidiary company in Hong Kong and the property concerned is used as staff quarters of the offices, remission of the stamp duty payable under section 52 of the SDO will be granted." If the properties acquired are used for rental and profit-making purposes, is it necessary to require those subsidiary companies to make retrospective payment of the stamp duty remitted? If yes, were there such cases over the past 5 years?

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 48)

Reply:

Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of HKSAR 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. Furthermore, under section 52(1) of the SDO, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

The organs of the CPG in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the SDO. 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 principles 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.

Information of the stamp duty remission accorded to the CPG's organs in Hong Kong or their subsidiary companies in respect of local properties they acquired between the financial years 2014-15 and 2018-19 is tabulated as follows. The Inland Revenue Department would not disclose specific information of individual cases.

Financial Year	Organizations	Stamp duty involved (\$ million)	No. of immovable properties involved	District
2014-15	The Liaison Office of the CPG in the Hong Kong Special Administrative Region	52.3	6	5 (Kwun Tong) 1 (Central and Western)
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8	3 (Southern) 5 (Eastern)
	Subsidiary company of a CPG's organ in Hong Kong	15.6	15	5 (Central and Western) 10 (Sha Tin)
2016-17	Subsidiary company of a CPG's organ in Hong Kong	8.4	8	6 (Central and Western) 2 (Kowloon City)
2017-18	-	0	0	0
2018-19 (As at 28 February 2019)	Subsidiary company of a CPG's organ in Hong Kong	47.9	25	23 (Central and Western) 2 (Sha Tin)

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)037**

**(Question Serial No. 0470)**

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:

It is mentioned in paragraph 96 of the Budget Speech that “We have also been actively expanding our network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs)...we have already signed CDTAs with 40 tax jurisdictions...Our target is to bring the total number of our CDTAs to 50 in the next few years.” Meanwhile, the Inland Revenue Department (IRD) indicates in the section “Matters Requiring Special Attention” under Programme (1) of its 2019-20 estimates that it will “strive to expand Hong Kong’s network of double taxation agreements”:

1. Please give the details of the staff establishment, the ranks of the staff involved and expenditure required for performing the aforementioned work in the past 3 years. Given that the Government plans to substantially increase the total number of CDTAs in the next few years, please give the details of the staff establishment and expenditure of this year and those projected for the next few years.
2. Are there any ongoing CDTA negotiations with other tax jurisdictions? If yes, what are the details? Please also advise the estimated number of CDTAs to be submitted to the Legislative Council for deliberation in 2019-20.
3. Given that the CDTAs recently signed provide that the competent authorities of the contracting parties may exchange information, and that the information received by a contracting party may be used for other purposes under specific circumstances, did the Government exchange information with other contracting parties in the past and was such information used for other non-tax related purposes (regardless of whether the information was exchanged at the request of the governments of Hong Kong or foreign jurisdictions)? If yes, what are the details?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 10)

Reply:

1. A Deputy Commissioner of the Inland Revenue Department (IRD) is responsible for overseeing the negotiations of CDTAs and leading the IRD's Tax Treaty Section to take up the relevant tasks. Since such work forms part of the regular duties of the IRD, the manpower and expenditure involved have already been included in the overall establishment and expenditures of the IRD, and no breakdown of the expenditure is available.

The IRD will review the manpower arrangements from time to time, and where operational needs so require, apply for additional manpower and funding in accordance with the established procedures.

2. At present, Hong Kong is in CDTA negotiations with 15 tax jurisdictions, namely Bahrain, Bangladesh, Cambodia, Estonia, Israel, Maldives, North Macedonia, Nigeria, Serbia, Turkey, Cyprus, Germany, the Macao Special Administrative Region, Mauritius and Norway. The HKSAR Government will strive for early conclusion of the negotiations and signing of the agreements.
3. All the CDTAs signed by Hong Kong allow the competent authorities of both parties to exchange information for tax purposes. The provision that permits the use of exchanged information for non-tax related purposes by contracting parties under certain conditions has become an integral provision in the 2012 version of the exchange of information article in the Model Tax Convention on Income and on Capital promulgated by the Organisation for Economic Co-operation and Development (OECD). The CDTAs that Hong Kong signed with India and Finland last year have incorporated the relevant provision.

According to the OECD's requirement, if the receiving party intends to use the exchanged information for non-tax related purpose, this should only be allowed where such use is allowed under the laws of both contracting parties and the competent authority of the supplying party authorises such use. Under the laws of Hong Kong, tax information may only be used for limited non-tax purposes, covering purposes relating to recovery of proceeds from drug trafficking, organised and serious crimes and terrorist acts under the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405), the Organised and Serious Crimes Ordinance (Cap. 455) and the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575) respectively.

So far, all the information exchanged by the IRD with our treaty partners upon request under the CDTAs has been used solely for tax purposes. The IRD has not received any request from a treaty partner requesting to use the exchanged information for non-tax purposes, nor has the IRD used the information supplied by our treaty partners for non-tax purposes. In case a request from a treaty partner to use the exchanged information for non-tax purposes is received in future, it would be handled in accordance with the provisions of the agreement and the laws of Hong Kong.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)038**

**(Question Serial No. 0892)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (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:

Regarding the investigation and law enforcement work concerning various forms of stamp duties (including the doubled ad valorem stamp duty (AVD), the buyer's stamp duty (BSD), the special stamp duty (SSD), etc.) charged on property transactions:

1. for each of the past 5 years, what were the expenditure and staffing involved in the investigation and law enforcement work conducted by the IRD?
2. how many investigation cases were conducted by the IRD each year? Please set out the respective figures of the cases which were dealt with through imposing fines, initiation of prosecutions or other means by the forms of stamp duty involved;
3. at the beginning of the current year, the IRD initiated prosecutions against a number of defaulters of stamp duty. Is there any procedural guideline provided by the IRD for the recovery of stamp duty? For example, what are circumstances under which prosecution proceedings should be initiated?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 11)

Reply:

1. In the financial years 2014-15 to 2018-19, the Inland Revenue Department (IRD) incurred the following expenditure on the assessment and collection of stamp duty –

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19 (Revised Estimate)
\$ million	53.2	55.5	56.6	58.3	65.3 <sup>Note</sup>

Note: The higher provision for 2018-19 Revised Estimate is mainly due to the increase of 13 non-directorate posts.

The IRD does not have breakdown of expenses by reference to handling investigation and law enforcement work.

2. Based on the circumstances of the cases (which include suspected cases of potential understatement or omission of purchase consideration of property transactions, omission of stamping tenancy agreements, failure in furnishing on-time stamping applications or suspected cases of splitting a larger transaction or series of transactions), the Stamp Office of the IRD carries out various investigation works and decides on the appropriate ways of handling including recovering further stamp duty and / or penalty based on the investigation results. Nevertheless, the Stamp Office does not carry out any analysis on these types of cases according to the various types of stamp duty and is therefore unable to provide the relevant information.
3. 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 to recover the outstanding duty. If the duty payer still does not settle the overdue amount, the case will be referred to the Department of Justice for further actions.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)039**

**(Question Serial No. 1443)**

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:

According to the latest projection, how many enterprises are expected to benefit and what will be the estimated reduction in revenue after implementing the two-tiered profits tax rates regime? Please set out the details by the respective amounts of assessable profits.

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 15)

Reply:

The two-tiered profits tax rates regime is applicable to the years of assessment commencing on or after 1 April 2018. The profits tax rate for the first \$2 million of assessable profits is lowered to 8.25% for corporations and 7.5% for unincorporated businesses. Assessable profits above \$2 million are subject to the rate of 16.5% for corporations and standard rate of 15% for unincorporated businesses. A tax-paying corporation or unincorporated business (UB) may save up to \$165,000 and \$150,000 each year respectively. To ensure that the tax benefits will target at small and medium enterprises, the application of the two-tiered rates is restricted to only one enterprise nominated among connected entities.

Based on the assessment statistics for the year of assessment 2017/18, about 75 000 enterprises elected for the two-tiered profits tax rates in calculating provisional profits tax for the year of assessment 2018/19.

As the filing deadline for the profits tax returns for the year of assessment 2018/19 (which were issued on 1 April 2019) has not yet expired, the Inland Revenue Department does not have the assessment statistics for the year of assessment 2018/19.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)040**

**(Question Serial No. 1444 )**

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:

In recent years, many members of the public entered into property transactions through transfer of company shares to avoid paying stamp duties chargeable on the conveyance of properties, including the Buyer's Stamp Duty (BSD). The Inland Revenue Department (IRD) has indicated that it would make vigorous efforts to investigate such cases and recover profits tax. In this regard, I would like to ask:

1. Regarding the companies incorporated in Hong Kong (local companies) and those incorporated outside Hong Kong (non-local companies), how many companies of each of these two categories have paid the BSD for each of the past 5 years? Please advise the (a) total amounts, (b) average amounts, (c) highest amounts of BSD paid by such local companies and non-local companies respectively.
2. Please provide the numbers of cases involving the payment of BSD by local companies and non-local companies respectively for each of the past 5 years by the respective amounts of BSD they paid.
3. Regarding the suspected cases involving property transactions carried out through transfer of company shares, how many cases have been opened for investigation for each of the past 5 years? Of such cases, how many of them have been ascertained as chargeable to profits tax/ additional profits tax? Please advise the total amounts of additional tax chargeable on such cases and the average amounts of tax charged; as well as the number of cases under investigation.

4. Of the 10 cases with the highest amounts of profits tax/ additional profits tax charged, please advise the amounts of tax/ additional tax charged and the transaction values involved in each case. For these cases, please also advise the amount of tax receivable by the IRD if it is calculated as stamp duty charged on normal conveyance of properties, or alternatively, calculated in the form of corporate profits tax. Regarding such cases, how much tax has been received by the IRD which was calculated on the basis of company share transfer?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 17)

Reply:

1. The statistics on the Buyer's Stamp Duty ("BSD") paid by local and non-local companies, for each of the past five financial years are shown in the table below:

Financial Year	BSD Total Amount		BSD Average Amount		BSD Highest Amount	
	Local companies \$million (number of cases)	Non-local companies \$million (number of cases)	Local companies \$million	Non-local companies \$million	Local companies \$million	Non-local companies \$million
2014-15 <sup>Note</sup>	4,410.7 (2 636)	1,387.9 (269)	1.67	5.16	135.15	765.00
2015-16	2,659.8 (1 064)	157.5 (76)	2.50	2.07	153.00	20.24
2016-17	3,094.2 (959)	426.4 (78)	3.23	5.47	420.00	162.00
2017-18	6,099.4 (2 978)	646.2 (248)	2.05	2.61	174.58	73.95
2018-19 (as at 28 February 2019)	5,657.0 (1 895)	680.9 (176)	2.99	3.87	889.35	99.98

Note: Including transaction cases during the transitional period from the implementation date of BSD up to the date before the Stamp Duty (Amendment) Ordinance 2014 was published in the Gazette (i.e. from 27 October 2012 to 27 February 2014) and the related BSD was collected during 2014-15.

2. The numbers of cases involving the payment of BSD by local companies and non-local companies respectively for each of the past 5 years by the respective amounts of BSD they paid:

Financial Year	Amount of BSD payable (\$)	Local companies (Number of cases)	Non-local companies (Number of cases)
2014-15 <sup>Note</sup>	Below 1,000,000	1 621	101
	1,000,000 to below 2,000,000	637	89
	2,000,000 to below 3,000,000	144	33
	3,000,000 to below 4,000,000	68	27
	4,000,000 to below 5,000,000	42	2
	5,000,000 or above	124	17
2015-16	Below 1,000,000	428	32
	1,000,000 to below 2,000,000	408	29
	2,000,000 to below 3,000,000	95	7
	3,000,000 to below 4,000,000	26	3
	4,000,000 to below 5,000,000	26	0
	5,000,000 or above	81	5
2016-17	Below 1,000,000	453	17
	1,000,000 to below 2,000,000	244	50
	2,000,000 to below 3,000,000	114	3
	3,000,000 to below 4,000,000	34	0
	4,000,000 to below 5,000,000	27	1
	5,000,000 or above	87	7
2017-18	Below 1,000,000	1 582	67
	1,000,000 to below 2,000,000	693	117
	2,000,000 to below 3,000,000	244	14
	3,000,000 to below 4,000,000	135	13
	4,000,000 to below 5,000,000	59	18
	5,000,000 or above	265	19
2018-19 (As at 28 February 2019)	Below 1,000,000	598	19
	1,000,000 to below 2,000,000	756	111
	2,000,000 to below 3,000,000	226	17
	3,000,000 to below 4,000,000	82	9
	4,000,000 to below 5,000,000	59	2
	5,000,000 or above	174	18

Note: Including transaction cases during the transitional period from the implementation date of BSD up to the date before the Stamp Duty (Amendment) Ordinance 2014 was published in the Gazette (i.e. from 27 October 2012 to 27 February 2014) and the related BSD was collected during 2014-15.

3. In the past five financial years, the statistics on follow-up cases involving transfer of shares in property holding companies and completed review cases recorded by the IRD are shown in the table below:

Financial Year	Number of follow-up cases (Note)	Number of completed review cases	Cases subject to profits tax	
			Number of cases	Amount of tax (\$ million)
2014-15	889	817	60	18.6
2015-16	746	723	41	18.2
2016-17	871	846	36	14.2
2017-18	1 414	1 132	22	18.7
2018-19 (As at 28 February 2019)	1 253	675	1	0.4

Note: The IRD does not maintain a breakdown of statistics on residential and non-residential properties.

When stamping the transfer of shares in private companies, the Stamp Office will screen and refer shares transfer cases of “property holding companies” to the Profits Tax Unit for review. The Profits Tax Unit will examine the relevant information of each case thoroughly, including the length of the holding period of the shares, the motive for acquiring the shares and the financial arrangements entered into. Based on the relevant facts, the IRD will determine whether the share transfer is a trading activity and subject to Profits Tax.

4. The IRD does not maintain the statistics and analyses requested, and thus cannot provide the relevant information.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)041**

**(Question Serial No. 1453 )**

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:

In order to curb property speculation, the Government implemented in October 2012 with immediate effect harsh measures including the levy of the Buyer's Stamp Duty (BSD) (charged at the rate of 15%) on buyers who are not Hong Kong permanent residents (HKPRs). However, the relevant legislation was not passed by the Legislative Council until February 2014. The Inland Revenue Department (IRD) later issued letters to solicitor firms across the territory, requiring them to inform 70 000 local buyers that they had to take an oath/ make an affirmation not later than April 2014 to confirm that they are HKPRs and their properties are owner-occupied; otherwise, they would not be exempted from payment of the BSD. In this connection, will the Government inform the Committee of:

- (a) the number of applications received by the IRD from local buyers for stamping of instruments of residential properties for the transactions conducted within the period from the implementation date of the BSD until the gazetting and enactment of the relevant legislation;
- (b) the date on which the IRD issued the letters to solicitors across the territory to require them to inform local buyers to take the oath/ make the affirmation, and the number of such letters. How many (1) notices of taking the oath/ making the affirmation and (2) applications for exemption of BSD were received from the local buyers before the due date (in end of April 2014) since the issue of the letters? Of those applications filed for exemption of BSD, what was the number of successful cases that were granted the exemption of BSD; and what was the total amount of BSD so exempted? How many cases were not granted the BSD exemption, and what were the reasons?
- (c) the reasons for the IRD to take the indirect path of delegating solicitors to inform local buyers to take the oath/ make the affirmation instead of notifying the buyers directly. Why the time allowed for solicitors to give notifications and local buyers to take an oath/ make an affirmation was as short as less than 2 months? If the solicitors did not inform or were late to inform the local buyers, how would the IRD handle such cases?

(d) Up till now, for the cases of which the property owners concerned were late to take an oath/ make an affirmation (after the due date), how many of the cases were eligible for exemption of BSD? How many of the cases were granted full exemption of BSD at the discretion of the IRD? How many cases were, although eligible for exemption of BSD, were only granted partial remission of BSD and partial reduction of the fine imposed because the oath taken/ the affirmation made was overdue for too long or because of other reasons?

(e) Up till now, what are the numbers of cases being handled by the IRD which are cases pending to take an oath/ make an affirmation and cases of application for exemption after the due date? What is the total amount of tax involved in the recovery actions? Have all the property owners been notified by mail or phone calls (delivery failure may happen if notification is not made by phone calls) that they must take an oath/ made an affirmation and applied for exemption, and otherwise, they will be liable to pay the BSD?

(f) Of the aforementioned cases with oaths not yet taken/ affirmations not yet made, how many of the cases are faced with prosecution by the IRD? How many of them are exempted from the BSD after negotiation? How many of them are exempted from BSD as a result of the IRD's adjudication? How many of them are chargeable to the BSD as a result of the IRD's adjudication? How many cases are still under legal proceedings?

(g) Of the aforementioned cases with oaths not taken/ affirmations not made before the due date, how many of them will be prosecuted by the IRD?

(h) With the manpower and resources currently available to the IRD, how much time is needed for completion of the abovementioned type of recovery actions?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 40)

Reply:

(a) to (d) On 26 October 2012, the Government announced proposed amendments to the Stamp Duty Ordinance (SDO) to impose a Buyer's Stamp Duty (BSD) on the transaction instruments executed by non-Hong Kong permanent residents for acquiring residential properties with effect from 27 October 2012. The Government introduced the Stamp Duty (Amendment) Bill 2012 (the Amendment Bill) into the Legislative Council (LegCo) on 28 December 2012. The Amendment Bill was passed by the LegCo on 22 February 2014 as the Stamp Duty (Amendment) Ordinance 2014 (Amendment Ordinance) and gazetted on 28 February 2014. Since then, the Inland Revenue Department (IRD) commenced to collect this new type of stamp duty.

As stamping matters are handled by the law firms on behalf of the purchasers, the Stamp Office of the IRD issued letters to the Law Society and the solicitors' law firms of the purchasers who might be subject to the BSD, immediately after the passage of the Amendment Bill by the LegCo on 22 February 2014, to inform them of the stamping arrangement and the procedures to apply for exemption in respect of the instruments executed between 27 October 2012 and 27 February 2014 (the transitional instruments). There are about 76 000 transitional instruments involved. The IRD had also uploaded onto its website the details for applications for exemption and the "frequently asked questions" in relation to the procedures for the applications for exemption and the making of the relevant statutory declaration (SD).

For the cases failed to submit an application for exemption, reminder letters were issued by batches in March, April and August of 2016 to some 280 solicitors' firms to remind them to follow up those outstanding cases. Subsequently, the Stamp Office issued letters to the individual property purchasers of outstanding cases to request them to follow up the application for exemption.

Under the SDO, if the property purchaser is a Hong Kong permanent resident (HKPR) acting on his or her own behalf (i.e. the person is both the legal and beneficial owner), he / she would be exempt from the BSD. If the exemption application from the property purchaser is accepted by the Stamp Office, he or she is not required to pay the BSD.

The Stamp Office does not carry out any analysis by reference to the date of acceptance of the applications for exemption, and therefore is unable to provide the statistics and information requested under (b) and (d).

- (e) For the cases which are still being handled by the Stamp Office, some purchasers have already submitted the SDs to declare that he / she was a HKPR acting on own behalf. However, some applications for exemption cannot be accepted by reasons such as the information declared in the SDs by the purchasers did not match with the records of the Stamp Office or no copy of the Hong Kong Permanent Identity Card was provided. Cases not yet accepted and those with outstanding SD or payment are all classified as unsettled cases in the stamping system of the Stamp Office. The system does not keep the statistics for each type of the unsettled cases, therefore the Stamp Office is unable to provide the requested statistics.



(f) to (h) The IRD will take prompt recovery actions if the property purchasers did not settle the BSD due. Generally speaking, if the purchasers did not submit the application for exemption despite repeated reminders from the Stamp Office, they would be regarded as not satisfying the circumstances for exemption of BSD. The Stamp Office will issue demands for payment to those property purchasers to request them to pay the BSD. If no payment of the BSD or applications for exemptions were received after the issue of the demands for payment, the cases will be referred to the Department of Justice for further actions. Since the cases involve legal proceedings, the IRD will not comment on the relevant cases and is also not able to estimate the time required to complete the recovery actions for such cases.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)042**

**(Question Serial No. 1454)**

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:

According to section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government, the Government of HKSAR, 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; according to section 52 of the SDO, the Chief Executive (CE) may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

(a) How many instruments were considered by the IRD as not chargeable with stamp duty under section 41(1) of the SDO for 2012 and each of the years following 2012? Please provide the number of properties and the total amount of tax involved for each of the years mentioned. Of those instruments exempted from stamp duty under section 41(1) of the SDO, please provide the number of instruments involving the Central People's Government, the number of properties involved and the amount of stamp duty exempted.

(b) How many instruments were considered by the IRD as not chargeable with stamp duty under section 52 of the SDO for 2012 and each of the years following 2012? Please provide the number of properties and the total amount of tax involved for each of the years mentioned. Of those instruments exempted from stamp duty under section 52 of the SDO, please provide the number of instruments involving the Newman Investment Company Limited, the number of properties involved and the amount of stamp duty exempted.

(c) When the IRD receives notifications claiming that the stamping of certain instruments should be granted remission of stamp duty under section 52 of the SDO, how will the IRD verify whether such claims fulfil the requirements under section 52 of the SDO? Does the verification process include seeking the signed approval from the Chief Executive (CE) or from the person(s) authorised by the CE?

(d) When going through the procedures for stamping instruments, if the IRD finds it necessary to grant remission of stamp duty regarding an instrument under section 52 of the SDO, does the IRD need to know or pay attention to or ascertain whether the residential properties concerned are owner-occupied or are for rental purpose? For those cases which were granted remission of stamp duty by the CE, does the IRD need to know the reasons for granting such remission?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 41)

Reply:

Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of the Hong Kong Special Administrative Region (HKSAR) 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. Furthermore, under section 52(1) of the SDO, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

The organs of the CPG in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the SDO. 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 principles 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 on the exemption arrangement, remission of stamp duty is granted under section 52(1) of the SDO 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 to exercise the power under section 52(1) of the SDO.

Information on stamp duty remission accorded to the CPG's organs in Hong Kong or their subsidiary company in respect of local properties they acquired between the financial years 2014-15 and 2018-19 is tabulated as follows. The Inland Revenue Department would not disclose specific information of individual cases.

Financial Year	Organizations	Stamp duty involved (\$ million)	No. of immovable properties involved
2014-15	Liaison Office of the CPG in the Hong Kong Special Administrative Region	52.3	6
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8
	Subsidiary company of a CPG's organ in Hong Kong	15.6	15
2016-17	Subsidiary company of a CPG's organ in Hong Kong	8.4	8
2017-18	-	0	0
2018-19*	Subsidiary company of a CPG's organ in Hong Kong	47.9	25

\* As at 28 February 2019

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)043**

**(Question Serial No. 1456)**

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:

According to the Stamp Duty Ordinance, non-local buyers of residential properties and persons purchasing residential properties in the name of a company are required to pay the Buyer's Stamp Duty (BSD); and any person purchasing a residential property is required to pay the "double stamp duty" ("DSD"), unless the buyer is a Hong Kong permanent resident (HKPR) who is not the owner of any Hong Kong property on the date he/ she purchases the residential property concerned. Such a buyer will be exempted from paying the "DSD". In this regard, we would like to ask the following questions:

Since the BSD and the "DSD" came into effect,

(a) Has the Inland Revenue Department (IRD) ever charged on a buyer or persons (whose eligibility as a HKPR has been verified by the Immigration Department) only the "DSD" (but not the BSD) in respect of the transaction of the same residential property? If the answer is in the affirmative, what is the number of such cases and the total amount of "DSD" so collected?

(b) Has the IRD ever charged on a buyer whose eligibility as a HKPR has been verified by the Immigration Department both the "DSD" and the BSD? If the answer is in the affirmative, what is the number of such cases and the respective total amounts of "DSD" and BSD so collected?

(c) As to certain buyers who are not the owner of any Hong Kong properties on the date they purchase a residential property, but their eligibility as a HKPR has been verified by the Immigration Department on that date, and their applications for a Hong Kong Permanent Identity Card (HKP Identity Card) are being processed by the Immigration Department, will they be considered by the IRD as HKPRs though they have not yet been issued with the HKP Identity Card, and therefore they are considered eligible for the exemption under the Stamp Duty Ordinance, hence can be exempted from paying the "DSD"?

(d) As to certain buyers who were born in Hong Kong and are not the owner of any Hong Kong properties on the date they purchase a residential property, and have lost their HKP Identity Card, or have not yet applied for a HKP Identity Card (under the age of 11), or have applied for the HKP Identity Card but have not yet been issued with the identity card, how will the IRD consider whether such buyers are eligible for the exemption under the Stamp Duty Ordinance, hence consider them eligible for being exempted from paying the “DSD” and the BSD?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 43)

Reply:

- (a) and (b) In submitting the stamping application, purchasers are required to declare to the Inland Revenue Department (“IRD”) whether they are Hong Kong Permanent Residents (“HKPR”) and submit a copy of their valid Hong Kong Permanent Identity Cards. The purchasers, however, are not required to declare the reasons for not qualifying for exemption of buyer’s stamp duty (“BSD”) and charging ad valorem stamp duty (“AVD”) at Scale 2 rates. Therefore, the IRD is unable to provide the relevant information.
- (c) and (d) Under the Stamp Duty Ordinance (Cap. 117) (“SDO”), HKPR means a person who holds a valid Hong Kong Permanent Identity Card, or the aged, the blind or the infirm who are not required to register or apply for an identity card under regulation 25(e) of the Registration of Persons Regulations (Cap. 177A) (and entitled to be issued with a Hong Kong Permanent Identity Card if they make an application for it).

The IRD performs duties according to the provisions of the SDO. For acquisition of residential properties by people who hold only a “Notice of Application Result for Verification of Eligibility for Permanent Identity Card” issued by the Immigration Department or who have not been issued with/applied for a valid Hong Kong Permanent Identity Card, these people are not considered to be HKPR and are subject to BSD and AVD at Part 1 of Scale 1 rate. 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.

For purchasers of residential properties who have lost their Hong Kong Permanent Identity Card on the dates of acquisition of the properties, they can still be regarded as holding valid Hong Kong Permanent Identity Cards. Thus, they are not required to pay BSD and AVD at Part 1 of Scale 1 rate.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)044**

**(Question Serial No. 3194)**

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:

1. Will the Government please provide the number of tax returns in respect of profits tax, salaries tax, property tax and personal assessment filed on-line in the past 5 financial years. What are the respective percentages of these tax returns out of the total number of tax returns for each type of tax mentioned above?

2. How many applications for holding over of part or the whole of the provisional tax and paying tax by instalments have been received in respect of profits tax, salaries tax and tax payable under personal assessment in the past 5 years? What are the respective percentages of these cases out of the total number of assessed cases for each type of the tax mentioned above? What are the amounts involved in respect of the tax receivable?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 50)

Reply:

1. In the past five financial years, the numbers and percentage shares of tax returns filed electronically via eTAX are as follows:

Financial Year	Total number of tax returns filed electronically (% of the respective total tax returns)		
	Individual Tax Return *	Property Tax Return **	Profits Tax Return ***
2014-15	462 000 (18.1%)	8 000 (5.1%)	2 100 (0.6%)
2015-16	512 500 (19.6%)	8 600 (5.5%)	4 500 (1.0%)
2016-17	554 800 (20.6%)	8 000 (5.1%)	4 700 (1.1%)
2017-18	598 300 (22.0%)	8 300 (5.3%)	3 800 (0.9%)
2018-19 (As at 28 February 2019)	649 000 (23.6%)	8 500 (5.5%)	3 200 (0.7%)

\* Including salaries income, property rental income from solely-owned properties and profits from sole proprietorship businesses as well as applications for personal assessment.

\*\* Property rental income from jointly-owned properties.

\*\*\* Corporations and partnerships who satisfy specified conditions can file profits tax returns online.

2. The Inland Revenue Department (IRD) does not keep statistics on the number of applications for holding over of provisional tax and paying tax by instalments. It therefore cannot provide the relevant information on applications received. However, IRD can provide statistics on approved cases. In the past five financial years, the statistics on approvals for holding over of provisional tax and paying tax by instalments and their respective percentages out of the total number of demand notes and the respective amount of Profit Tax and Salaries Tax involved are as follows :-

(i) Approved cases of holding over of provisional tax:

Financial Year	Profits Tax			Salaries Tax		
	Approved no. of demand notes ^	% of total demand notes	Total amount of tax involved (\$million)	Approved no. of demand notes ^	% of total demand notes	Total amount of tax involved (\$million)
2014-15	4 700	3.1%	10,212	40 100	2.5%	2,472
2015-16	4 600	3.0%	13,332	39 300	2.4%	2,489
2016-17	4 600	2.8%	13,435	34 700	2.2%	2,943
2017-18	4 400	2.7%	8,162	33 400	2.1%	2,388
2018-19*	4 700	2.9%	17,230	31 200	1.9%	2,999

\*As at 28 February 2019

^ Rounded to the nearest hundred

Personal Assessment is not a tax levied but a relief measure on Profit Tax and/or Property Tax charged on individuals. Therefore, no provisional tax is charged under Personal Assessment.



(ii) Approved cases of paying tax by instalments:

Financial Year	Profits Tax			Salaries Tax			Personal Assessment		
	Approved no. of demand notes ^^	% of total demand notes	Total amount of tax involved (\$million)	Approved no. of demand notes ^^	% of total demand notes	Total amount of tax involved (\$million)	Approved no. of demand notes ^^	% of total demand notes	Total amount of tax involved (\$million)
2014-15	940	0.6%	577	4 710	0.3%	258	360	0.2%	20
2015-16	930	0.6%	342	4 110	0.3%	211	290	0.1%	26
2016-17	1 090	0.7%	516	3 780	0.2%	222	220	0.1%	10
2017-18	910	0.6%	399	3 280	0.2%	188	210	0.1%	13
2018-19*	720	0.4%	258	2 780	0.2%	164	180	0.1%	11

\*As at 28 February 2019

^^ Rounded to the nearest ten

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)045****(Question Serial No. 1219)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: (1) Statutory Valuation and AssessmentsControlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Every year, the Government publishes the number of units valued in the preceding year and reported as wholly occupied in the Property Review with breakdowns by district and by mode of occupation (i.e. units occupied by owners and units let). Would the Government provide the following information:

With respect to first-hand domestic units completed in the past 5 years, please provide the number of units valued and reported as wholly occupied by District Council district and by mode of occupation in the following table:

District	Domestic uses (owner-occupied)	Domestic uses (let)
Central and Western		
Wan Chai		
Eastern		
Southern		
Yau Tsim Mong		
Sham Shui Po		
Kowloon City		
Wong Tai Sin		
Kwun Tong		
Kwai Tsing		
Tsuen Wan		
Tuen Mun		
Yuen Long		
North		
Tai Po		
Sha Tin		
Sai Kung		
Islands		

Asked by: Hon AU Nok-hin (LegCo internal reference no.: 26)

Reply:

The Rating and Valuation Department (RVD) publishes statistics on mode of occupation of completed private domestic units in its Hong Kong Property Review. The statistics only cover newly completed domestic units assessed for rating purpose in the year and reported wholly occupied at the time of valuation; however, the domestic units were not necessarily completed in the year concerned. The mode of occupation of the newly completed domestic units from 2014 to 2017 are shown below:

Year	Hong Kong		Kowloon		New Territories		Overall	
	Owner Occupied	Let	Owner Occupied	Let	Owner Occupied	Let	Owner Occupied	Let
2014	51	170	383	193	3 484	1 733	<b>3 918</b>	<b>2 096</b>
2015	341	598	511	455	4 456	1 662	<b>5 308</b>	<b>2 715</b>
2016	312	1 069	1 068	783	4 598	1 310	<b>5 978</b>	<b>3 162</b>
2017	624	696	1 291	573	4 141	2 220	<b>6 056</b>	<b>3 489</b>

RVD will announce the finalised figures for 2018 in the Hong Kong Property Review to be published in April 2019. RVD does not maintain statistics by District Council district.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)046**

**(Question Serial No. 3131)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following information:

1. the number of rates concession cases, together with the numbers of cases and the concession amounts involving private domestic premises and commercial premises respectively;
2. in table form, the amounts involved for the top 100 organisations receiving the highest amounts of rates concession;
3. the numbers of cases and the concession amounts involving private domestic premises and commercial premises with rates concession at the ceiling level respectively;
4. the number of rates concession cases involving Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies, affiliated companies and holding companies, and the amounts involved;
5. the numbers of rates concession cases and the concession amounts involving properties held by companies and individuals respectively in 2018-19; and
6. whether the Government will consider not granting rates concession to domestic and non-domestic premises held by companies to ensure that companies holding multiple premises as well as the owners of such companies will not receive huge amounts of rates concession. If not, please give reasons.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 9)

Reply:

1. For the 2019-20 financial year, around 3.29 million properties are expected to benefit from rates concession, of which about 1.82 million are private domestic properties and 0.42 million are non-domestic properties. The estimated amounts of rates concession will be \$15 billion; comprising about \$10 billion for private domestic properties, \$2 billion for non-domestic properties and \$3 billion for other types of properties such as public housing units, etc.
2. For the 2019-20 financial year, the top 100 ratepayers (excluding organisations providing subsidised housing) that are anticipated to receive the largest estimated amounts of rates concession, involving about \$0.35 billion, are as follows:

Ratepayer	Amount of Rates Concession (\$ million)
1 - 10	170.4
11 - 100	181.9
Total	352.3

3. For the 2019-20 financial year, it is estimated that about 1.11 million private domestic properties and about 0.26 million non-domestic properties will enjoy rates concession at the ceiling level, involving concession amounts of about \$6.7 billion and \$1.6 billion respectively.
4. According to the Code on Access to Information, without prior consent from the ratepayers concerned, the Rating and Valuation Department (RVD) is unable to disclose information about particular ratepayers. Moreover, RVD does not have records of subsidiary companies, affiliated companies and holding companies.
5. RVD does not maintain records on ownership information in respect of rateable properties.
6. In response to the request made earlier by Legislative Council Members, the Government reviewed the rates concession mechanism last year, and submitted a number of possible options for modifying the mechanism to the Panel on Financial Affairs on 18 December 2018. After considering the pros and cons of different options, most Members objected to modifying the existing rates concession mechanism. One of the main concerns was that tenants who were required to pay rates under the tenancy agreements would be affected and no longer be able to benefit from rates concession. As most Members had reservations about modifying the long-established rates concession mechanism, the Government ceased to study the issue further, and will continue to adopt the current mechanism. The 2019-20 Budget announced the measure of waiving rates for 4 quarters of 2019-20, subject to a ceiling of \$1,500 per quarter for each rateable property. The implementation arrangement for providing rates concession is the same as before.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)047**

**(Question Serial No. 3147)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession as announced in the Budget this year, please inform the Committee of the operational expenses, staff establishment and estimated payroll cost involved in the 2019-2020 rates concession.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 25)

Reply:

Regarding the rates concession measure in the 2019-20 financial year, the Rating and Valuation Department (RVD) will absorb the operational expenses involved from within its existing resources. The said expenses mainly include an estimated cost of around \$480,000 for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. RVD has not deployed any dedicated manpower for handling the work on rates concession and therefore does not have any breakdown on manpower and payroll cost involved.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)048**

**(Question Serial No. 0115)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimate for 2019-20 is \$125.2 million more than that for 2018-19, which represents an increase of 35.7%. According to the analysis on Page 834, it is mainly due to increased salary provision for the addition of 84 posts. What are the details of these new posts?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 8)

Reply:

Details of the 84 new permanent non-directorate posts in the Rating and Valuation Department in 2019-20 are tabulated below:

Area of Work	Posts
To prepare for the introduction of "Special Rates" on vacant first-hand private residential units.	71 permanent posts including: Senior Valuation Surveyors 2 Valuation Surveyors 9 Principal Valuation Officer 1 Senior Valuation Officers 10 Valuation Officers 35 Treasury Accountant 1 Accounting Officer I 1 Senior Executive Officer 1 Executive Officer I 1 Clerical Officer 1 Assistant Clerical Officers 5 Systems Manager 1 Analyst/Programmer I 1 Analyst/Programmers II 2
To handle the rising workload so as to protect Government revenue.	13 permanent posts including: Valuation Surveyors 2 Senior Valuation Officers 3 Valuation Officers 7 Assistant Clerical Officer 1

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)049****(Question Serial No. 3226)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: ( )Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please tabulate by District Council district the average rent of private domestic units below 500 ft<sup>2</sup> for the past 3 years.

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 14)Reply:

The Rating and Valuation Department does not compile property average rents by District Council district. The average rents of private domestic units of saleable area less than 40 m<sup>2</sup> by region (Note) in 2016-2018 are listed below:

<b>Region</b>	<b>2016</b>	<b>2017</b>	<b>(\$/m<sup>2</sup> per month)</b>
			<b>2018</b> (Provisional figures)
Hong Kong	415	452	488
Kowloon	329	354	391
New Territories	266	296	315

Note : Average rents are analysed for general reference only. Rental levels at a certain period mainly depend on the special characteristics of the properties being analysed. Thus, changes in average rents between different periods may be due to variations in these characteristics, and should not be taken as indicating a general change in value over the period.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)050**

**(Question Serial No. 3281)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 108 of the Budget Speech this year that the Government will be “waiving rates for four quarters of 2019-20, subject to a ceiling of \$1,500 per quarter for each rateable property. This proposal is estimated to benefit 3.29 million properties and reduce government revenue by \$15 billion.” Please advise the number of rates concession cases, together with the number of cases and the concession amounts that involve private domestic premises and commercial premises respectively for the next financial year.

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 18)

Reply:

For the 2019-20 financial year, around 3.29 million properties are expected to benefit from rates concession, of which about 1.82 million are private domestic properties and 0.42 million are non-domestic properties. The estimated amount of rates concession will be \$15 billion, comprising about \$10 billion for private domestic properties, \$2 billion for non-domestic properties and \$3 billion for other types of properties such as public housing units, etc.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)051****(Question Serial No. 0267)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: ( )Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the following information:

- (a) What were the respective average rentals of commercial units and residential units in Hong Kong for the past 3 years (i.e. from 2016 to 2018)? What were the respective increases?
- (b) For the past 3 years, how wide was the gap between the increase in the rental of residential units and that of household income? Has the gap for the past 3 years narrowed down? What are the relevant figures?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 41)Reply:

The annual rental indices for private domestic premises and private retail premises compiled by the Rating and Valuation Department indicate the movement in rentals of these two types of premises. The following tables set out the year-on-year rates of change in the respective indices in the past three years –

## (1) Private Domestic

Year	Annual Rental Index (100 for the year of 1999)	Year-on-year Change
2016	168.2	-2.7%
2017	182.6	+8.6%
2018 (Note 1)	193.0	+5.7%

(2) Private Retail

Year	Annual Rental Index (100 for the year of 1999)	Year-on-year Change
2016	178.6	-2.1%
2017	182.5	+2.2%
2018 (Note 1)	187.0	+2.5%

Note 1: Provisional figures.

In the past three years, the median monthly household income of domestic households compiled by the Census and Statistics Department (C&SD) from the General Household Survey and the year-on-year change are as follows –

Year	Median Monthly Household Income (HK\$)	Year-on-year Change
2016	25,200	+1.7%
2017	26,500	+5.0%
2018 (Note 2)	Not yet available	Not yet available

Note 2: C&SD will announce the Median Monthly Household Income for 2018 in the “Population and Household Statistics Analysed by District Council District” to be published later in 2019.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)052**

**(Question Serial No. 1349)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: ( )

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide information on the new completions and stock of private retail floor space by District Council Administration Area in the past 5 years. Please also advise on the forecast completions of private retail floor area by district in 2019-20.

Asked by: Hon LEE Wai-king, Starry (LegCo internal reference no.: 21)

Reply:

The stock and completions of private retail premises (in terms of floor area) in the 18 districts from 2014 to 2018 are listed in Annexes I and II respectively. The forecast completions in 2019 are listed in Annex III.

## Private Retail – Stock at year-end

Floor Area # ( '000 m<sup>2</sup> )

<b>District</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Central & Western	986	992	964	983	990
Wan Chai	900	920	972	983	986
Eastern	659	663	617	627	632
Southern	203	202	202	201	200
<b>Hong Kong</b>	<b>2 748</b>	<b>2 778</b>	<b>2 755</b>	<b>2 794</b>	<b>2 808</b>
Yau Tsim Mong	1 733	1 731	1 754	1 775	1 805
Sham Shui Po	602	611	611	627	631
Kowloon City	614	623	630	636	668
Wong Tai Sin	312	310	316	317	318
Kwun Tong	595	629	636	645	660
<b>Kowloon</b>	<b>3 856</b>	<b>3 904</b>	<b>3 947</b>	<b>4 000</b>	<b>4 082</b>
Kwai Tsing	315	322	322	334	335
Tsuen Wan	462	465	465	475	510
Tuen Mun	395	394	396	396	402
Yuen Long	427	431	469	472	470
North	228	227	227	227	229
Tai Po	212	216	216	216	215
Sha Tin	451	463	469	479	480
Sai Kung	290	292	305	320	342
Islands	295	300	299	300	297
<b>New Territories</b>	<b>3 075</b>	<b>3 109</b>	<b>3 168</b>	<b>3 219</b>	<b>3 280</b>
<b>Overall</b>	<b>9 679</b>	<b>9 791</b>	<b>9 870</b>	<b>10 013</b>	<b>10 170</b>

# Measured on the basis of "internal floor area" which is defined as the area of all enclosed space of the unit measured to the internal face of enclosing external and/ or party walls.

Notes: Private retail stock is based on rating records. The sum of individual items might not add up to the respective total because of rounding.

## Private Retail – Completions

Floor Area # ( m<sup>2</sup> )

District	2014	2015	2016	2017	2018
Central & Western	7 400	1 100	9 800	14 200	10 400
Wan Chai	900	14 900	15 500	8 400	800
Eastern	4 200	700	-	7 900	5 800
Southern	-	-	400	-	-
<b>Hong Kong</b>	<b>12 500</b>	<b>16 700</b>	<b>25 700</b>	<b>30 500</b>	<b>17 000</b>
Yau Tsim Mong	5 400	8 300	10 800	18 200	35 400
Sham Shui Po	6 100	3 300	3 800	15 200	3 400
Kowloon City	3 800	2 800	8 100	4 500	5 000
Wong Tai Sin	-	-	5 400	1 500	800
Kwun Tong	7 500	15 300	7 700	2 700	2 400
<b>Kowloon</b>	<b>22 800</b>	<b>29 700</b>	<b>35 800</b>	<b>42 200</b>	<b>47 000</b>
Kwai Tsing	-	-	-	5 600	300
Tsuen Wan	800	300	-	-	29 700
Tuen Mun	-	-	-	1 400	4 900
Yuen Long	2 500	2 300	36 200	-	-
North	12 700	-	-	-	3 000
Tai Po	-	2 000	-	-	-
Sha Tin	2 100	11 600	10 800	9 900	-
Sai Kung	3 700	2 500	12 900	13 800	22 800
Islands	-	3 000	1 400	1 500	-
<b>New Territories</b>	<b>21 800</b>	<b>21 700</b>	<b>61 300</b>	<b>32 200</b>	<b>60 700</b>
<b>Overall</b>	<b>57 100</b>	<b>68 100</b>	<b>122 800</b>	<b>104 900</b>	<b>124 700</b>

# Measured on the basis of "internal floor area" which is defined as the area of all enclosed space of the unit measured to the internal face of enclosing external and/ or party walls.

Notes: The sum of individual items might not add up to the respective total because of rounding.

## Private Retail – Forecast Completions in 2019

	Floor Area # ( m <sup>2</sup> )
<b>District</b>	<b>2019</b>
Central & Western	7 900
Wan Chai	8 800
Eastern	7 600
Southern	300
<b>Hong Kong</b>	<b>24 600</b>
Yau Tsim Mong	26 000
Sham Shui Po	1 400
Kowloon City	3 900
Wong Tai Sin	-
Kwun Tong	9 100
<b>Kowloon</b>	<b>40 400</b>
Kwai Tsing	-
Tsuen Wan	-
Tuen Mun	5 100
Yuen Long	400
North	-
Tai Po	-
Sha Tin	2 700
Sai Kung	-
Islands	25 500
<b>New Territories</b>	<b>33 700</b>
<b>Overall</b>	<b>98 700</b>

# Measured on the basis of "internal floor area" which is defined as the area of all enclosed space of the unit measured to the internal face of enclosing external and/ or party walls.

Notes: The sum of individual items might not add up to the respective total because of rounding.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)053****(Question Serial No. 2807)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: (1) Statutory Valuation and Assessments, (2) Collection and Billing of Rates and Government RentControlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

- (a) In the following table, please provide information on the top 1 000 ratepayers (ranking 1-10, 1-100 and 1-1 000) that would receive the largest amounts of rates concession and all ratepayers expected to enjoy rates concession (including the total amount of rates concession for ratepayers in each category and the total number of rateable private domestic units and non-domestic units held by them) as estimated in the Budgets of the past 5 years;

Ratepayers (Excluding Organisations Providing Subsidised Housing)	Year		
	Amount of Rates Concession (\$ million)	Number of Rateable Properties	
		Private Domestic Units	Non-domestic Units
1-10			
11-100			
101-1 000			
All Ratepayers			

- (b) In table form, please provide the number of assessments in the Valuation List at year end by annual rateable value (\$0-29,999, \$30,000-59,999, \$60,000-89,999, \$90,000-119,999, \$120,000-149,999, \$150,000-179,999, \$180,000-209,999, \$210,000-239,999, \$240,000-299,999, \$300,000-359,999, \$360,000-419,999, \$420,000-479,999,  $\geq$ \$480,000) in the past 5 years (2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-19).

Reply:

- (a) The Rating and Valuation Department (RVD) only maintains the information on the first 100 ratepayers that would receive the highest amounts of rates concession. The following table sets out the relevant information on the anticipated rates concession for the past 5 years:

Ratepayers (excluding organisations providing subsidised housing)	2014-15		2015-16		2016-17		2017-18		2018-19	
	Amount of Rates Concession (\$M)	No. of Rateable Tenements	Amount of Rates Concession (\$M)	No. of Rateable Tenements	Amount of Rates Concession (\$M)	No. of Rateable Tenements	Amount of Rates Concession (\$M)	No. of Rateable Tenements	Amount of Rates Concession (\$M)	No. of Rateable Tenements
1-10	86.4	40 946	126.9	40 333	124.2	39 865	125.4	40 185	256.5	40 136
11 - 100	85.4	37 787	124.5	36 637	122.3	37 930	123.5	38 374	258.4	35 434
Total	171.8	78 733	251.4	76 970	246.5	77 795	248.9	78 559	514.9	75 570

RVD does not maintain records on the breakdown of property types by individual ratepayer. The estimated overall number of private domestic properties and non-domestic properties that would enjoy rates concession and the corresponding amount of rates concession involved for the past five years are tabulated as follows:

Financial Year	Private domestic properties		Non-domestic properties	
	Number of properties (million)	Amount of Rates Concession (\$ billion)	Number of properties (million)	Amount of Rates Concession (\$ billion)
2014-15	1.72	4.1	0.40	0.9
2015-16	1.74	5.2	0.41	1.3
2016-17	1.76	6.7	0.41	1.4
2017-18	1.78	6.8	0.41	1.4
2018-19	1.80	12.1	0.41	2.9

- (b) The number of properties on the valuation list of the past five financial years, sorted by rateable value, is tabulated below:

Rateable Value (\$)	As at 1 April 2014	As at 1 April 2015	As at 1 April 2016	As at 1 April 2017	As at 1 April 2018
3,001 - 29,999	288 610	276 635	262 128	256 542	239 843
30,000 - 59,999	346 892	276 280	247 904	245 323	238 153
60,000 - 89,999	536 614	493 238	429 687	405 167	330 221
90,000 - 119,999	383 359	416 126	433 896	445 811	440 667
120,000 - 199,999	467 857	532 866	593 993	633 350	700 646
200,000 - 299,999	166 279	192 336	221 347	221 675	263 121
300,000 - 399,999	68 234	74 321	82 602	85 049	95 527
400,000 - 499,999	41 740	44 408	46 857	47 452	49 563
500,000 or above	119 307	128 416	136 036	137 215	146 847
<b>Total</b>	<b>2 418 892</b>	<b>2 434 626</b>	<b>2 454 450</b>	<b>2 477 584</b>	<b>2 504 588</b>

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)054**

**(Question Serial No. 2810)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments and (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the measure of rates concession, please provide this Committee with the following information:

- (1) the number of rates concession cases, together with the numbers of cases and the concession amounts involving domestic premises and commercial properties respectively in the past 5 financial years. For figures on domestic premises, please list them in a table by property type in terms of unit size (i.e. small private domestic premises, medium private domestic premises, large private domestic premises and public domestic premises);
- (2) in table form, the respective numbers of properties held by ratepayers ranking 1st, 2nd-10th and 11th-100th among the top 100 ratepayers holding the largest number of properties in Hong Kong in the past 5 financial years, together with the respective rates concession amounts involved;
- (3) in table form, the total number of properties held by ratepayers ranking 1st, 2nd-10th and 11th-100th among the top 100 ratepayers holding the largest number of properties in Hong Kong in the past 5 financial years, together with the total rates concession amounts involved; and
- (4) for cases expected to receive rates concession at the ceiling level, the numbers of cases and the amounts of rates involving private domestic premises and commercial properties respectively in the past 5 financial years.

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 39)

Reply:

- (1) The estimated numbers of properties in the Valuation List to enjoy rates concession and the concession amount (including the anticipated concession amount for newly assessed properties in the financial year) in the past five years are tabulated as follows:

Financial Year	Domestic Premises		Non-domestic Premises	
	Number of Properties (million)	Amount of Rates Concession (\$ billion)	Number of Properties (million)	Amount of Rates Concession (\$ billion)
2014-15	2.71	5.2	0.40	0.90
2015-16	2.74	6.4	0.41	0.13
2016-17	2.76	9.2	0.41	0.14
2017-18	2.80	9.5	0.41	0.14
2018-19	2.84	14.9	0.41	0.29

RVD does not maintain breakdown of the related data by property type.

- (2)&(3) The estimated figures of the top 10 ratepayers receiving the largest amounts of rates concession in the past 5 financial years are set out in the following table:

Ratepayers (excluding organisations providing subsidised housing)	2014-15		2015-16		2016-17		2017-18		2018-19	
	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements
1	36.0	16 974	50.9	16 444	51.1	16 128	51.1	16 093	102.6	15 645
2	8.6	4 571	16.9	5 560	13.7	4 732	14.7	5 108	29.3	5 038
3	8.2	5 995	11.6	5 826	13.1	5 802	13.2	5 611	24.9	5 488
4	6.9	3 117	9.9	2 050	9.3	2 720	9.5	2 736	19.6	2 047
5	6.1	2 534	9.5	2 604	8.7	2 792	8.4	2 710	19.5	2 705
6	6.1	2 075	8.3	2 192	8.0	2 048	8.0	2 040	17.4	2 748
7	5.6	2 200	7.1	2 320	7.4	1 957	7.1	1 870	14.8	1 785
8	3.1	1 044	4.5	1 044	4.4	1 447	4.6	1 253	9.9	2 133

Ratepayers (excluding organisations providing subsidised housing)	2014-15		2015-16		2016-17		2017-18		2018-19	
	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements
9	2.9	1 291	4.2	1 108	4.4	1 195	4.5	1 559	9.6	1 289
10	2.9	1 145	4.0	1 185	4.2	1 044	4.4	1 205	8.9	1 258
11 - 100	85.4	37 787	124.5	36 637	122.3	37 930	123.5	38 374	258.4	35 434
Total	171.8	78 733	251.4	76 970	246.5	77 795	248.9	78 559	514.9	75 570

- (4) The estimated numbers of private domestic premises and non-domestic premises to enjoy rates concession at the ceiling level in the past 5 financial years and the corresponding amounts of rates concession involved are tabulated as follows:

Financial Year	Private Domestic Premises		Private Non-domestic Premises	
	Number of Properties (million)	Amount of Rates Concession (\$ billion)	Number of Properties (million)	Amount of Rates Concession (\$ billion)
2014-15	0.63	1.9	0.22	0.7
2015-16	0.27	1.3	0.17	0.8
2016-17	1.38	5.5	0.29	1.2
2017-18	1.42	5.7	0.29	1.2
2018-19	0.36	3.6	0.19	1.9

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)055**

**(Question Serial No. 0893)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding “continue to follow up the recommendations in the Director of Audit’s Reports No. 66 and No. 68 and in the corresponding Public Accounts Committee report”:

1. How many follow-up actions have been taken by the Rating and Valuation Department (RVD) since issue of the Director of Audit’s Report No. 66? What are the follow-up actions for the coming year?
2. The Director of Audit’s Report No. 66 puts forward various recommendations concerning unauthorised change of use of agricultural land and associated buildings. Since the Report was published, have there been any changes to the establishment and expenditure incurred by RVD in relation to the enforcement work concerning agricultural land in the New Territories? Will additional manpower be required for stepping up enforcement?
3. Currently, properties that are exempt from assessment to rates are not on the Valuation List. Hence, the Valuation List does not contain information on agricultural lots exempt from assessment in Wang Chau in, Yuen Long, Hung Shui Kiu New Development Area, etc. Will the RVD consider including information on properties exempt from assessment to rates in the Valuation List in order to increase transparency? How much additional expenditure will be incurred if such information is included?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 12)

Reply:

1. Since the Director of Audit’s Report No. 66 was published in April 2016, the Rating and Valuation Department (RVD) has been actively following up the recommendations and the work progress is as follows:

**(i) General revaluation**

RVD has improved the requisition forms and reminded ratepayers to comply with the ordinances in providing accurate and complete tenancy particulars and returning the forms timely. RVD has also strengthened its scrutiny of the rental information furnished. After implementation of the improvement measures, the return rate of Form R1A had increased from 81.2% in 2016-2017 to 83.2% in 2017-2018.

In addition, based on the information on subdivided properties from the Buildings Department (BD), RVD has targeted these subdivided properties in rental information collection in order to reflect their market rental level in annual revaluations.

**(ii) Interim valuations**

RVD has set up a bring-up system to keep track of the information on unauthorised building works provided by BD so as to carry out interim valuations timely, with priority given to tenements of higher rateable values.

Regarding the unassessed advertising signs identified during special surveys, RVD has proceeded with the valuation work, with priority given to cases of higher rateable values.

For completing interim valuations according to schedule, RVD has implemented various measures to enhance the monitoring of outstanding cases. These measures include registering in the computer system all relevant documents relating to properties requiring interim valuations; setting up mechanism to generate management reports showing all outstanding cases; and informing the Financial Services and the Treasury Bureau of the assessment progress of interim valuation cases regularly.

**(iii) Rates exemption for rural properties**

RVD and BD have put in place a paperless notification mechanism. Since August 2016, BD would provide RVD on a quarterly basis with information on unauthorised structures in village houses identified in the course of BD's enforcement work. RVD will follow up on whether the village houses are eligible for rates exemption within designated village areas. Besides, RVD has completed rating assessments of all village houses known to be ineligible for rates exemption within designated village areas.

Regarding the follow-up actions on unauthorised use of agricultural land and unauthorised structures erected on agricultural land, please refer to part 2 of the reply below.

In the coming year, RVD will continue to implement the above measures and closely monitor the situation with a view to safeguarding revenue on rates and Government rent.



2. RVD has put in place a notification mechanism with the Lands Department. Since May 2016, District Lands Offices in the New Territories would provide RVD with copies of the warning letters issued when taking enforcement actions on the unauthorised change of use of agricultural land and buildings so identified. RVD has also set up a special team with 4 additional posts. This special team, together with the manpower internally redeployed, has been proactively following up the assessment work, with priority given to land/property of higher rateable values. RVD will continue to review its required resources and manpower, and will apply for additional funding where necessary under the established mechanism.
3. Section 12 of the Rating Ordinance provides that tenements exempt from assessment to rates shall not be included in any Valuation List.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)056**

**(Question Serial No. 1440)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession put forward in the Budgets in the past 5 years, please provide the following information:

1. (a) the amount of rates concession received and (b) the number of rateable properties held by each of the top 10 ratepayers receiving the largest amounts of rates concession each year;
2. the percentage of properties with rates paid by tenants each year in respect of the properties held by the top 10 ratepayers receiving the largest amounts of rates concession as mentioned above;
3. (a) the total amount of rates concession received and (b) the number of rateable properties held by the top 11th-100th ratepayers receiving the largest amounts of rates concession; and the percentage of properties with rates paid by tenants.

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 4)

Reply:

1. The estimated figures of the top 10 ratepayers receiving the highest amounts of rates concession in the past 5 financial years are set out in the following table:

Ratepayers (excluding organisations providing subsidised housing)	2014-15		2015-16		2016-17		2017-18		2018-19	
	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements
1	36.0	16 974	50.9	16 444	51.1	16 128	51.1	16 093	102.6	15 645
2	8.6	4 571	16.9	5 560	13.7	4 732	14.7	5 108	29.3	5 038
3	8.2	5 995	11.6	5 826	13.1	5 802	13.2	5 611	24.9	5 488
4	6.9	3 117	9.9	2 050	9.3	2 720	9.5	2 736	19.6	2 047
5	6.1	2 534	9.5	2 604	8.7	2 792	8.4	2 710	19.5	2 705
6	6.1	2 075	8.3	2 192	8.0	2 048	8.0	2 040	17.4	2 748
7	5.6	2 200	7.1	2 320	7.4	1 957	7.1	1 870	14.8	1 785
8	3.1	1 044	4.5	1 044	4.4	1 447	4.6	1 253	9.9	2 133
9	2.9	1 291	4.2	1 108	4.4	1 195	4.5	1 559	9.6	1 289
10	2.9	1 145	4.0	1 185	4.2	1 044	4.4	1 205	8.9	1 258

2. Regarding the top 10 ratepayers estimated to receive the highest amounts of rates concession, the percentage of the relevant tenancy agreements providing for tenants to pay rates in respect of the past five years is tabulated as follows:

	2014	2015	2016	2017	2018
	Percentage				
Rates paid by tenants	85	85	82	85	82

3. Regarding the 11th to 100th ratepayers that would receive the highest amounts of rates concession, the relevant information for the past 5 years is set out in the following table:

Year	Ratepayers ranked from 11th – 100th (excluding organisations providing subsidised housing)	
	Amount of Rates Concession (\$ million)	Number of Rateable Tenements
2014-15	85.4	37 787
2015-16	124.5	36 637
2016-17	122.3	37 930
2017-18	123.5	38 374
2018-19	258.4	35 434

RVD does not maintain information concerning the tenancies of the tenements of the 11th to 100th ratepayers for the past 5 years.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)057**

**(Question Serial No. 3146)**

Head: (173) Working Family and Student Financial Assistance Agency  
Subhead (No. & title): (700) General non-recurrent  
Programme: ( )  
Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)  
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Since the announcement of the Caring and Sharing Scheme in March last year, the administrative cost incurred by the Working Family Allowance Office (WFAO) has included the setting up of a new office, development of information technology systems, installation of office automation facilities, recruitment of some 700 additional contract staff to process applications anticipated from about 3 million people at most, and provision of staff training, etc.

- a) What is the WFAO's estimated expenditure and manpower for the above initiatives in 2019-20?
- b) How many forms have been printed by the WFAO? What is the printing cost involved?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 24)

Reply:

- a) In 2019-20, the estimated one-off implementation costs for the Caring and Sharing Scheme (the Scheme) are about \$200 million, including the payment of staff salaries, office rental, IT expenses, publicity and printing costs, and other operating expenses. Moreover, the Scheme requires office automation facilities and a computer system at a one-off total non-recurrent cost of about \$19 million, which is funded under Head 710 Computerisation Block Vote of the Capital Works Reserve Fund. The estimated expenditure on relevant items in 2019-20 is about \$8 million.
- b) A total of 3 million application forms in Chinese and 480 000 application forms in English have been printed by the WFAO, and the printing cost involved is about \$4.2 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)058**

**(Question Serial No. 1426)**

Head: (173) Working Family and Student Financial Assistance Agency

Subhead (No. & title): (700) General non-recurrent

Programme: ( )

Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary announced the Caring and Sharing Scheme last year, under which an eligible person may receive a sum of \$4,000 or the difference between \$4,000 and the amount received under the requirement of the above fruit-sharing initiatives. What is the estimated expenditure for this large-scale scheme?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 42)

Reply:

The non-recurrent commitment required for the implementation of the Caring and Sharing Scheme (the Scheme) is about \$11.3 billion, including an estimated amount of about \$11 billion for the payments to eligible persons and one-off implementation costs of about \$300 million for payment of staff salaries, office rental, IT expenses, publicity and printing costs, and other operating expenses. Moreover, the Scheme requires office automation facilities and a computer system at a one-off total non-recurrent cost of about \$19 million, which is funded under Head 710 Computerisation Block Vote of the Capital Works Reserve Fund.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)059**

**(Question Serial No. 0803)**

Head: (173) Working Family and Student Financial Assistance Agency  
Subhead (No. & title): (700) General non-recurrent  
Programme: Not Specified  
Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)  
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Caring and Sharing Scheme under Item 804, which was a budget initiative approved under the Appropriation Bill 2018 with an approved commitment of \$11,316,000, please advise:

- (a) the usage of the revised estimated expenditure of \$70,915,000 for 2018-19, as well as the manpower and staff ranks involved;
- (b) the total number of application forms distributed so far;
- (c) the total number of general application forms received so far, with a breakdown of applications by economic activity status according to the categories of employed, unemployed, home-maker, retired person, student and others;
- (d) the total number of application forms received so far from physically immobile persons, persons in custody in Hong Kong and those in custody overseas; and
- (e) the total number of applicants with allowances disbursed so far, and the total amount disbursed.

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 34)

Reply:

The information sought is provided as follows:

- (a) The revised estimated expenditure of \$70.915 million for 2018-19 is for the payment of staff salaries, office rental, IT expenses, publicity and printing costs and other operating expenses. The ranks of staff involved are Systems Manager, Manager, Assistant Manager, Senior Clerk and Office Clerk, etc. As at 31 March 2019, the total number of staff was about 450.

- (b) As at 31 March 2019, a total of about 2.54 million application forms in Chinese and 370 000 application forms in English were distributed by the Working Family Allowance Office (WFAO).
- (c) The Caring and Sharing Scheme is open for applications from 1 February to 30 April 2019. As at 31 March 2019, the WFAO received a total of about 2.4 million application forms. As the WFAO takes time to process the applications, a breakdown by the applicants' economic activity status is unavailable at this stage.
- (d) The WFAO received a number of applications from physically immobile persons, persons in custody in Hong Kong and persons in custody overseas. As the WFAO takes time to process the related applications, a breakdown is unavailable at this stage.
- (e) The WFAO expects the first batch of applications to be approved with respective payments made in April 2019.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)060**

**(Question Serial No. 2564 )**

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

Subhead (No. & title): (000) Operational expenses

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:

The Treasury Branch will ensure that the resources available are directed towards those areas where they will be of most benefit to the community, with due regard to government affordability and fiscal sustainability. In this regard, please advise this Committee of the following:

1. How to determine government affordability? Are there any objective standards?
2. Of the estimated financial provision of \$180.1 million, what is the proportion to be used for the above-mentioned work?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 24)

Reply:

1. Article 107 of the Basic Law stipulates that "The Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product." In preparing the Medium Range Forecast of 2019-20 to 2023-24, the Government aims to achieve, over time, a balance in the consolidated account, and maintain an overall strong fiscal position.
2. The work mentioned above forms part of the daily work of the Financial Services and the Treasury Bureau (the Treasury Branch). We do not have a related breakdown and percentage of resources so allocated.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)061**

**(Question Serial No. 2666)**

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

Subhead (No. & title): ( )

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:

The Future Fund was set up by the Government in 2016. In its first 2 years of operation, the Fund achieved a composite rate of return of 4.5% and 9.6% respectively. It is mentioned in the Budget that the Financial Secretary “will invite several experienced persons in the financial services sector to advise (him) on the Fund’s investment strategies and portfolios to achieve more diversified investments”.

- (1) Whether the Bureau considers that the Future Fund is currently yielding a relatively low rate of return?
- (2) Will a target rate of return be set at a level of over 9.6% in the future? Has a limit of “lowest rate of return” been set?
- (3) How will the Bureau achieve the goal of “more diversified investments”? What are the items/areas currently excluded or prohibited from investment under the Future Fund but may be considered for investment from now on?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 52)

Reply:

This question is not directly related to Head 147. Our reply to the three parts of the question is summarised as follows:-

Since its establishment in 2016, the Future Fund is managed by the Hong Kong Monetary Authority (HKMA) by setting aside for placement with the Exchange Fund's Investment Portfolio and Long-Term Growth Portfolio. The Future Fund is a long-term investment tool with a view to securing higher return for fiscal reserves through longer-term investments. The Government does not set any targets on the investment return of the Future Fund.

The Financial Secretary announced in the 2019-20 Budget that he would invite several experienced leaders in the financial services sector to advise on the Future Fund's investment strategies and portfolios to achieve more diversified investments, so as to enhance return, while also consolidating Hong Kong's status as a financial, commercial and innovation centre, and raising Hong Kong's productivity and competitiveness in the long run. Shortly afterwards, the Financial Secretary has invited Dr Victor Fung to lead the group comprising Professor Lawrence Lau, Mr Peter Wong and Mr Norman Chan, the Chief Executive of HKMA. Upon receiving the advice and recommendations from the group, the Government will deliberate and decide if the investment strategies and arrangements of the Future Fund have to be adjusted.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)062**

**(Question Serial No. 0733)**

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

Subhead (No. & title): ( )

Programme: (3) Service Departments

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:

The new measures announced in the 2018 Policy Address will directly benefit the non-skilled workers in three aspects, which are concerned with contractual gratuity, statutory holiday pay and working when typhoon signal no. 8 or above is in force. The Government will revise the terms of the Standard Employment Contract and government service contracts, requiring government service contractors (GSCs) to provide these enhanced employment benefits. These measures will be applicable to service contracts tendered from 1 April 2019 onwards. Transitional arrangements will be in place for government service contracts at tendering stage or already awarded during the period between the announcement of the new measures in the Policy Address on 10 October 2018 and 31 March 2019. For government service contracts awarded during the transitional period, the procuring departments concerned will negotiate with the relevant GSCs to vary the contracts, thereby incorporating the new terms into these contracts and benefiting the non-skilled workers concerned from the new measures starting from 1 April 2019. In this connection, will the Government inform this Committee of the following:

1. the respective numbers of non-skilled workers and GSCs involved in relation to the above contracts;
2. the progress of negotiations with the GSCs concerned; and
3. the follow-up actions to be taken by the Government if contract variations cannot be made before 1 April, including any commitment to compensate the non-skilled workers concerned; if yes, the details; if no, the reasons for that.

Asked by: Hon CHIANG Lai-wan (LegCo internal reference no.: 27)

Reply:

According to the information provided by the procuring departments, over 13 000 non-skilled workers under some 170 tendered contracts (as of January 2019) will benefit from the transitional arrangements.

Procuring departments are working on contract variations with the relevant GSCs in full gear to enable the non-skilled workers concerned to benefit from the new measures starting from 1 April 2019. A GSC who accepts the variations to contract will be bound by the new contract terms to provide the new employment benefits to its non-skilled workers starting from 1 April 2019, regardless of the date of the execution of the varied contract.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)063**

**(Question Serial No. 1069)**

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

Subhead (No. & title): ( )

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:

As mentioned in paragraph 103 of this year's Budget, the Future Fund was set up by the Government in 2016. In its first 2 years of operation, the Fund achieved a composite rate of return of 4.5% and 9.6% respectively. The Government will explore ways to achieve more diversified investments. In this connection, will the Government advise this Committee of the following:

1. What were the investments made by the Future Fund in each of its first 2 years of operation? Was the actual rate of return on par with the estimated rate of return?
2. What is the estimated rate of return of the Fund in the next 3 years?
3. Given that the Government will explore ways to achieve more diversified investments, which types of investments will be included in the more diversified portfolio?
4. There have been calls for the Government to set up a new generation baby fund (also known as baby fund previously) for eligible children aged 18 or below. With contributions from the Government, families and third parties as well as investment returns, the fund aims to help our next generation make plans for further studies, purchase homes and prepare for critical illnesses. As such, will the Government consider making use of the investment returns from Future Fund and set up a new generation baby fund or similar funds?

Asked by: Hon CHIANG Lai-wan (LegCo internal reference no.: 9)

Reply:

This question is not directly related to Head 147. Our reply to the various parts of the question is summarised as follows:-

Since its establishment in 2016, the Future Fund is managed by the Hong Kong Monetary Authority (HKMA) by setting aside for placement with the Exchange Fund's Investment Portfolio and Long-Term Growth Portfolio. The Future Fund is a long-term investment tool with a view to securing higher return for fiscal reserves through longer-term investments. The Government does not set any targets on the investment return of the Future Fund.

The Financial Secretary announced in the 2019-20 Budget that he would invite several experienced leaders in the financial services sector to advise on the Future Fund's investment strategies and portfolios to achieve more diversified investments, so as to enhance return, while also consolidating Hong Kong's status as a financial, commercial and innovation centre, and raising Hong Kong's productivity and competitiveness in the long run. Shortly afterwards, the Financial Secretary has invited Dr Victor Fung to lead the group comprising Professor Lawrence Lau, Mr Peter Wong and Mr Norman Chan, the Chief Executive of HKMA. Upon receiving the advice and recommendations from the group, the Government will deliberate and decide if the investment strategies and arrangements of the Future Fund have to be adjusted.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)064**

**(Question Serial No. 0747)**

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

Subhead (No. & title): ( )

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:

It is mentioned in the Budget Speech that the Government's target is to bring the total number of Comprehensive Avoidance of Double Taxation Agreements (CDTAs) to 50 in the next few years.

1. What were the Bureau's manpower and expenditure for the relevant work in each of the past 3 years?
2. It is mentioned in the Speech that 13 of the tax jurisdictions which have signed CDTAs accounted for 73% of Hong Kong's total value of trade in 2017. Please set out in tabular form the shares of the 40 countries or places in Hong Kong's value of trade.
3. What are the objectives and detailed plans of the 10 additional CDTAs?

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 2)

Reply:

The Hong Kong Special Administrative Region (HKSAR) Government has all along endeavoured to expand Hong Kong's network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs). In 2018, we signed CDTAs with India and Finland respectively, bringing the total number of CDTAs to 40. Among the 40 CDTA partners, 13 are among the top 20 major trading partners of Hong Kong, with their total trade value reaching HK\$6,032 billion in 2017 and accounting for 73% of Hong Kong's total trade in 2017. As for the remaining 27 CDTA partners, their total trade value with Hong Kong in 2017 was HK\$303.7 billion, accounting for about 4% of Hong Kong's total trade in 2017.

The trade values of the 40 CDTA partners with Hong Kong and the respective shares in Hong Kong's total trade in 2017 are tabulated as follows:

	<b>Region</b>	<b>Trade Value (HK\$ billion)</b>	<b>Percentage Share (%)</b>
1	The Mainland of China	4,136.0	50.2
2	Japan	381.9	4.6
3	Korea	308.7	3.7
4	India	266.0	3.2
5	Thailand	143.8	1.7
6	Malaysia	143.5	1.7
7	Vietnam	141.3	1.7
8	United Kingdom	99.1	1.2
9	France	86.6	1.1
10	United Arab Emirates	84.8	1.0
11	Netherlands	84.6	1.0
12	Switzerland	82.2	1.0
13	Italy	73.5	0.9
14	Belgium	42.3	0.5
15	Indonesia	41.8	0.5
16	Mexico	35.5	0.4
17	Russia	29.7	0.4
18	Canada	28.7	0.3
19	Spain	21.7	0.3
20	South Africa	18.1	0.2
21	Hungary	16.0	0.2
22	Saudi Arabia	11.1	0.1
23	New Zealand	8.9	0.1
24	Czech	8.9	0.1
25	Austria	7.9	0.1
26	Ireland	7.3	0.1
27	Pakistan	5.1	0.1
28	Finland	3.9	<0.1
29	Portugal	3.9	<0.1
30	Romania	3.6	<0.1
31	Qatar	2.6	<0.1
32	Malta	2.2	<0.1
33	Kuwait	2.0	<0.1
34	Latvia	0.9	<0.1
35	Belarus	0.6	<0.1
36	Luxembourg	0.6	<0.1
37	Brunei	0.2	<0.1
38	Liechtenstein	0.2	<0.1



	<b>Region</b>	<b>Trade Value (HK\$ billion)</b>	<b>Percentage Share (%)</b>
39	Guernsey	Not available	Not available
40	Jersey	Not available	Not available

At present, Hong Kong is in CDTA negotiations with 15 tax jurisdictions, namely Bahrain, Bangladesh, Cambodia, Estonia, Israel, Maldives, North Macedonia, Nigeria, Serbia, Turkey, Cyprus, Germany, the Macao Special Administrative Region, Mauritius and Norway. The HKSAR Government will strive for early conclusion of the negotiations and signing of the agreements. We will also continue to proactively identify negotiation partners, in particular countries along the Belt and Road, with a view to bringing the total number of CDTAs to 50 over the next few years.

Since the coordination and negotiation of CDTAs form part of the regular duties of the Bureau, the manpower and expenditure involved have been included in the overall establishment and expenditure, and no breakdown of the expenditure is available.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)065**

**(Question Serial No. 0344)**

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

Subhead (No. & title): ( )

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:

The Treasury Branch's work under this Programme is to, among others, enhance tax transparency, combat tax evasion and minimise opportunities for tax avoidance. Please advise this Committee of how effective the work on combating tax evasion was over the past year of 2018-19, the expenditure involved, whether tax evasion cases are on a rising trend in recent years, and the people or sectors mainly involved in such cases. For the new year of 2019-20, what are the specific plans for this aspect of work? Are there any performance indicators? What is the estimated expenditure involved? Is additional funding and manpower required for this purpose?

Asked by: Hon CHUNG Kwok-pan (LegCo internal reference no.: 27)

Reply:

One of the responsibilities of the Treasury Branch of the Financial Services and the Treasury Bureau is to formulate and co-ordinate policies to combat tax evasion, whereas the relevant implementation and law enforcement work is taken up by the Inland Revenue Department (IRD).

All along, the IRD has been implementing various measures to combat tax evasion and prevent loss of tax revenue. According to information available to the IRD, there is no indication that the tax evasion cases are on the rise, nor is there any sign that the problem is particularly serious for a particular group of persons or type of business. In the financial years 2018-19 and 2019-20, the number of field audit and investigation cases anticipated to be completed and the associated amount of back tax and penalty assessed by the IRD are as follows:

	2018-19 (Revised Estimate)	2019-20 (Estimate)
Cases completed	1 800	1 800
Total back tax and penalty assessed (\$ million)	2,800 <sup>Note</sup>	2,500

Note: The anticipated amount of back tax and penalty assessed in 2018-19 is higher due to the settlement of a large tax avoidance case.

The key performance measures of IRD are set out in the Controlling Officer's Report of Head 76 – Inland Revenue Department.

In the financial year 2019-20, the establishment required (including the supporting departmental staff) for filed audit and tax investigation is similar to that of 2018-19, while the provision will increase by \$11.7 million (or 4.9%) as compared with the revised estimate for 2018-19, amounting to \$251 million. The increase is mainly due to the salary increments for staff.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)066**

**(Question Serial No. 2835)**

Head: (184) Transfers To Funds

Subhead (No. & title): (987) Payment to the Capital Investment Fund

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:

Expenditure from this Head is in respect of transfers to the various funds. The estimated amount of transfers to funds is \$7.074 billion in 2019-20. According to the Consolidated Summary of Estimates, the General Revenue Account (GRA) will record a revenue of \$470.223 billion and an expenditure of \$508.721 billion in 2019-20. It is only by taking into account the transfer of \$47.926 billion between funds that the GRA will record a surplus of \$9.428 billion after transfer. Please advise on the following:

1. Regarding the estimated transfer of \$7.074 billion under this Head, is the amount of \$55 billion from the Capital Works Reserve Fund (CWRP) first transferred to the GRA before the GRA transfers the money to the Capital Investment Fund (CIF), Disaster Relief Fund (DRF) and Loan Fund (LF)? If yes, what are the details? If no, what are the reasons?
2. The Housing Reserve will be brought back to the fiscal reserves over 4 financial years from 2019-20 onwards and the amount to be brought back in 2019-20 is about \$21 billion. Why is the money brought back not reflected in this Head? Which account and funds (the GRA and the 8 funds) will be used to retain the the Housing Reserve brought back?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 20)

Reply:

1. In general, the transfers between the GRA and the Funds do not follow any sequential order. The revenue and expenditure items of GRA are recorded in its revenue heads and expenditure heads respectively. A transfer from the CWRP to the GRA is a revenue item of the GRA. Transfers from the GRA to the CIF, the DRF and the LF are expenditure items of the GRA. They are recorded under Subhead 987 Payment to the CIF (\$6 billion), Subhead 990 Payment to the DRF (\$74 million) and Subhead 988 Payment to the LF (\$1 billion) respectively.
2. The amount to be brought back from the Housing Reserve to the fiscal reserves in 2019-20 is a revenue item of the GRA. It is recorded under the GRA Revenue Head 7 Subhead 040 Investment income and interest.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)067**

**(Question Serial No. 1098)**

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

Subhead (No. & title): ( )

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:

Tax evasion is detrimental to the tax law of Hong Kong. There have been a number of “serious tax evasion” cases in Hong Kong and some of them even involved international companies or banks suspected of assisting customers in tax evasion through means such as trust funds, shell companies, offshore accounts, etc. In this regard, will the Government inform this Committee of the following:

1. Has the Hong Kong Monetary Authority collaborated with overseas tax regulators in intelligence exchange for investigation of the cases concerned? If yes, please state the details; if no, the reasons.
2. Has the Administration assessed whether the mechanisms and legislation in Hong Kong are adequate to combat the activities carried out by banks to help customers evade taxes, conceal assets or launder money? What are the measures in place to prevent local banks from carrying out these activities through their overseas branches?
3. Please explain in details the support measures taken to facilitate the carrying out of such investigation and the estimated expenditure of each measure.
4. How effective are the efforts made in recent years to combat tax evasion? What are the expenditure and manpower involved?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 19)

Reply:

The Treasury Branch of the Financial Services and the Treasury Bureau is responsible for formulating and co-ordinating policies to combat tax evasion, whereas the relevant implementation and law enforcement work is taken up by the Inland Revenue Department (IRD).

Designated officers in the IRD carry out field audits and investigations on relevant taxpayers with a view to combating tax evasion and tax avoidance. During the audit and investigation, the IRD can, as empowered by the Inland Revenue Ordinance (IRO), issue formal notices to relevant persons (e.g. financial institutions) to request relevant information (e.g. customers' information) in their possession for examination.

In addition, the IRD can obtain tax information from other tax jurisdictions under the existing mechanism to facilitate investigation into suspected cases of cross boarder evasion. The IRD can, where necessary, lodge exchange of information requests to other tax jurisdictions under the Comprehensive Avoidance of Double Taxation Agreements, Tax Information Exchange Agreements and the Convention on Mutual Administrative Assistance in Tax Matters. Furthermore, Hong Kong has implemented the arrangement for automatic exchange of financial account information in tax matters (AEOI), and the IRD conducted the first AEOI with the tax authorities of the relevant jurisdictions in September and October 2018. Under the AEOI standard, financial institutions (including custodial institutions, depository institutions, investment entities and specified insurance companies) are required to identify financial accounts held by tax residents of reportable jurisdictions or held by passive non-financial entities whose controlling persons are tax residents of reportable jurisdictions, to collect and to furnish to the IRD the required information of these accounts.

Hong Kong has also implemented the action package promulgated by the Organisation for Economic Co-operation and Development to counter base erosion and profit shifting by multinational enterprises. The action package includes, among others, the exchange of country-by-country reports (CbC reports) filed by multinational enterprises with other tax jurisdictions. The IRD will conduct risk assessment with respect to the information provided in the CbC reports received and identify potential tax avoidance cases for further review.

In case of discrepancies upon audits and investigations, the IRD can raise additional assessment, and where appropriate, impose penalties or institute prosecutions. The efforts made by the IRD to combat tax evasion in recent years are shown as follows:-

	2015-16	2016-17	2017-18	2018-19 (revised estimates)
Cases completed	1 804	1 801	1 804	1 800
Total back tax and penalty assessed (\$ million)	2,538.3	2,528.4	2,526.2	2,800.0

In the financial year 2019-20, the establishment of the Field Audit and Investigation Unit (including supporting departmental staff) is 269, whilst the estimated provision for conducting field audits and investigations amounts to \$251 million. Since the work related to exchange of tax information forms part of the regular duties of the IRD, the manpower and expenditure involved have been included in the overall establishment and expenditure of the IRD, and no breakdown of the expenditure is available.

The Hong Kong Monetary Authority (HKMA) is responsible for banking supervision and is not involved in the implementation and enforcement of the IRO. One of the HKMA's duties is to protect the banking system from being abused as the channels for money laundering. Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, banks are required to conduct customer due diligence, keep records and implement other measures to combat money laundering and terrorist financing. Besides, banks are required to report suspicious transactions according to the requirements of the Organized and Serious Crimes Ordinance. The HKMA continuously reviews the effectiveness of banks in implementing the anti-money laundering controls through provision of guidance and ongoing supervision.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)068**

**(Question Serial No. 1099)**

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

Subhead (No. & title): ( )

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:

The functions of the Belt and Road Initiative are mentioned in this year's Budget Speech, demonstrating the importance which the Hong Kong Government attaches to the Belt and Road Initiative. Hong Kong has signed Comprehensive Avoidance of Double Taxation Agreements (CDTAs) with many tax jurisdictions to avoid double taxation between 2 countries or places. In this connection, will the Government inform this Committee:

1. of the latest number of CDTAs signed between the Hong Kong Government and other major economies;
2. of the tax jurisdictions with which Hong Kong are pursuing CDTA negotiations, the relevant progress and the specific timetable; and
3. whether it has any plan to expedite the signing of CDTAs with the Belt and Road countries in order to promote cross-border investment; if yes, of the details; if not, the reasons for that?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 20)

Reply:

The Hong Kong Special Administrative Region (HKSAR) Government has all along endeavoured to expand Hong Kong's network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs). In 2018, we signed CDTAs with India and Finland respectively, bringing the total number of CDTAs to 40. Among the 40 CDTAs, 24 were signed with countries along the Belt and Road. The HKSAR Government will continue to proactively identify negotiation partners, in particular countries along the Belt and Road, with a view to bringing the total number of CDTAs to 50 over the next few years.

At present, Hong Kong is in CDTA negotiations with 15 tax jurisdictions, namely Bahrain, Bangladesh, Cambodia, Estonia, Israel, Maldives, North Macedonia, Nigeria, Serbia, Turkey, Cyprus, Germany, the Macao Special Administrative Region, Mauritius and Norway. The first ten are countries along the Belt and Road. The HKSAR Government will strive for early conclusion of the negotiations and signing of the agreements.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)069**

**(Question Serial No. 0904)**

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

Subhead (No. & title): ( )

Programme: ( )

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:

The current accumulated balance of the Housing Reserve is \$82.4 billion. The Government will bring back the Housing Reserve to the fiscal reserves over a period of 4 years, and at the same time earmark the same amount in the fiscal reserves for public housing development. Please advise this Committee on the following:

- (1) the respective amounts of the Housing Reserve to be brought back by the Government in the financial year of 2019-20 and the next 3 financial years;
- (2) the surplus or deficit forecast by the Government for the financial year of 2019-20 after deducting the amount of the Housing Reserve to be brought back; and
- (3) whether the Government will undertake to earmark in the fiscal reserves in the financial years of 2020-21, 2021-22 and 2022-23 an amount equivalent to that of the Housing Reserve to be brought back in the respective year for public housing development.

Asked by: Hon IP LAU Suk-ye, Regina (LegCo internal reference no.: 10)

Reply:

This question is not directly relevant to Head 147.

- (1) The Government announced the establishment of the Housing Reserve in 2014. As at 31 December 2018, its balance was about \$82.4 billion. To avoid distorting the Government's financial position in a particular year, the sum to be brought back from the Housing Reserve to the fiscal reserves will be spread over 4 financial years from 2019-20 to 2022-23.

- (2) Deducting the amount of \$21.2 billion of the Housing Reserve to be brought back in 2019-20, a consolidated deficit of \$4.4 billion is expected to be recorded in the year.
- (3) The balance of the Hong Kong Housing Authority in the coming few years is expected to exceed \$40 billion. There will be no need to draw on the Housing Reserve in the foreseeable future. In bringing back the Housing Reserve to the fiscal reserves, the Government has earmarked the same amount (i.e. \$82.4 billion) in the fiscal reserves for public housing development to demonstrate the Government's firm commitment.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)070****(Question Serial No. 2507)**

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

Subhead (No. & title): (281) Air passenger departure tax administration fees

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:

Regarding Subhead 281 under Head 147, please inform this Committee by using the table below the names of airlines, helicopter companies and the Civil Aviation Department's agents that have been paid the administration fees concerned over the past 3 financial years, as well as a breakdown by company of the percentage and amount of the administration fees payable to the company in its air passenger departure tax (APDT) collected for the Government in each year.

	2016-17 Financial Year (Amount)	2016-17 Financial Year (Percentage in the APDT collected)	2017-18 Financial Year (Amount)	2017-18 Financial Year (Percentage in the APDT collected)	2018-19 Financial Year (Amount)	2018-19 Financial Year (Percentage in the APDT collected)
Airline A						
Airline B						

Asked by: Hon KWOK Wing-hang, Dennis (LegCo internal reference no.: 82)

Reply:

Under the Air Passenger Departure Tax Ordinance (Cap. 140), airlines and helicopter companies are responsible for collecting air passenger departure tax (APDT) from departing passengers and handling refunds of the APDT on behalf of the Government. The Government pays to the company concerned an administration fee (which is calculated as a specified percentage of the APDT) in respect of each passenger who has paid the APDT. The administration costs incurred for the collection of the APDT on behalf of the Government vary according to the passengers' mode of departure. The administration fee payable by the Government for passengers departing from the Hong Kong International Airport (HKIA) is 2.322% of the APDT, while that payable for those departing by helicopters is 1.24% of the APDT. For passengers who arrive at the HKIA SkyPier from the Mainland by sea for the purpose of transferring to an aircraft that departs from Hong Kong, the administration fee payable by the Government is 1% of the APDT.

Furthermore, the Civil Aviation Department has set up an Air Passenger Departure Tax Counter at the HKIA, where a contractor, to whom service fees are paid by the Government, processes applications for exemption and refund of the APDT. The service concerned is acquired through open tender procedures, and the service fees are determined based on the tender results.

The amount of the APDT collected by the Government, the total amount of administration fees paid to airlines and helicopter companies and the service fees paid to the contractor by the Government in accordance with the aforesaid mechanism from 2016-17 to 2018-19 are set out below –

	2016-17	2017-18	2018-19 (as at 28 February 2019)
Amount of the APDT Collected (\$m)	2,598	2,737	2,665
Total Amount of Administration Fees Paid to Airlines and Helicopter Companies (\$m)	62.4	65.1	62.9
Amount of Service Fees Paid to the Contractor (\$m)	1.4	1.5	1.4

As about 100 airlines and helicopter companies are involved in the aforesaid mechanism, it takes considerable time to compile the statistics and prepare a breakdown of the administration fee paid to each airline and helicopter company in each year. Information on the total amount of administration fees is provided here to ensure that the question raised is properly responded to in a timely manner.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)071**

**(Question Serial No. 1876)**

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

Subhead (No. & title): ( )

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:

The Financial Secretary stated he will invite several experienced persons in the financial services sector to advise him on the Future Fund's investment strategies and portfolios to achieve more diversified funds.

- (1). Please provide a breakdown of the manpower and expenditure involved in the investment strategies and portfolios of the Future Fund in 2017-2018, 2018-2019, and 2019-2020.
- (2). Please provide a breakdown of the proposed salary expenses that will go towards paying the "several experienced persons" mentioned above.

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 225)

Reply:

This question is not directly related to Head 147.

- (1). Since its establishment in 2016, the Future Fund is managed by the Hong Kong Monetary Authority. The Financial Services and the Treasury Bureau (The Treasury Branch) does not participate in the management of investment strategies and portfolios of the Future Fund.
- (2). The experienced persons in the financial services sector who have been invited to make recommendations on the investment strategies and portfolios of the Future Fund are non-remunerated.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)072**

**(Question Serial No.1889)**

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

Subhead (No. & title): (000) Operational Expenses

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:

The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) aims to develop Hong Kong as a competitive and knowledge-based economy by increasing the added value and productivity of Hong Kong's industries and enhancing the long-term competitiveness of small and medium enterprises (SME).

The Inland Revenue Ordinance provides an immediate writing off to be allowed for capital expenditure on plant and machinery specifically related to manufacturing, and on computer hardware and software.

a. What is the breakdown of the manpower and expenditure involved in monitoring and reviewing the above policy?

b. What is the breakdown of the number of cases qualified for the tax concession in each of the past financial years since the induction of the aforementioned profit tax deduction? If available, what is the total amount in tax saved by the public in each respective financial year since the induction of the scheme?

c. Has the Bureau analysed the effectiveness in terms of economic benefits of the aforementioned profit tax deduction? If no, why not? If yes, what are the conclusions drawn?

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 220)



Reply:

- a. It is part of the Financial Services and the Treasury Bureau (The Treasury Branch)'s work to maintain a simple and low tax system in order to encourage investments and facilitates businesses. Since monitoring and reviewing the deduction for capital expenditure incurred on manufacturing machinery and plant and on computer hardware and software are part of the Inland Revenue Department's day-to-day responsibilities, there is no breakdown of manpower and expenditure involved in this regard.
- b. The number of cases and the deduction amount regarding the capital expenditure on manufacturing machinery and plant and on computer hardware and software in the past 5 years are as follows:

Financial Year	Capital expenditure on manufacturing machinery and plant		Capital expenditure on computer hardware and software	
	No. of cases	Deduction amount (\$million)	No. of cases	Deduction amount (\$million)
2014/15	868	1,511	31 036	18,828
2015/16	773	1,051	29 386	20,387
2016/17	702	879	27 597	18,408
2017/18	616	1,026	25 523	23,678
2018/19*	579	865	23 637	22,189

\* As at 28 February 2019

Note: The deduction for capital expenditure on manufacturing machinery and plant and on computer hardware and software has taken effect since the year of assessment 1998/99. To ensure timely response to the question, we only provide the relevant information for the past 5 years.

- c. The deduction for concerned capital expenditure serves to encourage enterprises in upgrading their business and enhancing their productivity, which also facilitates the development of the relevant support services. While it is difficult to quantify the specific economic benefits, it has a positive impact on boosting the economic development of Hong Kong.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)073**

**(Question Serial No. 2192)**

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

Subhead (No. & title): ( )

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:

The Financial Secretary indicated in a media interview on 1 March 2018 that he had carefully considered the issue of tax deduction for rents and found it relatively difficult to put forward the measure in the year. He said “such deduction would require adjustments to the Inland Revenue Department’s computer system. There are considerations on the operational details and whether problems may arise from such details. We are still studying the matter.” Did the Bureau draw up the operational details on tax deduction for rents and adjust the computer system in 2018-19? If yes, what were the relevant expenditure and manpower involved? If no, what are the reasons?

Asked by: Hon OR Chong-shing, Wilson (LegCo internal reference no.: 1)

Reply:

The Government appreciates the pressure of rental expenses on members of the public, and had therefore deliberated over the provision of tax deduction for rental expenses on residential properties. After careful consideration, however, we are of the view that in the midst of the tight housing supply, it is not an appropriate time to provide tax deduction for rental expenses on residential properties as it may prompt some landlords to raise the rent, thereby affecting the tenants.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)074**

**(Question Serial No. 2193)**

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

Subhead (No. & title): ( )

Programme: ( )

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:

It is mentioned in the Budget that “(the Financial Secretary) will bring back the Housing Reserve to the fiscal reserves. At the same time, (he) will earmark the same amount in the fiscal reserves for public housing development to demonstrate the Government’s firm commitment.” In this regard, apart from the current accumulated balance of \$82.4 billion, will the Government continue to earmark new provision in the fiscal reserves for public housing development? If yes, will there be any ceiling for the provision and what will be the ceiling? If no, will investment income generated from the said \$82.4 billion be included in the provision?

Asked by: Hon OR Chong-shing, Wilson (LegCo internal reference no.: 2)

Reply:

This question is not directly relevant to Head 147.

The balance of the Hong Kong Housing Authority in the coming few years is expected to exceed \$40 billion. There will be no need to draw on the Housing Reserve in the foreseeable future. The balance of \$82.4 billion of the Housing Reserve to be brought back to the fiscal reserves has included the accumulated investment earnings of the Housing Reserve since its establishment in 2014. In the 2019-20 Budget, the Financial Secretary has earmarked the same amount (i.e. \$82.4 billion) in the fiscal reserves for public housing development to demonstrate the Government’s firm commitment.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)075**

**(Question Serial No. 2210)**

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

Subhead (No. & title): ( )

Programme: (3) Service Departments

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:

Regarding support services provided to departments, please advise this Committee on the following:

It is mentioned in the Estimates that “the Treasury Branch will roll out the pro-innovation government procurement policy”. What does it mean by “pro-innovation” government procurement policy? Are there any standards/principles?

Asked by: Hon OR Chong-shing, Wilson (LegCo internal reference no.: 48)

Reply:

The Government has introduced a pro-innovation government procurement policy since 1 April 2019 to encourage tenderers to submit innovative proposals. The new policy provides an enabling environment for starts-ups and small and medium-sized enterprises (SMEs), and help tenderers with innovative proposals to stand a better chance of winning government contracts. The new policy applies to the procurement of stores, general services and revenue contracts.

All along, the Government procures along the principles of fair competition, transparency and integrity. Under the new policy, embracing innovation has become one of the procurement principles in addition to the three principles mentioned above, with a view to enabling the Government to procure stores and services that are value for money to support Government's programmes and activities. When buying for the Government, procuring departments should assess whether the tender proposals are value for money, with an emphasis on the overall positive value brought about by the procurement. That includes the benefits to the effectiveness and efficiency of the services provided, as opposed to buying the cheapest.

In terms of government procurement, innovative proposals may include technological innovation, or ideas with no technology content and not envisaged by procuring departments that may create positive value to the Government / the public, or help achieve defined policy objectives of the Government. Examples include innovative ways to deliver public service, or contribution to other social benefits in the course of public services provision.

To allow greater room for consideration of innovative elements, the new policy encourages procuring departments to adopt marking schemes more widely and compare bids on quality in addition to price. The normally allowed range of technical weighting in tender assessment will be raised from the current 30% - 40% to 50% - 70%, of which a minimum percentage of marks will be preserved for assessing innovative proposals submitted by tenderers. The price weighting will accordingly adjust downward from the current 60% - 70% to 30% - 50%.

As SMEs and start-ups may have limited experience and track record (especially in undertaking government contracts), the new policy requires that, as a general rule, departments should not set tenderers' experience as an essential requirement for participating in procurement unless absolutely necessary and with prior approval. The new requirement will help minimise the entry barriers and encourage the participation of SMEs and start-ups. To avoid placing these enterprises in an unduly disadvantageous position, the new policy also requires that tenderers' experience (not being an essential requirement) should generally account for no more than 15% of the total technical marks in the marking schemes.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)076**

**(Question Serial No. 0583)**

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

Subhead (No. & title): ( )

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:

It is stated in paragraph 106 of the Budget Speech that "I will transfer the Tax Policy Unit, currently under the Financial Services and the Treasury Bureau, to come directly under the Financial Secretary's Office, and provide additional resources as and when necessary". In this connection, please inform this Committee of:

- (1) the staffing establishment, estimated expenditure and effectiveness of the Tax Policy Unit previously in 2017-18 and in 2018-19;
- (2) the specific work and effectiveness of the Tax Policy Unit in 2017-18; and
- (3) the reasons for transferring the Tax Policy Unit, currently under the Financial Services and the Treasury Bureau, to come directly under the Financial Secretary's Office.

Asked by: Hon TIEN Puk-sun, Michael (LegCo internal reference no.: 11)

Reply:

In the 2017-18 Budget, the Financial Secretary announced the setting-up of a Tax Policy Unit (TPU) in the Financial Services and the Treasury Bureau. Upon its establishment in April 2017, the TPU made it a priority to facilitate the development of Hong Kong's industries and economy through tax policy. So far, the TPU has assisted in implementing tax measures such as the two-tiered profits tax rates regime and the provision of enhanced tax deduction for research and development expenditure. The TPU has also helped different policy bureaux study tax measures related to their respective policy areas, such as the insurance industry and ship leasing business.

Currently, the TPU has 2 tax professionals and 1 clerical support officer. The actual expenditure on salary in 2017-18 was \$1.26 million while the estimated expenditure on salary for 2018-19 is \$3 million.

With global requirements and competition in taxation matters becoming more complex and Hong Kong moving towards a diversifying economy, the Government will closely monitor international developments on tax requirements and ensure compliance, while introducing tax measures strategically to enhance Hong Kong's competitiveness and ensure stability of our tax revenue. To better support the Government's overall efforts in economic development, the TPU will be transferred to come directly under the Financial Secretary's Office with effect from 1 July 2019. No additional resources will be involved in the transfer. The Government will provide the TPU with extra resources according to its operational needs with a view to strengthening its role.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)077**

**(Question Serial No. 0587)**

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

Subhead (No. & title): ( )

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:

On the work to “maintain a simple and low tax system which encourages investments and facilitates businesses” in 2018-19, please inform this Committee:

- (1) of the staffing provision, estimated expenditure involved and achievements made by those responsible for taking forward the above work in 2018-19;
- (2) of the specific details of the policy “Hong Kong taxation for Hong Kong people” announced in 2018, of which the Director of Bureau also indicated earlier the intention of its implementation;
- (3) in light of Paper No.1 of 2019 on “Certain Policy Measures for Further Promoting Science and Technological Innovation in Guangdong Province” issued by the Guangdong Provincial Government which contains major breakthrough measures for attracting scientific research talents such as alleviating the individual income tax burden on the salaries derived by Hong Kong and Macao talents and foreign high-level personnel working in Guangdong and offering a subsidy based on the individual income tax differential between the Mainland and places abroad by the 9 municipalities of the Pearl River Delta, of the number of Hong Kong people working in the 9 municipalities of the Pearl River Delta, the number of subsidy applications made and the amount of subsidy granted.

Asked by: Hon TIEN Puk-sun, Michael (LegCo internal reference no.: 15)



Reply:

- (1) As formulating tax policies and handling related matters are part of the regular duties of the relevant staff in the Treasury Branch of the Financial Services and the Treasury Bureau, we do not have a breakdown of the staffing or expenditure involved.
- (2) and (3) We have all along been actively liaising with the Central Government to alleviate the tax burden of Hong Kong people working in the Greater Bay Area, with a view to encouraging more Hong Kong people to work there and enhance talent flow as well as economic development within the area.

Currently, Hengqin of Zhuhai and Qianhai of Shenzhen have put in place preferential policies for which financial subsidies would be provided by the local governments such that for Hong Kong people working in the Mainland fulfilling specified conditions, their actual tax burden will be largely the same as their tax burden in Hong Kong. The Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area announced the policy initiative regarding the financial subsidies provided for non-Mainland talents for individual income tax differential on 1 March 2019. For non-Mainland high-level and high-demand talents (including those from Hong Kong, Macao and Taiwan) working in the nine municipalities of the Guangdong-Hong Kong-Macao Greater Bay Area fulfilling certain conditions, the municipal governments will provide financial subsidies from 2019 to 2023 based on individual income tax differential between the Mainland and outside the Mainland and such financial subsidies are not subject to individual income tax.

We will continue to maintain close communication with the Mainland authorities to understand more about the implementation of the financial subsidies concerned.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)078**

**(Question Serial No. 0465)**

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

Subhead (No. & title): ( )

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:

The Financial Secretary stated in paragraph 106 of the Budget Speech that he “will transfer the Tax Policy Unit, currently under the Financial Services and the Treasury Bureau, to come directly under the Financial Secretary’s Office, and provide additional resources as and when necessary.” In this regard:

1. What are the current establishment and annual expenditure of the Tax Policy Unit? What are the estimated establishment and expenditure changes of the Unit following its transfer to the Financial Secretary’s Office?
2. What are the past achievements of the Unit (for example, the numbers of policy recommendations put forward and those taken on board by the Government)? As the transfer of the Unit to the Financial Secretary’s Office will take effect only from July 2019 onwards, does the Unit have any on-going research projects at present?
3. What benefits are expected to be brought by placing the Unit under the Financial Secretary? How will the functions or work pattern of the Unit change? Meanwhile, is there any proposed scope of policy research areas?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 2)

Reply:

In the 2017-18 Budget, the Financial Secretary announced the setting-up of a Tax Policy Unit (TPU) in the Financial Services and the Treasury Bureau. Upon its establishment in April 2017, the TPU made it a priority to facilitate the development of Hong Kong's industries and economy through tax policy. So far, the TPU has assisted in implementing tax measures such as the two-tiered profits tax rates regime and the provision of enhanced tax deduction for research and development expenditure. The TPU has also helped different policy bureaux study tax measures related to their respective policy areas, such as the insurance industry and ship leasing business.

With global requirements and competition in taxation matters becoming more complex and Hong Kong moving towards a diversifying economy, the Government will closely monitor international developments on tax requirements and ensure compliance, while introducing tax measures strategically to enhance Hong Kong's competitiveness and ensure stability of our tax revenue. To better support the Government's overall efforts in economic development, the TPU will be transferred to come directly under the Financial Secretary's Office with effect from 1 July 2019. The manpower of the TPU will remain the same in 2019-20, with 2 non-civil service contract staff members at a rank equivalent to Senior Assessor and 1 Assistant Clerical Officer. The estimated expenditure on salary will be roughly the same as that of 2018-19 at about \$3 million. No additional resources will be involved in the transfer. The Government will provide the TPU with extra resources according to its operational needs with a view to strengthening its role.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)079**

**(Question Serial No. 0890)**

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

Subhead (No. & title): ( )

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:

Last year, the Government submitted to the Legislative Council (LegCo) possible options for modifying the rates concession mechanism, including the option that rates concession would be granted to one property only. The LegCo however failed to have consensus on the matter. In this regards:

1. Has the Treasury Branch continued the study on options for modifying the rates concession mechanism? If it has, what is the staffing provision/rank(s) involved in undertaking the above work? What are the direction and progress of the current study? When will the proposal be expected to be submitted to the LegCo again?
2. If there has not been continued studies on the options, will the Government consider, when proposing further rates concession measures for the Budget in the future, making use of other policies to make the concession measures fairer, including setting the maximum rateable value to be waived of eligible properties (such as limiting the waiver to private properties or properties with rateable values below a specified amount)?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 3)

Reply:

In response to the request made earlier by Legislative Council Members, the Financial Services and the Treasury Bureau reviewed the rates concession mechanism last year, and submitted a number of possible options for modifying the mechanism to the Panel on Financial Affairs on 18 December 2018. After considering the pros and cons of different options, most Members objected to modifying the existing rates concession mechanism. Their main concern was that tenants who were required to pay rates under the tenancy agreements would be affected and no longer be able to benefit from rates concession. As most Members had reservations about modifying the long-established rates concession mechanism, this Bureau ceased to study the issue further, and will continue to adopt the current mechanism.

In the recently released 2019-20 Budget, the Financial Secretary announced the measure of waiving rates for 4 quarters of 2019-20, subject to a ceiling of \$1,500 per quarter for each rateable property. This proposal is estimated to benefit 3.29 million properties. The implementation arrangement for providing rates concession is the same as before.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)080**

**(Question Serial No. 1439)**

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

Subhead (No. & title): ( )

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:

The Financial Secretary said in paragraph 103 of the Budget Speech that “To further optimise the use of the Future Fund, I will invite several experienced persons in the financial services sector to advise me on the Fund’s investment strategies and portfolios to achieve more diversified investments.” In this regard:

1. Please provide the financial information such as the annual balance at beginning/end of year, surplus for the year, rates of return and top-ups of the Future Fund since its establishment.
2. In view of the 13.8% annualised internal rate of return achieved by the Exchange Fund’s Long-Term Growth Portfolio (LTGP) from 2009 to end-September 2018 and the investment of part of the Future Fund in LTGP, will the rate of return of the Future Fund’s “diversified investments” required by the Financial Secretary higher than the rate of return achieved by LTGP? If no, is there any preliminary target rate of return?
3. What are the details of the “diversified investments” (such as the anticipated amounts of investment, proposed investment scopes, rates of return and investment start dates)?
4. As the Government indicated earlier that the Future Fund would be subject to the investment management regime of the Exchange Fund and the oversight by the Exchange Fund Advisory Committee (LC Paper No. CB(1)337/15-16(01)), is it necessary to consult the Exchange Fund Advisory Committee on the use of the Future Fund for “diversified investments”? Will the money be eventually given to the Hong Kong Monetary Authority for investment? Does the power of making final investment decisions rest with the Hong Kong Monetary Authority?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 1)

Reply:

This question is not directly related to Head 147.

- 1-2. The Future Fund was established in January 2016 with an initial endowment of \$219.7 billion from the balance of the Land Fund. In July 2016, the Government further injected \$4.8 billion, representing one-third of the consolidated surplus in 2015-16, into the Fund. The Future Fund is a long-term investment tool with a view to securing higher return for fiscal reserves through longer-term investments. The composite rates of return of the Future Fund were 4.5% and 9.6% for 2016 and 2017 respectively, and the corresponding investment returns amounted to \$10.1 billion and \$22.7 billion. The figures for 2018 will be announced in late April 2019. The ending balances of the Future Fund in 2016 and 2017 were \$234.6 billion and \$257.3 billion respectively. The Government does not set any targets on the investment return of the Future Fund.
  
- 3-4. Since its establishment, the Future Fund is managed by the Hong Kong Monetary Authority (HKMA). The Financial Secretary announced in the 2019-20 Budget that he would invite several experienced leaders in the financial services sector to advise on the Future Fund's investment strategies and portfolios to achieve more diversified investments, so as to enhance return, while also consolidating Hong Kong's status as a financial, commercial and innovation centre, and raising Hong Kong's productivity and competitiveness in the long run. Shortly afterwards, the Financial Secretary has invited Dr Victor Fung to lead the group comprising Professor Lawrence Lau, Mr Peter Wong and Mr Norman Chan, the Chief Executive of HKMA. Upon receiving the advice and recommendations from the group, the Government will deliberate and decide if the investment strategies and arrangements of the Future Fund have to be adjusted.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)081**

**(Question Serial No. 1455)**

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

Subhead (No. & title): ( )

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:

Under section 52 of the Stamp Duty Ordinance (SDO), the Chief Executive (CE) may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty. Please advise on the following:

- (a) Since 2012, has the CE's Office noted or assisted in any remission of the stamp duty payable or refund of the stamp duty paid granted by the CE under section 52 of the SDO? If yes, how many requests were received each year? Among them, how many instruments were granted remission or refund of stamp duty by the CE under section 52 of the SDO? What were the number of residential properties and the amount of stamp duty involved? How many instruments were rejected by the CE for the grant of remission or refund of stamp duty under section 52 of the SDO?
- (b) For instruments which were granted remission or refund of stamp duty by the CE under section 52 of the SDO, how many involved the requests from Newman Investment Company Limited in each of the years since 2012? What were the number of residential properties and the amount of stamp duty involved?
- (c) What are the criteria for the CE to grant remission or refund of stamp duty under section 52 of the SDO? Why did the CE grant the remission or refund of the stamp duty payable or paid by Newman Investment Company Limited under section 52 of the SDO? Will the reasons of grant be provided in writing in the notice to the Inland Revenue Department?
- (d) When granting remission or refund of stamp duty under section 52 of the SDO, is there no need for the CE to be aware of, have regard to or verify whether the residential property concerned is used for self-occupation or rental purpose?



- (e) Has the CE received any requests for remission of the stamp duty payable or refund of the stamp duty paid under section 52 of the SDO from Hong Kong permanent residents who have their eligibility for Hong Kong Permanent Identity Cards (HKID cards) verified and their applications for HKID cards processed by the Immigration Department but were not yet issued with their HKID cards at the time of their purchase of residential properties for self-occupation, rendering them being subject to double stamp duty despite their exemption from the Buyer's Stamp Duty? If yes, how many such requests have been received? Has the CE granted any remission of the stamp duty payable or refund of the stamp duty paid under section 52 of the SDO? If yes, how many such requests were granted and what are the reasons for that? If no, how many such requests were rejected and what are the reasons for that?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 42)

Reply:

- (a) to (d) Under section 52(1) of the Stamp Duty Ordinance (SDO), the Chief Executive (CE) may remit, wholly or in part, the stamp duty payable, or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty. The CE has authorised relevant officials of the Financial Services and the Treasury Bureau to exercise the power under section 52(1) of the SDO. The CE and the CE's Office are not involved in the vetting and approval of these cases.

The number of remissions of stamp duty on shares under section 52 of the SDO from the 2014-15 to 2018-19 financial years is tabulated below. The remissions are related to the stamp duty concession offered by the 2010-11 Budget to exchange traded funds. Prior to the passage of the relevant Amendment Bill, remission of stamp duty on shares were made under section 52 of the SDO. Following the implementation of the Amendment Bill on 13 February 2015, no such remissions have been made under section 52 of the SDO since the 2015-16 financial year.

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19 (As at 28 February 2019)
Number of remissions	4	0	0	0	0

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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. 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. Information of stamp duty remission given to these properties under section 52 of the SDO from the 2014-15 to 2018-19 financial years is tabulated below:

Financial year	Organisation	Stamp duty involved (\$ Million)	No. of properties involved
2014-15	Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (LOCPG)	52.3	6
2015-16	Ministry of Commerce of the People's Republic of China	3.6	8
	Subsidiary company of the LOCPG	15.6	15
2016-17	Subsidiary company of the LOCPG	8.4	8
2018-19 (As at 28 February 2019)	Subsidiary company of the LOCPG	47.9	25

In addition, the Government also exempted a public organisation from the stamp duty involved in the assignment of the railway portion under section 52 of the SDO in the 2017-18 financial year. Due to the special nature of railway projects, the Government has not assessed the amount of stamp duty involved.

- (e) For the acquisition of residential properties by people who hold only a “Notice of Application Result for Verification of Eligibility for Permanent Identity Card” issued by the Immigration Department or who have not been issued with a valid Hong Kong Permanent Identity Card, these people are not considered to be Hong Kong permanent residents and are subject to the Buyer’s Stamp Duty and the ad valorem stamp duty at the rate under Part 1 of Scale 1. The Government will not approve the application for remission of stamp duty payable or refund of stamp duty paid. 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 a Hong Kong permanent resident under the SDO.

The Government will not comment on individual cases or disclose the relevant information.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)082**

**(Question Serial No.0809 )**

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

Subhead (No. & title): ( )

Programme: ( )

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:

One of the duties of the Treasury Branch is “to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes”. Last year, in its reply to my question raised in the examination of the Estimates of Expenditure for the financial year 2018-19 (Reply Serial No.: FSTB(Tsy)067), the Treasury Branch set out the provisions earmarked in various preceding budget years and their use, as well as the provisions earmarked in 2018-19.

1. What is the current use of the earmarked provisions mentioned above?
2. Please tabulate the items with earmarked provisions mentioned by the Financial Secretary in his Budget Speech this year and the anticipated use of the provisions in 2019-20.

Asked by: Hon WU Chi-wai (LegCo internal reference no.: 1)

Reply:

This question is not directly related to Head 147.

1. By earmarking provisions, it demonstrates the financial commitments of the Government in respective policy areas. Items with provisions earmarked in the fiscal reserves since 2008-09 and their use are set out below:

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	<p>Support the second ten-year hospital development plan, improve the clinic facilities in the Department of Health (DH), and upgrade and increase healthcare teaching facilities</p> <p>(\$300 billion earmarked)</p>	<ul style="list-style-type: none"> <li>• The second ten-year hospital development plan The plan is expected to cover 19 works projects, involving about \$270 billion. The Hospital Authority (HA) has started to draw up the details of the plan.</li> <li>• Improve the clinic facilities in the DH The DH has set up an inter-departmental task force to review the conditions of its clinics. The task force will work on the scopes of works for the clinics requiring improvement, their priorities and specific schedules, taking into account factors such as the their years of completion, levels of deterioration and the feasibility of carrying out improvement works, etc.</li> <li>• Upgrade and increase healthcare teaching facilities The University of Hong Kong, The Chinese University of Hong Kong and The Hong Kong Polytechnic University have proposed short, medium and long-term works projects with a view to renovating their existing teaching facilities and constructing new buildings so that more spaces for teaching, learning, research and related student support can be provided. The Food and Health Bureau (FHB) and the Education Bureau (EDB) have already briefed Members of the Legislative Council (LegCo) at the joint meeting of the LegCo Panel on Health Services and the LegCo Panel on Education on 21 January 2019. Funding proposals for three of these works projects will be submitted to the LegCo in the 2018-19 legislative session.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	<p>Launch the first phase development of the Hong Kong-Shenzhen Innovation and Technology Park (the Park) in the Lok Ma Chau Loop</p> <p>(\$20 billion earmarked)</p>	<ul style="list-style-type: none"> <li>• The development of the Lok Ma Chau Loop is a huge and long-term project. The resources earmarked will be used to support first stage development of the Park, including site formation, provision of infrastructure, superstructure works and its initial operation.</li> <li>• The Hong Kong-Shenzhen Innovation and Technology Park Limited is now conducting the Master Planning Study and the Business Model and Business Planning Study, which are expected to be completed in the first half of 2019. The Innovation and Technology Bureau will draw on the findings of the studies in formulating the development strategies and planning for the Park.</li> </ul>
2018-19	<p>Improve and develop cultural facilities in the coming ten years</p> <p>(\$20 billion earmarked)</p>	<ul style="list-style-type: none"> <li>• The resources earmarked will be used to improve and develop cultural facilities. Among these projects, the pre-construction activities for the New Territories East Cultural Centre and the Heritage Conservation and Resource Centre (around \$167 million), with funding approved by the Finance Committee (FC) in June 2018, have already commenced and are expected to be completed in the first quarter of 2022 and the second quarter of 2021 respectively.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	Support the abolition of the Mandatory Provident Fund (MPF) “offsetting” arrangement (\$15 billion earmarked)	<ul style="list-style-type: none"> <li>• The Chief Executive (CE) announced in the 2018 Policy Address that the financial commitment of the entire government subsidy scheme would be significantly increased to \$29.3 billion.</li> <li>• The policy bureaux and departments concerned have started the preparatory work for the abolition of the “offsetting” arrangement, including holding discussions with the Mandatory Provident Fund Schemes Authority and other stakeholders to map out the operational details for abolishing the “offsetting” arrangement. The Government will prepare the relevant enabling bill upon finalising the details. Taking into account the complexity of the legislative amendments, the Government will strive to introduce the enabling bill to the LegCo in 2020 with a view to securing its passage by 2022. Our target is to implement the abolition of “offsetting” arrangement two years after the passage of the legislative amendments.</li> </ul>
2018-19	Provide financial support to scientific research centres operated by non-profit making scientific research institutions in the two research clusters (\$10 billion earmarked)	<ul style="list-style-type: none"> <li>• The FC has approved the transfer of the amount to the Innovation and Technology Fund.</li> <li>• As at 28 February 2019, the Innovation and Technology Commission (ITC) has received 47 applications. The steering committee concerned and the ITC are currently assessing these applications. Our target is for the first batch of scientific research institutions to set up their laboratories progressively at the two research clusters starting from the fourth quarter of 2019.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	Funding support for Hong Kong Science and Technology Parks Corporation (HKSTPC) to build research and development infrastructure and facilities, and to enhance support for its tenants and incubatees (\$10 billion earmarked)	<ul style="list-style-type: none"> <li>• The FC has approved the transfer of the amount to the Capital Investment Fund (CIF). The first phase funding support (\$2 billion) has been provided to the HKSTPC as equity injection in 2018-19.</li> <li>• New and enhancement measures have been implemented by the HKSTPC to strengthen its support for tenants and incubatees, including the expansion of the Incubation Programme and the Corporate Venture Fund, and the provision of accommodation for talents in the field of innovation and technology. The HKSTPC is working on the details of other support measures.</li> </ul>
2018-19	Development of district facilities (\$8 billion earmarked)	<ul style="list-style-type: none"> <li>• The funding proposals for three major works projects in Eastern District, Islands District and Yuen Long District are ready for consultation with the LegCo. For the works projects in Wan Chai District, Sai Kung District, Tuen Mun District and Central and Western District, their preliminary works have already started. Other district works projects are currently at the preliminary planning stage. The Home Affairs Bureau, the Transport and Housing Bureau and the FHB need to conduct feasibility studies and consult stakeholders on the related projects.</li> </ul>



<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	Market Modernisation Programme (MMP) over the next ten years (\$2 billion earmarked)	<ul style="list-style-type: none"> <li>• The FHB and the Food and Environmental Hygiene Department (FEHD) proposed that in the first phase of the MMP, a fundamental overhaul for four markets, and refurbishment and minor improvement works for at least three other markets should be taken forward.</li> <li>• The first project will be the overhaul of the Aberdeen Market. The FEHD has been actively liaising with relevant stakeholders to ensure that this project can be launched as soon as possible, and that it can be set as a prototype for future projects. After the details of the Aberdeen Market MMP project are finalised, the FEHD will kick-start other projects in the first phase progressively from 2019 onwards in a practical way.</li> <li>• A dedicated team has been set up by the FEHD to implement the MMP and take forward other work. Funding proposals will be submitted according to the established mechanism when the scope of works is finalised, and after completion of technical feasibility studies and consultation of stakeholders, etc.</li> </ul>
2018-19	Optimise the use of vacant government sites and school premises (\$1 billion earmarked)	<ul style="list-style-type: none"> <li>• Funding has been approved by the FC. The Development Bureau (DEVB) began to accept applications for subsidies starting from 21 February this year.</li> </ul>
2018-19	Youth development (\$1 billion earmarked)	<ul style="list-style-type: none"> <li>• The CE announced in the 2018 Policy Address and Policy Agenda that \$500 million would first be allocated to implement a series of programmes and measures in support of the work of the Youth Development Commission (YDC), so as to facilitate young people's career development and upward mobility; promote youth life planning work; and strengthen communication with young people. The YDC is actively following up the various measures.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	Strengthen support for ethnic minorities (\$500 million earmarked)	<ul style="list-style-type: none"> <li>The CE announced in the 2018 Policy Address and Policy Agenda a series of new initiatives on support for ethnic minorities, covering education, employment, social welfare and social integration. The policy bureaux and departments concerned will implement these new initiatives from 2019-20 onwards.</li> </ul>
2018-19	Provide subsidies for drugs for treating uncommon diseases (\$500 million earmarked)	<ul style="list-style-type: none"> <li>The review on the means test mechanism for Samaritan Fund and Community Care Fund Medical Assistance Programmes conducted by the consultants commissioned by the HA has been completed. Based on the review findings, the Government and the HA have introduced enhancement measures since early 2019, including modifying the calculation of patients' household annual disposable financial resources for drug subsidy applications by counting only 50% of the net assets, as well as confining the definition of "household" adopted for financial assessment to cover only core family members living under the same roof and having direct financial connection with the patients concerned. It is expected that the enhancement measures will significantly alleviate the financial burden on patients (including those suffering from uncommon diseases) and their families arising from drug expenditure.</li> <li>At present, the Funds concerned are still sufficient to meet the additional expenditures arising from the enhancement measures. The Government and the HA will continue to study other subjects related to means test progressively, taking into account the recommendations made by the consultant team, the views of stakeholders and the HA's capacity.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2018-19	Funding support for Cyberport to enhance support for start-ups and to promote the development of digital technology ecosystem (\\$200 million earmarked)	<ul style="list-style-type: none"> <li>Funding has been approved by the FC and fully injected from the CIF into the Hong Kong Cyberport Development Holdings Limited as equity in 2018-19.</li> </ul>
2018-19	Promote the development of e-sports (\\$100 million earmarked)	<ul style="list-style-type: none"> <li>Funding has been approved by the FC and fully injected from the CIF into the Hong Kong Cyberport Development Holdings Limited as equity in 2018-19, of which \$50 million was for setting up a dedicated e-sports venue in Cyberport to facilitate organisation of regular e-sports competitions, events and training and development programmes by the industry. The works for the venue are expected to be completed in the second quarter of 2019.</li> <li>The other \$50 million will be used to support the development of the industry. Cyberport expects to launch the E-sports Internship Scheme and the E-sports Industry Facilitation Support Scheme in the first half of 2019.</li> </ul>
2017-18	Provide support to the elderly and the disadvantaged (\\$30 billion earmarked)	<ul style="list-style-type: none"> <li>From October 2017, the Government announced various enhancement measures on elderly services and rehabilitation services for persons with disabilities. The relevant expenditure will be included in the Estimates of the corresponding financial years. Around \$19.3 billion has so far been included in the 2018-19 and 2019-20 Estimates and in the respective Medium Range Forecasts.</li> </ul>
2017-18	Launch 26 sports and recreation facilities projects in different districts (\\$20 billion earmarked)	<ul style="list-style-type: none"> <li>The Government is actively taking forward the Five-Year Plan for Sports and Recreational Facilities. In the 2017-18 legislative session, funding proposals for ten projects have been approved by the FC, involving a total of about \$4.6 billion.</li> <li>Funding proposals for two other projects will be submitted to the FC.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2017-18	Support innovation and technology development in Hong Kong ((\$10 billion earmarked)	<ul style="list-style-type: none"> <li>Projects commenced so far include Digital Transformation for Agile Delivery of e-Government Services (total commitment of \$500 million), Electronic Identity (total commitment of \$100 million) and the Multi-functional Smart Lampposts pilot scheme (total commitment of \$400 million).</li> </ul>
2017-18	Education ((\$18.7 billion earmarked)	<ul style="list-style-type: none"> <li>The CE announced in the 2017 Policy Agenda providing EDB a non-recurrent funding of \$500 million to support suitable projects under the T-excel@hk strategic work plan of the Committee on Professional Development of Teachers and Principals and to implement various measures and relevant work to enhance the professional development of teachers and principals in the coming ten years starting from the 2018/19 school year, with an annual disbursement of around \$50 million.</li> <li>The Government has injected \$3 billion into the Research Endowment Fund (REF) in 2018. The investment income generated from this injection is used to provide non-means-tested tuition waiver for local students enrolled in University Grants Committee-funded research postgraduate programmes.</li> <li>In addition, the Government plans to inject another \$20 billion into the REF in 2019.</li> <li>The provision earmarked has been used entirely for the above projects.</li> </ul>
2016-17	Implement HA's first ten-year hospital development plan ((\$200 billion earmarked)	<ul style="list-style-type: none"> <li>The FC has so far approved a commitment of about \$38 billion for launching 12 hospital development/redevelopment projects.</li> <li>The FHB plans to submit funding proposals to the FC for four works projects in the 2018-19 legislative session, involving a total of about \$13.7 billion.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2016-17 and 2015-16	Improve retirement protection for the elderly in need (\\$50 billion earmarked)	<ul style="list-style-type: none"> <li>The Government announced in January 2017 measures to strengthen the retirement protection system, including measures to enhance the Old Age Living Allowance and improve healthcare for elderly persons. The above retirement protection measures will incur an estimated additional recurrent expenditure of over \$90 billion in the first ten years. The expenditure incurred has been and will continue to be included in the Estimates of the corresponding financial years.</li> </ul>
2011-12	Injection to the Health and Medical Research Fund (\\$1 billion earmarked)	<ul style="list-style-type: none"> <li>In 2011, the FC approved a commitment of \$1.415 billion for the Health and Medical Research Fund, which included the injection of \$1 billion as announced in the 2011-12 Budget.</li> </ul>
2008-09	Provide subsidy for the elderly in need to carry out maintenance or safety improvement works for their self-occupied properties (\\$1 billion earmarked)	<ul style="list-style-type: none"> <li>In 2008, the FC approved a new commitment of \$1 billion for implementing the Building Maintenance Grant Scheme for Elderly Owners.</li> </ul>

<b>Budget Year</b>	<b>Item (Provision Earmarked)</b>	<b>Use of Provision</b>
2008-09	Implement healthcare reform ((\$50 billion earmarked)	<ul style="list-style-type: none"> <li>• In the 2008-09 Budget, a total of \$50 billion was earmarked for supporting healthcare reform. Since then, the FHB has secured FC's approval to set up a \$10 billion endowment fund for the HA to pursue public-private partnership initiatives, and to offer a loan of \$4.03 billion to The Chinese University of Hong Kong for developing a non-profit-making private teaching hospital.</li> <li>• The Government will offer tax deductions for the purchase of insurance products that are compliant with the Voluntary Health Insurance Scheme (VHIS), i.e. Certified Plans, starting from 1 April 2019. It is expected that the uptake of Certified Plans will gradually increase. By the third year of VHIS implementation, about 1 million taxpayers and their specified relatives will enjoy the tax deduction. The estimated annual tax revenue forgone would be about \$800 million.</li> <li>• As usual, the Government will provide funding to support healthcare reform measures on a need basis.</li> </ul>

2. The Financial Secretary also announced in the Budget Speech the following earmarked provisions in 2019-20 –

<b>Item (Provision Earmarked)</b>	<b>Forecasted Use of Provision</b>
Take forward the first batch of projects under the “single site, multiple use” initiative ((\$22 billion earmarked)	<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 DEVB will submit funding proposals to the LegCo in accordance with established procedures.</li> </ul>

Item (Provision Earmarked)	Forecasted Use of Provision
Enhance or refurbish campus facilities (such as laboratories) of University Grants Committee-funded universities (\$16 billion earmarked)	<ul style="list-style-type: none"> <li>The 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>
Set up a public healthcare stabilisation fund (\$10 billion earmarked)	<ul style="list-style-type: none"> <li>To facilitate better resource planning by the 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>
Develop new harbourfront promenades and open space, and improve harbourfront facilities (\$6 billion earmarked)	<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>

*Note: The above has not taken into account the \$82.4 billion earmarked in the Budget for supporting the development of public housing.*

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)083**

**(Question Serial No. 0810)**

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

Subhead (No. & title): ( )

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:

One of the duties of the Treasury Branch is to compile the Estimates and prepare the Budget. The relief measures proposed by the Budget in recent years have at times been said to be unfair, with many “N have-nots” failing to benefit from these measures. In this connection:

1. Will the Treasury Branch work with the Financial Secretary to draw up guidelines or benchmarks, so as to minimise the number of “N have-nots” when introducing relief measures in the future?
2. Will the Government consider providing an additional cash allowance to people not covered by the latest relief measures?
3. In reviewing the Caring and Sharing Scheme, will the Government also consider regularising the backend system, so as to facilitate the grant of further allowance to the public through such system when needed?
4. The cash handouts of \$4,000 through the Caring and Sharing Scheme involved an expenditure of about \$11 billion last year. Based on last year's assumption, what is the estimated expenditure involved if a cash handout of \$3,000 is given to the public this year?

Asked by: Hon WU Chi-wai (LegCo internal reference no.:3)



Reply:

Having regard to the external political and economic landscape, local economic sentiments and the Government's fiscal position, the Financial Secretary has announced a series of one-off relief measures in the 2019-20 Budget to alleviate people's burden. These measures include reducing salaries tax, tax under personal assessment and profits tax; waiving rates; providing an extra allowance equal to one month of the standard rate Comprehensive Social Security Allowance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, Working Family Allowance and Work Incentive Transport Subsidy; providing a grant to students in need; paying the examination fees for school candidates sitting for the Hong Kong Diploma of Secondary Education Examination; and providing additional value to elderly health care vouchers, etc. The above measures, accounting for over 70% of the budget surplus forecast for the 2018-19 financial year, will benefit people from all walks of life and cover a great majority of low-income persons.

With specific beneficiaries and eligibility criteria, the Caring and Sharing Scheme was a targeted measure aimed at sharing the fruits of our economic success with the community when we were experiencing an exceptionally large fiscal surplus last year. The Government has no intention to relaunch the Scheme in the 2019-20 financial year.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)084**

**(Question Serial No. 2400)**

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

Subhead (No. & title): ( )

Programme: ( )

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:

It is mentioned in paragraph 102 of the Budget Speech that, having considered that “the balance of the Hong Kong Housing Authority (HA) in the coming few years is expected to exceed \$40 billion. There will be no need to draw on the Housing Reserve in the foreseeable future” and in the light of views in the community, the Financial Secretary (FS) decided to bring back the Housing Reserve to the fiscal reserve over four years. On the other hand, in a press release issued earlier this year regarding the Corporate Plan and Budget for 2019-20, the HA mentioned that “the HA’s proposed budgets and forecasts are projected on the basis of a series of assumptions. If and when there are changes to any of the assumptions, the projected financial position will be different.” It was highlighted in the press release that “the Government stands ready to increase spending on public housing and has set aside about \$82.4 billion as the Housing Reserve to provide financial support to the HA.”

1. What were the factors leading to the FS’s inference that “there will be no need to draw on the Housing Reserve in the foreseeable future”? Were there any assessments or assumptions on the number and ratio of flats to be built by the HA for rent or for sale in the coming few years? If so, what are the details?
2. What were the community views that the FS referred to in making this decision? Did he or the Treasury Branch consult the HA? If so, what was HA’s response?
3. Apart from financial needs and community views, are there any other factors that influence the FS’s decision to bring a particular fund back to the fiscal reserve?
4. Based on similar principles, is there a chance that the FS may bring other funds back to the fiscal reserve in the future?

Asked by: Hon WU Chi-wai (LegCo internal reference no.: 2)

Reply:

This question is not directly relevant to Head 147.

1. Based on the budget and financial forecast endorsed by the Housing Authority (HA) in January 2019, the cash and investment balance of the HA as at the end of March 2023 is projected to stand at about \$41 billion, sufficient for the HA to meet its recurrent expenditure and implement its current public housing construction programme and maintenance programme for the years between 2019-20 and 2022-23. As such, funding injection from the Government is not necessary. We understand that the HA will conduct the annual rolling 5-year budgeting and forecasting process and assess its financial position and future funding requirements according to the established mechanism. If required, the HA will discuss with the Government on the quantum and timing of funding injection.
- 2&3. The Housing Reserve is kept outside the Government's accounts and does not form part of the fiscal reserves before it is brought back. There are views in the community that keeping the Housing Reserve outside of the fiscal reserves may not fully reflect the Government's financial position. To clearly reflect the prevailing financial position of the Government, the sum will be brought back to the fiscal reserves over 4 years from 2019-20 to 2022-23. The same amount (\$82.4 billion) will be earmarked for public housing development to demonstrate the Government's firm commitment. Since the Budget had to be kept confidential before its announcement, the Housing Authority was not consulted beforehand. However, the Government explained the matter to the HA subsequently.
4. The Government does not have any plans at this stage to bring other funds back to the fiscal reserves.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)085****(Question Serial No. 4316)**Head: (25) Architectural Services DepartmentSubhead (No. & title): ( )Programme: (2) Facilities UpkeepControlling Officer: Director of Architectural Services (Mrs Sylvia LAM)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please list the costs and scope of repair and maintenance works undertaken for each official residence in each of the past three financial years.

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 60)Reply:

The costs incurred by the Architectural Services Department (ArchSD) for the facilities upkeep for the official residences of the Chief Executive, the Chief Secretary for Administration, the Financial Secretary and the Secretary for Justice from 2016-17 to 2018-19 are as follows:

Official Residences	Financial Year (\$ 0,000) <sup>1</sup>		
	2016-17	2017-18	2018-19 (as at February 2019)
Official Residence of Chief Executive <sup>2</sup> Floor Area: 8 990m <sup>2</sup>	214	596 <sup>3</sup>	41
Official Residence of Chief Secretary for Administration <sup>2</sup> Floor Area: 1 342m <sup>2</sup>	31	127	20
Official Residence of Financial Secretary <sup>2</sup> Floor Area: 890m <sup>2</sup>	37	71	14
Official Residence of Secretary for Justice Floor Area: 457m <sup>2</sup>	4	3	203 <sup>4</sup>

Note 1: As the costs for most of the works projects are not settled within the same year, the figures shown in the table reflect the total costs in terms of cash flows of the relevant years.

Maintenance works for government buildings are funded under Head 25 Subhead 000 while refurbishment and improvement works are funded under the Capital Works Reserve Fund. The cost figures shown in the table include the costs of all three categories of works.

Note 2: Apart from being the official residence of the Chief Executive, the Government House is also a declared monument of over 160 years old and enjoys protection under the Antiquities and Monuments Ordinance. The official residences of the Chief Secretary for Administration and the Financial Secretary are Grade two historic buildings with about 68 and 84 years of history respectively. Appropriate facilities upkeep is necessary for the proper conservation of these historic buildings.

Note 3: After the Chief Executive of the preceding term moved out of his official residence in late June 2017, the ArchSD made use of the transition period to conduct necessary maintenance works to the building facilities and building services therein which were affected by normal wear and tear as well as ageing. Works included repairing the internal and external walls of the main building, wooden doors and wooden windows; replacing the tennis court floor mat; refurbishing part of the air-conditioning system; improving the security system and adding green features and seats to the tennis court.

Note 4: A number of buildings and facilities at the Secretary for Justice's official residence have been in use for many years and are showing signs of wear and tear. In February 2018, the official residence underwent necessary repairs, replacement of dilapidated facilities, renovation and slope reinforcement works (reinforcing two slopes falling short of the safety standards within the official residence).

The major works projects undertaken at each of these official residences in the past three years (as at February 2019) are as follows:

Official Residences	Major Works Projects
Official Residence of the Chief Executive	Finishing works for internal and external walls and interior fitting-out works; improvement works for air-conditioning and security systems; road resurfacing works; statutory tests for electrical installations; replacement of tennis court floor mat; improvement and greening works for one of the tennis courts, etc.
Official Residence of Chief Secretary for Administration	Repairing loose plastering and spalled concrete and fixing deteriorating paint of the main building; replacement of worn out wood flooring of staircase and carpets; replacement of ageing water mains; air conditioning maintenance, etc.
Official Residence of Financial Secretary	Repairing the wear and tear of building structures and floor slabs; replacement of worn out carpets; repairing the paint works of external walls; waterproofing works for roof, etc.
Official Residence of Secretary for Justice	Slope reinforcement works; waterproofing works for roof; finishing works for internal and external walls and interior fitting-out works; statutory tests for electrical installations, etc.

Apart from the above major works projects, the ArchSD also undertakes routine maintenance works covering water pipes, woodwork, doors and windows, carpets, paint works, roofing, waterproofing, cement plastering and termite control for the official residences. The categories and number of works are too numerous to itemise in full. As with other government buildings, facilities upkeep works for official residences are also carried out as and when necessary.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)086**

**(Question Serial No. 3854)**

Head: (25) Architectural Services Department

Subhead (No. & title): ( )

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services (Mrs Sylvia LAM)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the maintenance and repairs of government premises, please inform this Committee of:

- (a) The maintenance and repairs projects of government premises undertaken by the Architectural Services Department (ArchSD) in the past three years;
- (b) The costs incurred in the maintenance and repairs projects of government premises and facilities undertaken by the ArchSD in the past three years; and
- (c) The expenditure on government construction works involving greening, landscaping and tree management in the past three years.

Asked by: Hon KWOK Wai-keung (LegCo internal reference no.: 35)

Reply:

- (a) The Architectural Services Department (ArchSD) provides repair and maintenance services for government premises and facilities, including government offices, sports centres, police stations, fire stations, quarters, markets and recreational facilities, etc. Apart from routine maintenance, the ArchSD also carries out other general maintenance and refurbishment works for government premises and facilities, including refurbishing the internal and external facilities of the buildings, replacing water pipes, drainage systems and waterproofing layers at the rooftops, etc.
- (b) The expenditure incurred in the maintenance and refurbishment projects of government premises and facilities undertaken by the ArchSD in the past three financial years are as follows:

Financial year	Expenditure (\$ million)
2016-17	2,573.72
2017-18	2,646.92
2018-19 (as at end of December 2018)	2,218.53

- (c) The expenditure on the ArchSD's works involving greening, landscaping and tree management in the past three financial years are as follows:

Financial year	Expenditure on greening (\$ million)	Expenditure on landscaping and tree management (\$ million)
2016-17	28.96	69.40
2017-18	30.50	68.50
2018-19 (as at end of December 2018)	78.29	48.65

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)087****(Question Serial No. 4749)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in tabular form the sales figures of duty-free cigarettes, tobacco and cigars in duty free shops at the entry and exit points in Hong Kong in the past 3 years, and the sales values of each of the above duty-free tobacco products.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 326)Reply:

In the past 3 years, the sales figures of duty-free cigarettes, tobacco and cigars in duty free shops at the entry and exit points in Hong Kong are as follows:

	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cigarettes (million sticks)	4 138	3 775	3 646
Tobacco (kg)	13 006	12 926	12 482
Cigars (kg)	23 580	21 849	16 261

The Customs and Excise Department does not maintain data on the sales values of duty-free tobacco products.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)088****(Question Serial No. 4750)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in table form the respective quantities of illicit cigarettes, heat-not-burn (HNB) cigarettes, e-cigarettes, tobacco and cigars seized, the numbers of cases detected and the numbers of persons arrested by the Customs and Excise Department (C&ED) in the past 3 years, and the total market values and total dutiable values of each of the above illicit tobacco products.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 327)Reply:

The relevant information on local illegal activities involving illicit cigarettes (including HNB cigarettes), tobacco and cigars detected by C&ED from 2016 to 2018 is as follows:

(i) Illicit cigarettes (including illicit HNB cigarettes)

<b>Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of cases	8 287 [0]	7 944 [130]	13 573 [972]
Number of persons arrested	8 355 [0]	7 986 [131]	13 036 [427]
Quantity (million sticks)	62 [0]	60 [0.74]	53 [8]
Total value (\$ million)	167 [0]	160 [2]	142 [22]
Total dutiable value (\$ million)	119 [0]	115 [1.4]	101 [15]

Information on illicit HNB cigarettes is provided in square brackets in the above table. Under the Dutiable Commodities Ordinance (Cap. 109), tobacco is a dutiable commodity. Any “HNB tobacco products” containing tobacco are dutiable commodities subject to the regulation of the Dutiable Commodities Ordinance. On 20 February 2019, the Government introduced into the Legislative Council the Smoking (Public Health) (Amendment) Bill 2019 (the Bill) to ban the import, manufacture, sale, distribution and advertisement of alternative smoking products, including HNB tobacco products. If the Bill is passed, the tobacco component of HNB tobacco products will be excluded as a dutiable commodity.

Separately, e-cigarettes do not contain tobacco. Therefore, they are not dutiable commodities and no dutiable value is involved.

(ii) Illicit tobacco

<b>Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of cases	50	44	88
Number of persons arrested	42	36	80
Quantity (kg)	110	19 700	7 600
Total value (\$ thousand)	35	9,000	21,000
Total dutiable value (\$ thousand)	160	45,500	17,500

(iii) Illicit cigars

<b>Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of cases	71	94	129
Number of persons arrested	70	88	124
Quantity (kg)	13	180	40
Total value (\$ thousand)	81	1,800	290
Total dutiable value (\$ thousand)	31	447	100

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)089****(Question Serial No. 5188)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in tabular form the quantities, total sales values and total dutiable values of duty-paid cigarettes, tobacco and cigars sold within Hong Kong in the past 3 years.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 328)Reply:

In the past 3 years, the quantities of duty-paid cigarettes, tobacco and cigars sold within Hong Kong, and the total amounts of duty collected by the Customs and Excise Department (C&ED) on dutiable tobacco products are as follows:

	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cigarettes (million sticks)	3 334	3 268	3 285
Tobacco (kg)	8 612	8 646	7 962
Cigars (kg)	18 027	21 919	28 680
Total amount of duty collected from dutiable tobacco products (\$ million)	6,413	6,299	6,349

C&ED does not maintain data on the sales values of duty-paid tobacco products.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)090****(Question Serial No. 5189)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in table form the respective quantities of cigarettes, heat-not-burn (HNB) cigarettes, e-cigarettes, tobacco and cigars brought into Hong Kong at entry and exit points and declared at Red Channels by incoming travellers, as well as the total dutiable values of the above tobacco products in the past 3 years.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 330)Reply:

In the past 3 years, the quantities of tobacco products (i.e. cigarettes (including HNB cigarettes), cigars and tobacco) brought into Hong Kong at entry and exit points and declared by incoming travellers, as well as their dutiable values are as follows:

	Cigarettes (including HNB cigarettes) <sup>Note</sup>		Cigars		Tobacco	
	Sticks (million)	Dutiable value (\$ million)	Kg	Dutiable value (\$ '000)	Kg	Dutiable value (\$ '000)
2016	2.386	4.548	270	663	50	76
2017	3.46	6.596	400	982	100	193
2018	4.191	7.988	500	1,228	150	212

Note: Under the Dutiable Commodities Ordinance (Cap. 109), tobacco is a dutiable commodity. Any “HNB tobacco products” containing tobacco are dutiable commodities subject to the regulation of the Dutiable Commodities Ordinance. On 20 February 2019, the Government introduced into the Legislative Council the Smoking (Public Health) (Amendment) Bill 2019 (the Bill) to ban the import, manufacture, sale, distribution and advertisement of alternative smoking products, including HNB tobacco products. If the Bill is passed, the tobacco component of HNB tobacco products will be excluded as a dutiable commodity.

Separately, e-cigarettes do not contain tobacco. Therefore, they are not dutiable commodities and no dutiable value is involved.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)091**

**(Question Serial No. 5070)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (1) Control and Enforcement and (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. How many officers will be deployed by the Customs and Excise Department (C&ED) at various control points in Hong Kong to intercept dutiable commodities and what is the estimated provision involved in 2019-2020?
2. What were the actual quantities of illicit cigarettes seized by C&ED at various control points, the numbers of officers and the actual expenditures involved in the past 5 years? How many officers will be deployed by C&ED to combat illicit cigarette activities and what are the details of expenditure in 2019-2020?
3. What were the numbers of cases of selling illicit cigarettes through telephone ordering detected, quantities of illicit cigarettes seized and numbers of persons arrested by C&ED in the past 5 years? What are the estimated provision and number of officers to be deployed for combating telephone ordering of illicit cigarettes by C&ED in 2019-2020?

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 105)

Reply:

1. In 2019-20, the expenditure for the work under Programme (1) Control and Enforcement carried out by C&ED is about \$3.869 billion, involving 5 978 posts. Since the front-line officers deployed at various entry and exit points are also tasked with clearance duties, C&ED cannot separately quantify the number of officers and the estimated expenditure involved in intercepting dutiable commodities.
2. The quantities of illicit cigarettes seized by C&ED at various control points from 2014 to 2018 are as follows:

	2014	2015	2016	2017	2018
Quantity of illicit cigarettes (million sticks)	38.3	38.4	50.9	44.2	31.9

Since the front-line officers deployed at various entry and exit points are also tasked with clearance duties, C&ED cannot separately quantify the number of officers and the expenditure involved in intercepting illicit cigarettes.

Apart from intercepting illicit cigarettes at boundary control points, C&ED is also committed to combating the storage, distribution and peddling (including telephone ordering) of illicit cigarettes. In 2019-20, C&ED will continue to deploy 61 officers to combat illicit cigarette activities, involving an expenditure of approximately \$24.98 million.

3. The relevant information regarding cases of telephone ordering of illicit cigarettes detected by C&ED in the past 5 years is tabulated below:

	2014	2015	2016	2017	2018
Number of cases	318	452	428	426	412
Quantity of illicit cigarettes seized (million sticks)	3	1.4	3.8	4.6	5
Number of persons arrested	329	465	441	439	417

In 2019-20, among the aforesaid 61 officers deployed to combat illicit cigarette activities, 26 are specialised in combating telephone ordering of illicit cigarettes, involving an expenditure of about \$10.67 million.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)092****(Question Serial No. 6899)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the measures to facilitate driving for eligible disabled persons, will the Government please provide the following information:

1. The quantities of fuel involved and the loss of tax revenue in waiving the duty payable on hydrocarbon oil for disabled persons in the past 5 years;
2. The numbers of prosecutions and convictions for abusing duty exemption of hydrocarbon oil for disabled persons in the past 5 years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 7162)Reply:

1. The quantities of dutiable fuel and the amounts of duty involved in waiving the duty payable on hydrocarbon oil for disabled persons in the past 5 years are as follows:

	2014	2015	2016	2017	2018
Quantity of hydrocarbon oil (million litres)	1.69	1.68	1.70	1.76	1.71
Amount of duty involved (\$ million)	10.24	10.18	10.30	10.67	10.36

2. In the past 5 years, 2 persons involved in a case of abusing duty exemption of hydrocarbon oil for disabled persons were prosecuted by the Customs and Excise Department and convicted.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)093**

**(Question Serial No. 3762)**

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:

Please set out in table form the non-government properties currently leased for use as government offices, including the names of departments, locations, areas and monthly rental expenses involved. Does the Government have any plans to relocate these departments so as to ease the rental pressure and release office accommodation for use by business companies?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 107)

Reply:

Information on the premises leased for use as government offices as at December 2018 is at Annex.

The accommodation policy of the Government is to accommodate government offices in government-owned premises as far as practicable. Leasing premises for use by departments will only be considered if government-owned premises are unable to meet their locational requirement or operational needs. Subject to the operational needs of departments and individual circumstances, we will accord priority to relocate government offices accommodated in leased premises (especially those in Central Business Districts) to suitable government-owned premises so as to reduce rental expenses as well as to release these premises back to the private market.

**Premises Leased for Use as Government Offices in 2018**  
**(As at December 2018)**

<b>District of the Premises Located</b>	<b>Internal Floor Area (m<sup>2</sup>) (Approx.)</b>	<b>Monthly Rent (\$million) (Approx.)</b>	<b>No. of User Bureaux/Departments (Bureaux/Departments Mainly Involved) (In Terms of Floor Area)</b>
Central & Western	3 400	2	5 (Hongkong Post, Hong Kong Police Force, Social Welfare Department)
Eastern	23 700	8	19 (Environmental Protection Department, Hongkong Post, Correctional Services Department)
Southern	14 300	4	17 (Innovation and Technology Bureau, Leisure and Cultural Services Department, Department of Health)
Wan Chai	22 500	17	23 (Department of Health, Transport Department, Environmental Protection Department)
Kowloon City	5 500	1	4 (Hongkong Post, Highways Department, Social Welfare Department)
Kwun Tong	72 900	28	30 (Immigration Department, Registration and Electoral Office, Social Welfare Department)
Sham Shui Po	16 600	5	16 (Customs and Excise Department, Hongkong Post, Fire Services Department)
Wong Tai Sin	13 300	2	6 (Leisure and Cultural Services Department, Home Affairs Department, Social Welfare Department)
Yau Tsim Mong	31 300	15	14 (Buildings Department, Civil Engineering and Development Department, Hongkong Post)

<b>District of the Premises Located</b>	<b>Internal Floor Area (m2) (Approx.)</b>	<b>Monthly Rent (\$million) (Approx.)</b>	<b>No. of User Bureaux/Departments (Bureaux/Departments Mainly Involved) (In Terms of Floor Area)</b>
Islands	30 000	2	17 (Customs and Excise Department, Immigration Department, Hong Kong Police Force)
Kwai Tsing	17 300	5	14 (Department of Health, Buildings Department, Social Welfare Department)
North	8 400	3	7 (Lands Department, Education Bureau, Hongkong Post)
Sai Kung	8 100	1	7 (Home Affairs Department, Social Welfare Department, Hongkong Post)
Sha Tin	16 700	4	13 (Leisure and Cultural Services Department, Social Welfare Department, Home Affairs Department)
Tai Po	4 000	2	8 (Department of Health, Immigration Department, Leisure and Cultural Services Department)
Tsuen Wan	20 500	5	13 (Hongkong Post, Working Family and Student Financial Assistance Agency, Lands Department)
Tuen Mun	21 000	3	13 (Government Records Service, Hongkong Post, Registration and Electoral Office)
Yuen Long	11 800	3	9 (Home Affairs Department, Social Welfare Department, Labour Department)

Note: The above monthly rental expenses, inclusive of management fees and air-conditioning charges, were borne by the Government Property Agency and other relevant bureaux/departments.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)094****(Question Serial No. 4730)**

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:

Will the Government advise this Committee of the reasons for the net increase of 25 488 m<sup>2</sup> in the total area of leased office accommodation in 2018-19 and the further net increase of 18 000 m<sup>2</sup> in 2019-20? Will the Government set out the net increase in the area and rental of leased office accommodation in 2019-20 by department?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 305)

Reply:

The increase in office space leased by the Government in 2018 and 2019 is mainly due to the need of departments for additional office space arising from increase in manpower for providing enhanced or new services. As this Agency has yet to identify leased premises to meet the new requirements in 2019, the relevant rental information is not available.

The major departments expected to have a net increase in required accommodation in 2019 are tabulated as follows:

<b>Department</b>	<b>Floor Area (m<sup>2</sup>) (Approx.)</b>
Working Family and Student Financial Assistance Agency	6 200
Environmental Protection Department	4 700
Food and Environmental Hygiene Department	4 400

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)095**

**(Question Serial No. 4332)**

Head: (51) Government Property Agency

Subhead (No. & title): ( )

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. What expenditure did Government Property Agency incur for reviewing under-utilised sites managed by Government bureaux and departments in the past 5 years?
2. Please tabulate the exact locations, areas, idle periods, current land uses and planned uses in respect of all under-utilised sites currently managed by government bureaux and departments:

Bureaux/ Departments	Site Location	Site Area	Idle Period	Current Land Use	Planned Use

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 76)

Reply:

1. Government Property Agency (GPA) has been reviewing sites of government bureaux and departments (B/Ds) with existing manpower along with other duties and does not have the breakdown of such expenditure.

2. The GPA continues to review under-utilised sites managed by the B/Ds and, if conditions permit, assists the relevant B/Ds in releasing such sites for alternative uses or disposal as appropriate. In 2018, under GPA's arrangement, four government sites which were found suitable for alternative uses or disposal were handed over to relevant department/organisation for handling in accordance with the established mechanism. Details of these sites are as follows:

Location of Site	Site area (m <sup>2</sup> ) (approx.)	Idle Period	Original Use	Planned Use
Mansfield Road Quarters	23 920	Less than 1 month	Quarters	Residential use
Cheung Sha Bungalow, C.S. 44	920	Less than 1 month	Quarters	Residential use
Ex-Cheung Sha Wan Abattoir	19 200	3 years	Abattoir and other temporary uses	Public housing
Former Hong Kong Academy	2 750	5 years	School	Public housing

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)096**

**(Question Serial No. 6037)**

Head: (51) Government Property Agency

Subhead (No. & title): ( )

Programme: Not Specified

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work in relation to the Code on Access to Information, please advise this Committee on the following:

- concerning the requests for information under the Code on Access to Information received by the Government Property Agency (GPA) for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

- concerning the requests for information under the Code on Access to Information received by the GPA for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 281)



Reply:

During the period from January 2018 to September 2018, the Government Property Agency (GPA) had provided some parts of the requested information in four applications requesting for information under the Code on Access to Information.

Two applications had requested for the study reports on the proposed Wan Chai Government Office Compound relocation plan. As the requested information contained internal discussion and some information involved incomplete analysis, GPA had refused to provide such information while providing the applicants with the remaining requested information in accordance with paragraphs 2.10(b) and 2.13(a) of the Code on Access to Information.

For the remaining two applications, the applicants had requested for copies of the tenancy agreement of the premises at No. 2 Lower Albert Road. In accordance with paragraph 2.15 of the Code on Access to Information, GPA had provided the applicants with copies of the tenancy agreement with personal information obliterated.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)097****(Question Serial No. 7112)**Head: (51) Government Property AgencySubhead (No. & title): ( )Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Vincent Liu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide a list of government-owned properties which are currently being used for social welfare purpose.

Social welfare use	Address

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 8728)Reply:

According to the information provided by bureaux/departments to the Government Property Agency, the number of government-owned properties being used for social welfare purposes is set out below:

District	Services for the Elderly	Services for Young People	Family and Child Welfare	Rehabilitation Services	Other Social Welfare Purposes
Central & Western	12	3	12	4	12
Wan Chai	11	1	6	0	4
Eastern	11	10	19	1	3
Southern	4	2	3	2	1
Yau Tsim Mong	15	4	10	1	14
Sham Shui Po	4	3	4	1	7

<b>District</b>	<b>Services for the Elderly</b>	<b>Services for Young People</b>	<b>Family and Child Welfare</b>	<b>Rehabilitation Services</b>	<b>Other Social Welfare Purposes</b>
Kowloon City	8	5	10	0	5
Wong Tai Sin	5	2	11	3	11
Kwun Tong	7	4	7	3	15
Tsuen Wan	10	7	3	1	2
Tuen Mun	1	3	6	14	38
Yuen Long	4	1	4	3	3
North	1	0	1	0	3
Tai Po	7	5	5	1	7
Sai Kung	3	3	5	0	6
Sha Tin	4	4	2	1	1
Kwai Tsing	2	5	3	2	5
Islands	1	0	1	1	7

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)098**

**(Question Serial No. 4201)**

Head: (51) Government Property Agency

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimated 202 non-directorate posts as at 31 March 2019 will rise by 67 posts to 269 posts as at 31 March 2020. In this connection, please advise this Committee of the following:

- a) the current staff establishment of the Government Property Agency;
- b) the main duties of the additional posts; and
- c) the staff establishment for managing government quarters over the past 3 years.

Asked by: Hon HO Kai-ming (LegCo internal reference no.: 60)

Reply:

- a) There are 202 non-directorate posts which include 8 time-limited posts and 194 permanent posts in the current establishment of the Government Property Agency (GPA). Among the 202 non-directorate posts, there are 97 posts of general grades/common grades, 40 posts of professional grades and 65 posts of technical grades.

- b) The estimated number of non-directorate posts in GPA will increase from 202 as at 31 March 2019 to 269 as at 31 March 2020. The 67 new non-directorate posts include 28 posts (including 1 time-limited post and 27 permanent posts) responsible for planning and implementing development projects under the “single site, multiple use” initiative; 27 permanent posts for planning the taking up of property management duties of the joint-user general office buildings in a border control point; 5 time-limited posts for purchasing premises for operation of welfare services by the Social Welfare Department and 7 permanent posts for taking forward other areas of work.
- c) GPA has been deploying its staff to carry out property management duties under its property portfolio based on geographical distribution. Since the staff members concerned are, apart from managing government quarters, concurrently engaged in managing joint-user office buildings and taking up other property management duties, we do not have the breakdown in respect of the staff establishment involved in a particular area of work.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)099**

**(Question Serial No. 3432)**

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 non-departmental quarters (NDQs), will the Government inform this Committee of the following:

- 1) Despite the continuous increase in directorate civil servants, the number of NDQs decreased from 556 in 2017 to 504 in 2018, and is estimated to decrease further to 480 in 2019. What are the reasons for the Government to reduce the number of NDQs?
- 2) Please set out the detailed information on the existing NDQs, including district, area, age and eligible ranks.
- 3) What is the basis for allocating the relevant quarters?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 68)

Reply:

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

- 1) Civil servants offered appointment before 1 October 1990 on local terms and receiving a substantive salary equivalent to Master Pay Scale Point 45 or above, and those offered appointment before the same date on overseas terms may apply for non-departmental quarter (NDQ). As the number of eligible officers has continued to decline due to retirement, the Government has made corresponding adjustment to the requirement for NDQ.

- 2) The buildings serving as NDQ were constructed from the Pre-War period to 1994 with floor area of about 130m<sup>2</sup> to 340m<sup>2</sup> per unit. The NDQ units are located in different districts including Central and Western, Southern, Wan Chai, Kowloon City, Yau Tsim Mong, Sha Tin and Tai Po.
- 3) CSB allocates NDQ on the basis of the salary, years of service, family composition, grade of the quarters appropriate to the substantive salary range of the applicant, etc.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)100**

**(Question Serial No. 7206)**

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:

Some departments currently located around Wan Chai, Central and Sheung Wan will be reprovisioned in the coming few years to Tseung Kwan O, Kai Tak, West Kowloon, etc. to relieve the pressure of traditional central business districts (CBD). Will the Government inform this Committee of:

- (a) whether the relocation exercise is currently underway on schedule? If no, what are the reasons?
- (b) in addition to the departments planned to be relocated, has the Government considered any plan for the reprovisioning of more government departments out of traditional CBD? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LAU Kwok-fan (LegCo internal reference no.: 55)

Reply:

The West Kowloon Government Offices is the first reprovisioning project under the relocation exercise of the 3 government office buildings at the Wan Chai waterfront. It comprises 2 phases which were completed in December 2018 and March 2019. Relocation of the government departments concerned is in progress. In addition, the Finance Committee of the Legislative Council (LegCo) had approved funding for the construction works of 3 reprovisioning projects (namely the Treasury Building, Inland Revenue Tower and Government Information Technology Building) in 2018. The related works have commenced and are expected to be completed in 2021 and 2022. Meanwhile, the Government is seeking funding approval from the Finance Committee on the reprovisioning project regarding the Immigration Headquarters in Tseung Kwan O. The relevant government departments are actively preparing for another 4 reprovisioning projects, and will consult the LegCo and seek funding approval at appropriate time.



In accordance with the Government's accommodation policy, we will accommodate government offices in government-owned premises as far as practicable, and relocate the non-location-tied government offices out of central business districts (CBD). In planning new government offices, we will also consider accommodating these offices in non-CBD as far as practicable if warranted by operational circumstances.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)101**

**(Question Serial No. 3546)**

Head: (51) Government Property Agency

Subhead (No. & title): ( )

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Vincent Liu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Audit Commission publishes reports annually and audits government accounts. Following the issuance of Report No. 50 of the Director of Audit in 2008, will the Government advise the following:

- (1) the criteria for selecting former public rental housing (PRH) sites, former government quarters (including disciplined services quarters), former government office buildings, as well as other former government buildings and facilities for sale.
- (2) as at 31 March 2019, the respective number of former PRH sites sold in each of the past 3 years. What are their respective site area, height restriction and plot ratio?
- (3) as at 31 March 2019, the respective number of former government quarters (including disciplined services quarters) sold in each of the past 3 years. What are their respective site area, height restriction and plot ratio?
- (4) as at 31 March 2019, the respective number of former government office buildings sold in each of the past 3 years. What are their respective site area, height restriction and plot ratio?
- (5) as at 31 March 2019, the respective number of former government buildings and facilities sold in each of the past 3 years. What are their respective site area, height restriction and plot ratio?

Asked by: Hon MO Claudia (LegCo internal reference no.: 86)

Reply:

The Government regularly reviews sites occupied by bureaux/departments with a view to optimising the utilisation of land resources and releasing the development potential involved through sale, redevelopment or revitalisation. Upon confirming that there is no need to retain a site for its original or other government/institution/community uses, the Government will assess suitability of the site for other uses (such as residential or commercial uses), taking into account its location, local characteristics, capacity of infrastructural facilities and impacts on the surrounding environment, etc. If the review result indicates that the site is suitable for other uses, the departments concerned would take appropriate follow up action, including the option of selling the site.

According to the information provided by the Development Bureau, the Government had sold 3 former government quarters sites and 14 former government buildings and facilities sites over the past 3 years i.e. financial years of 2016-17 to 2018-19 (up to end February 2019), details of which are tabulated respectively at Annexes 1 and 2. The Government had not sold any former PRH sites or former government offices sites over the past 3 years.

## Former Government Quarters Sites Sold

<b>Financial Year</b>	<b>Location</b>	<b>Site area (m<sup>2</sup>) (approximate)</b>	<b>Height restriction specified in the Conditions of Sale</b>	<b>Maximum gross floor area (GFA) specified in the Conditions of Sale (m<sup>2</sup>)</b>
2016-17	Tai Po Road – Tai Po Kau, Tai Po Kau, Tai Po, New Territories (Former ICAC Staff Quarters)	27 700	The northern portion of the site as demarcated on the sale plan: Not more than 4 storeys including any floor or space below ground level.  The southern portion of the site as demarcated on the sale plan: Not more than 7 storeys including any floor or space below ground level.	24 128
2017-18	Cheung Sha, Lantau Island, New Territories (Former Water Supplies Department Holiday Bungalow)	2 480	Not more than 7.6 metres above the mean formation level and not more than 2 storeys	992
2018-2019 (up to end of February 2019)	South Lantau Road, Cheung Sha, Lantau Island, New Territories (Former Police Staff Quarters)	2 692	Not more than 7.6 metres above the mean formation level and not more than 2 storeys	1 076

## Former Government Buildings and Facilities Sites Sold

Financial Year	Location	Site area (m <sup>2</sup> ) (approximate)	Height restriction specified in the Conditions of Sale	Maximum gross floor area (GFA) specified in the Conditions of Sale (m <sup>2</sup> )
2016-17	Tai Lin Pai Road, Kwai Chung, New Territories	1 200	Not more than 105 metres above the Hong Kong Principal Datum	11 474
	Junction of Shung Shun Street and Yan Yue Wai, Yau Tong, Kowloon	10 500	The northern portion of the site as demarcated on the sale plan: Not more than 100 metres above the Hong Kong Principal Datum.  The southern portion of the site as demarcated on the sale plan: Not more than 80 metres above the Hong Kong Principal Datum.	52 650
	Castle Peak Road – Castle Peak Bay, Area 48, Tuen Mun, New Territories	15 400	Not more than 70 metres above the Hong Kong Principal Datum	61 600
	Sai Shan Road, Tsing Yi, New Territories	6 200	Not more than 140 metres above the Hong Kong Principal Datum	The maximum non-industrial GFA is 18 600m <sup>2</sup> . However, if no non-residential GFA is proposed, the maximum residential GFA for a purely domestic development is 37 200m <sup>2</sup> .

<b>Financial Year</b>	<b>Location</b>	<b>Site area (m<sup>2</sup>) (approximate)</b>	<b>Height restriction specified in the Conditions of Sale</b>	<b>Maximum gross floor area (GFA) specified in the Conditions of Sale (m<sup>2</sup>)</b>
	Yip Kan Street and Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong	1 800	Not more than 140 metres above the Hong Kong Principal Datum	52 650 (including the GFA of an arts and cultural centre and office premises)
	King Lam Street, Cheung Sha Wan, Kowloon	7 700	Not more than 130 metres above the Hong Kong Principal Datum	92 736
	Lee Nam Road, Ap Lei Chau, Hong Kong	11 800	Not more than 110 metres above the Hong Kong Principal Datum	70 800
2017-18	Murray Road, Central, Hong Kong	2 880	Not more than 190 metres above the Hong Kong Principal Datum	43 200
	Junction of Wing Hong Street, Yu Chau West Street and Wing Ming Street, Cheung Sha Wan, Kowloon	2 870	Not more than 130 metres above the Hong Kong Principal Datum	34 476 (including the GFA of the refuse collection point)
	Ma Kok Street, Tsuen Wan, New Territories	1 970	Not more than 100 metres above the Hong Kong Principal Datum	18 742
2018-2019 (up to end of February 2019)	Junction of Liu To Road and Hang Mei Street, Tsing Yi, New Territories	1 336	Not more than 200 metres above the Hong Kong Principal Datum	Not specified
	On Chuen Street, On Lok Tsuen, Fanling, New Territories	3 765	Not more than 65 metres above the mean formation level	18 825
	Wan Po Road, Area 85, Tseung Kwan O, New Territories	27 444	Not more than 60 metres above the Hong Kong Principal Datum	112 640

<b>Financial Year</b>	<b>Location</b>	<b>Site area (m<sup>2</sup>) (approximate)</b>	<b>Height restriction specified in the Conditions of Sale</b>	<b>Maximum gross floor area (GFA) specified in the Conditions of Sale (m<sup>2</sup>)</b>
	South Lantau Road, Cheung Sha, Lantau Island, New Territories	20 600	Not more than 7.6 metres above the mean formation level and not more than 2 storeys	8 240

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)102****(Question Serial No. 5026)**Head: (51) Government Property AgencySubhead (No. & title): ( )Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Vincent Liu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in table form the details and progress on the development of the government multi-storey building projects with Government, Institution and Community facilities which are currently under planning study, consultation at district level or under construction:

Name of project/ building	Address	Site area	Expected number of floors or floor area (if applicable)	Use	Latest progress or stage	Estimated project costs (if applicable)	Expected completion date (if applicable)

Asked by: Hon SHIU Ka-chun (LegCo internal reference no.: 83)Reply:

Under the purview of the Government Property Agency (GPA), there are 3 multi-storey joint-user government office building projects currently under planning and construction. The relevant information is listed in the Annex.



In addition, as mentioned in the 2018 Policy Agenda, we will pursue more vigorously the “single site, multiple use” model in multi-storey development on government land in order to consolidate and provide more Government, Institution or Community (G/IC) facilities, and make optimal use of limited land resources. In this respect, the Agency is responsible for taking forward and implementing multi-storey building projects involving cross-bureau facilities to expedite the coordination within the Government for early completion of the facilities. The Budget has also set aside \$ 22 billion for the first batch of projects under the “single site, multiple use” initiative, including redevelopment of Tuen Mun Clinic and development of a proposed ambulance depot near Sheung Wan Fire Station and several government sites in Tsuen Wan town centre. Information of the projects is as follows:

<b>Project</b>	<b>Current use</b>	<b>Site Area (rough estimate)</b>
Redevelopment of Tuen Mun Clinic	Student Health Service Centre, General Out-Patient Clinic, etc.	About 4 000 square metres
Development of a proposed ambulance depot near Sheung Wan Fire Station	Bus dock	About 3 000 square metres
Development of several government sites in Tsuen Wan town centre	Tsuen Wan Town Hall and Ex-Tsuen Wan Law Courts Building	About 14 000 square metres
	Luen Yan Street Cooked Food Hawker Bazaar	About 2 000 square metres
	Lady Trench Polyclinic	About 3 000 square metres
	Princess Alexandra Community Centre	About 3 000 square metres

We are seeking the views of the relevant bureaux/departments to identify suitable user departments for joint development. We will also align individual requirements and operational needs, and handle technical issues which may need to be resolved due to co-location of different user departments in order to ascertain the mix of facilities and other arrangements of these projects. When concrete proposals are available, we will consult District Councils and other stakeholders.

**Multi-storey joint-user government office buildings**  
**under planning and construction**  
**under the purview of the Government Property Agency**

Name of building / address	Site area / estimated net operational floor area (m <sup>2</sup> )	Use / facilities	Latest progress or stage	Estimated / approved project estimate (in money-of-the-day prices)	Target completion date
West Kowloon Government Offices / 11 Hoi Ting Road	About 10 900 / About 50 500	General government office  Student health service cum special assessment centre  Dental clinic for civil servants and eligible persons	Construction completed	\$4,742.5 million (approved for design-and-build contract)	-
Treasury Building (under construction) / At the junction of Tung Chau Street and Tonkin Street West in Cheung Sha Wan	About 5 121 / About 26 500	General government office  General out-patient clinic  Recruitment centres  Child care centre  Day care centre for the elderly  Delivery office	Under construction	\$103.2 million (approved estimate for pre-construction consultancy service and site investigation works)  \$2,281 million (approved estimate for main construction works)	Mid-2022

Name of building / address	Site area / estimated net operational floor area (m <sup>2</sup> )	Use / facilities	Latest progress or stage	Estimated / approved project estimate (in money-of-the-day prices)	Target completion date
Tseung Kwan O Government Offices* (under planning) / Area 67 in Tseung Kwan O	About 16 850 / About 40 000	<p>General government office</p> <p>General out-patient clinic</p> <p>Families clinic, dental clinic and child care centre for civil servants and eligible persons</p> <p>Job centre</p> <p>Post office and delivery office</p> <p>Social Security Field Unit</p> <p>Public carpark for commercial and private vehicles</p> <p>Laboratory</p>	Assessment of the prequalification tender for the design-and-build contract has been completed.	The estimated project cost will be provided when Public Works Subcommittee is consulted on the project.	Early 2025

\* Official name of the building to be confirmed

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)103**

**(Question Serial No. 7198)**

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:

- (i) Please list the total number of domestic premises managed by the Government Property Agency (GPA) for leasing in the past 5 years.
- (ii) Please tabulate details of the vacant domestic premises and government quarters managed by GPA in 2018-19, including their respective numbers, addresses, sizes and future uses.
- (iii) Please tabulate the number of domestic premises managed by GPA for leasing in 2018-19, broken down in annual rateable value (\$0-29,999, \$30,000-59,999, \$60,000-89,999, \$90,000-119,999, \$120,000-149,999, \$150,000-179,999, \$180,000-209,999, \$210,000-239,999, \$240,000-299,999, \$300,000-359,999, \$360,000-419,999, \$420,000-479,999 and  $\geq$ \$480,000).

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 36)

Reply:

- (i) The total numbers of domestic premises for leasing by the Government Property Agency (GPA) in the past 5 years are as follows:

Year	Number of domestic premises for leasing
2014	332
2015	297
2016	285
2017	272
2018	238

- (ii) As at 28 February 2019, the vacant domestic premises under the management of the GPA include 28 temporarily vacant government quarters which were pending allocation to eligible officers and 18 temporarily vacant premises which were under preparation for leasing. These two types of temporarily vacant premises are mainly situated in the Eastern District and Wan Chai. Areas of these premises range from about 160m<sup>2</sup> to 300m<sup>2</sup>. These premises will continue to be used for domestic purpose. The above information does not include domestic premises pending sale.
- (iii) As at 28 February 2019, the numbers of domestic premises for leasing by the GPA as categorised by the 2018-19 rateable values of the Rating and Valuation Department are as follows:

2018-19 (annual) rateable value	Number of domestic premises for leasing <sup>Note</sup>
\$0-149,999	0
\$150,000-179,999	1
\$180,000-209,999	32
\$210,000-239,999	51
\$240,000-299,999	0
\$300,000-359,999	6
\$360,000-419,999	2
\$420,000-479,999	5
\$480,000 or above	98

<sup>Note</sup> The above domestic premises do not include 20 odd premises under preparation for leasing or newly let out pending assessment of rateable value.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)104**

**(Question Serial No. 4954)**

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:

Please provide the following information on the allocation of disciplined services quarters in the 2018-19 financial year:

- (1) Please provide, in table form, the respective percentages of: (a) Correctional Services Department officers; (b) Customs and Excise Department officers; (c) Fire Services Department officers; (d) Government Flying Service officers; (e) Hong Kong Police Force officers; (f) Immigration Department officers; and (g) Independent Commission Against Corruption (ICAC) officers allocated with disciplined services quarters against the total number of officers allocated with disciplined services quarters in the 2018-19 financial year.

	Percentage against the total no. of officers allocated with disciplined services quarters
(a) Correctional Services Department officers	
(b) Customs and Excise Department officers	
(c) Fire Services Department officers	
(d) Government Flying Service officers	
(e) Hong Kong Police Force officers	
(f) Immigration Department officers	
(g) ICAC officers	
	100

- (2) Please provide, in table form, the respective numbers of units in disciplined services quarters allocated to (a) Correctional Services Department officers; (b) Customs and Excise Department officers; (c) Fire Services Department officers; (d) Government Flying Service officers; (e) Hong Kong Police Force officers; (f) Immigration Department officers; and (g) ICAC officers, as well as (h) the total number of disciplined services quarters units in the 2018-19 financial year.

	No. of disciplined services quarters units
(a) Correctional Services Department officers	
(b) Customs and Excise Department officers	
(c) Fire Services Department officers	
(d) Government Flying Service officers	
(e) Hong Kong Police Force officers	
(f) Immigration Department officers	
(g) ICAC officers	
(h) Total no. of disciplined services quarters units	

- (3) Please provide, in table form, (a) the addresses and (i) number of vacant units in disciplined services quarters in the 2018-19 financial year, and (ii) their planned uses for 2019-20.

	(i) No. of vacant units	(ii) Planned use for 2019-20
(a) *Addresses*		

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 121)

Reply:

1 & 2. As at 28 February 2019, the numbers of Disciplined Services Quarters (DSQs) units under respective Disciplined Services Departments (DSDs) and the percentages against the total number are as follows:

	No. of DSQs units	Percentage against the total no. of DSQs units
(a) Hong Kong Police Force	12 376	54.2%
(b) Fire Services Department	4 106	18.0%
(c) Correctional Services Department	2 454	10.7%
(d) Customs & Excise Department	1 843	8.1%
(e) Immigration Department	1 740	7.6%
(f) Independent Commission Against Corruption	243	1.1%
(g) Government Flying Services	70	0.3%
Total	22 832	100%

DSDs are responsible for the allocation of DSQs. Hence, the Government Property Agency does not have the relevant information regarding officers with quarters allocated by DSDs.

3. As at 28 February 2019, information of temporarily vacant DSQs units pending allocation is as follows:

	(i) No. of units	(ii) Planned use for 2019-20
Eastern District	15	Disciplined services quarters
Central and Western District	1	

(The above table does not include not yet occupied quarters units which are under allocation or newly allocated.)

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)105**

**(Question Serial No. 4955)**

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:

Please provide the following information on the allocation of non-departmental quarters for the financial year 2018-19:

- (1) Please tabulate (a) the respective numbers of units in non-departmental quarters allocated to various government departments in the financial year 2018-19 and (b) the total number of non-departmental quarter units

	No. of Non-departmental Quarter Units
(a) *Various Government Departments*	
(b) Total No. of Non-departmental Quarter Units	

- (2) Please tabulate (a) the addresses and (i) numbers of vacant units in non-departmental quarters, and (ii) their respective planned uses for 2019-20

	(i) No. of Vacant Units	(ii) Planned Use for 2019-20
(a) *Addresses*		

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 122)

Reply:

In consultation with the Civil Service Bureau (CSB), the reply is set out below.

Civil servants offered appointment before 1 October 1990 on local terms and receiving a substantive salary equivalent to Master Pay Scale Point 45 or above, and those offered appointment before the same date on overseas terms may apply for non-departmental quarters (NDQ). CSB, instead of individual departments, is responsible for the allocation of these quarters. As at 28 February 2019, there were 498 NDQ units in total, of which 486 had been allocated to eligible officers. The remaining 12 units were pending re-allocation shortly. Information of the 12 units is as follows:

	<b>No. of units</b>	<b>Planned use for 2019-20</b>
Wan Chai District	5	Non-departmental quarters
Yau Tsim Mong District	3	
Kowloon City District	2	
Central and Western District	1	
Sha Tin District	1	

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)106**

**(Question Serial No. 4737)**

Head: (59) Government Logistics Department

Subhead (No. & title): (000) Operational Expenses

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has pledged to further digitise operations and actively implement paperless solutions. The Government Logistics Department (GLD) has all along produced a wide range of printed materials, including publications, government forms and paper stationery, for government departments. In this connection, please inform this Committee of the following:

- (1) the amount of printed materials, in tabular form, produced by GLD for different government departments last year;
- (2) the amount of printed materials produced by GLD for the 2018 Policy Address;
- (3) the amount of printed materials produced by GLD for the 2019-20 Budget;
- (4) the amount of printed materials produced by GLD for the Basic Law; and
- (5) the measures to encourage government departments to go paperless.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 313)

Reply:

- (1) The amount of printed materials produced by the Government Logistics Department (GLD) for bureaux and departments in 2018 is tabulated in the Annex.
- (2) The amount of printed materials produced by GLD for the 2018 Policy Address is as follows:

Item	Amount (copy)
Policy Address (Chinese and English versions in total)	46 773
Policy Agenda (Chinese and English versions in total)	28 988
Policy Address leaflet (bilingual version)	229 110

- (3) The amount of printed materials produced by GLD for the 2019-20 Budget is as follows:

Item	Amount (copy)
Budget Speech (Chinese and English versions in total)	52 500
Budget leaflet (Chinese and English versions in total)	258 000

- (4) The amount of printed materials produced by GLD for the Basic Law in 2018 is as follows:

Item	Amount (copy)
Basic Law booklet (Chinese and English versions in total)	51 500

- (5) GLD provides printing services according to the requirements of bureaux/departments and will render professional advice in the course of providing the services. In determining their printing requirements, bureaux/departments will try to strike a balance between readers' needs and environmental factors when considering suitable forms and channels (including electronic means) for publishing information.

<b>Bureau/Department</b>	<b>Amount of printed materials in 2018 (copy/set)</b>
Administration Wing	392 000
Agriculture, Fisheries and Conservation Department	2 166 000
Architectural Services Department	162 000
Audit Commission	10 000
Auxiliary Medical Service	214 000
Buildings Department	1 900 000
Census and Statistics Department	4 786 000
Chief Executive's Office	118 000
Civil Aid Service	300
Civil Aviation Department	410 000
Civil Engineering and Development Department	199 000
Civil Service Bureau	915 000
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	95 000
Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	34 000
Companies Registry	12 209 000
Constitutional and Mainland Affairs Bureau	217 000
Correctional Services Department	85 000
Customs and Excise Department	3 152 000
Department of Health	28 882 000
Department of Justice	371 000
Development Bureau (Planning and Lands Branch)	145 000
Development Bureau (Works Branch)	32 000
Drainage Services Department	114 000
Education Bureau	7 447 000
Electrical and Mechanical Services Department	1 091 000
Environment Bureau	4 000
Environmental Protection Department	1 896 000
Financial Services and the Treasury Bureau (Financial Services Branch)	33 000
Financial Services and the Treasury Bureau (The Treasury Branch)	174 000
Fire Services Department	598 000
Food and Environmental Hygiene Department	5 041 000
Food and Health Bureau (Food Branch)	30 000
Food and Health Bureau (Health Branch)	3 554 000
Government Flying Service	96 000
Government Laboratory	31 000
Government Logistics Department	214 000
Government Property Agency	107 000
Highways Department	218 000
Home Affairs Bureau	1 277 000
Home Affairs Department	4 033 000

<b>Bureau/Department</b>	<b>Amount of printed materials in 2018 (copy/set)</b>
Hong Kong Observatory	36 000
Hong Kong Police Force	13 762 000
Hongkong Post	15 068 000
Housing Department	7 446 000
Immigration Department	93 424 000
Independent Commission Against Corruption	2 737 000
Information Services Department	986 000
Inland Revenue Department	72 119 000
Innovation and Technology Bureau	12 000
Innovation and Technology Commission	100 000
Insurance Authority	36 000
Intellectual Property Department	128 000
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	6 000
Judiciary	3 491 000
Labour and Welfare Bureau	590 000
Labour Department	5 674 000
Land Registry	4 677 000
Lands Department	3 123 000
Legal Aid Department	535 000
Leisure and Cultural Services Department	7 304 000
Marine Department	789 000
Office of the Communications Authority	89 000
Office of the Government Chief Information Officer	334 000
Official Receiver's Office	462 000
Planning Department	350 000
Public Service Commission	15 000
Radio Television Hong Kong	91 000
Rating and Valuation Department	21 300 000
Registration and Electoral Office	17 798 000
Secretariat, Commissioner on Interception of Communications and Surveillance	11 000
Security Bureau	155 000
Social Welfare Department	7 168 000
Trade and Industry Department	419 000
Transport and Housing Bureau (Transport Branch)	68 000
Transport Department	9 029 000
Treasury	1 299 000
University Grants Committee Secretariat	40 000
Water Supplies Department	27 219 000
Working Family and Student Financial Assistance Agency	11 607 000

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)107**

**(Question Serial No. 5567)**

Head: (59) Government Logistics Department

Subhead (No. & title): ( )

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the number of cases that the government fleet is charged for speeding, illegal parking and violation of traffic rules in each of the past 3 years.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 397)

Reply:

According to the information provided by user departments, the number of cases of government driver grades staff involved in speeding and violation of traffic rules that led to administrative/disciplinary actions in the past 3 years is 7 and 148 respectively. In general, since the penalty for illegal parking is paid by the drivers concerned, user departments will not take further administrative or disciplinary actions and thus, will not report the number concerned.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)108**

**(Question Serial No. 6016)**

Head: (59) Government Logistics Department

Subhead (No. & title): ( )

Programme: Not Specified

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding its work in relation to the Code on Access to Information, will the Administration advise this Committee on the following:

1) concerning the requests for information under the Code on Access to Information received by the Government Logistics Department for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

2) concerning the requests for information under the Code on Access to Information received by the Government Logistics Department for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 260)



Reply:

Among the requests for information under the Code on Access to Information (the Code) received by the Government Logistics Department (GLD) during the period from January to September 2018, there was no request being refused and only one request in which some of the required information was provided.

With regard to the case in which some of the required information was provided, the applicant requested GLD to provide the tender documents and contract information of two procurement of goods exercises, including the price and detailed specifications of all individual items in the contract. As these two types of information were regarded as information falling under the “Business Affairs” category, GLD declined to provide the applicant with such information in accordance with paragraph 2.16 of the Code. In its reply to the applicant, apart from providing the information that could be disclosed (including tender documents, name of the suppliers and total contract value), GLD had also explained the reasons why some of the required information could not be provided.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)109**

**(Question Serial No. 6689)**

Head: (59) Government Logistics Department

Subhead (No. & title): ( )

Programme: (2) Supplies Management

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform this Committee of the following information on confiscated goods received from various departments in each of the past 5 years:

Department

Quantity of confiscated goods

Quantity of goods with value below \$200

Quantity of goods with value between \$201 and \$500

Quantity of goods with value between \$501 and \$1,000

Quantity of goods with value between \$1,001 and \$10,000

Quantity of goods with value above \$10,000

Auction proceeds

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 1638)

Reply:

The Government Logistics Department (GLD) is responsible for auctioning the items confiscated by various departments under the law. Due to the wide variety, as well as different condition and degree of wear and tear of the confiscated items, GLD cannot provide details regarding the value of these items.

Information on the proceeds from the confiscated items auctioned by GLD for various departments in the past 5 years is provided as follows:

Department	Auction proceeds (HK\$)				
	[Number of lots] (Note 1)				
	2014	2015	2016	2017	2018
Customs and Excise Department	24,981,370 [230]	35,457,100 [172]	20,893,050 [89]	22,307,170 [115]	14,666,000 [91]
Hong Kong Police Force	914,600 [165]	1,722,360 [125]	2,584,070 [114]	2,103,240 [141]	1,434,130 [86]
Food and Environmental Hygiene Department	207,600 [43]	230,900 [42]	163,500 [29]	121,500 [18]	141,500 [23]
Lands Department	106,130 [27]	102,100 [9]	49,100 [6]	238,670 [31]	61,550 [22]
Independent Commission Against Corruption	760 [6]	1,200 [4]	- [-]	850 [2]	- [-]
Immigration Department	- [-]	196,000 [1]	- [-]	1,800 [1]	- [-]
Housing Department	- [-]	18,500 [2] (Note 2)	- [-]	9,200 [1]	- [-]
Office of the Communications Authority	217,000 [2]	- [-]	- [-]	- [-]	- [-]
Transport Department	4,000 [2]	4,600 [3]	2,300 [3]	1,850 [3]	19,350 [11]
Department of Health	3,900 [1] (Note 3)	- [-]	- [-]	- [-]	- [-]
Agriculture, Fisheries and Conservation Department	1,700 [2]	- [-]	- [-]	- [-]	- [-]
Companies Registry	- [-]	59,000 [1]	- [-]	7,800 [1]	5,100 [1]
Marine Department	- [-]	- [-]	182,000 [3]	- [-]	- [-]

Notes:

1. As the nature and denomination of the items auctioned are different, GLD does not keep statistics on the quantity of individual items. The sale of items at auctions is recorded by number of lots instead.
2. One of the lots auctioned for the Housing Department in 2015 consisted of items confiscated by the Housing Department and the Food and Environmental Hygiene Department.
3. This lot consisted of items confiscated by the Department of Health and the Hong Kong Police Force.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)110****(Question Serial No. 6122)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ( )Programme: (1) ProcurementControlling Officer: Director of Government Logistics (Miss Mary CHOW)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the following information:

- (1) the quantity of bottled drinking water purchased by various Government offices and the respective expenses in the past 5 years; and
- (2) the quantity of bottled drinking water purchased by government departments and organisations for the activities they held and the respective expenses in the past 5 years.

Asked by: Hon KWOK Ka-ki (LegCo internal reference no.: 93)Reply:

- (1) Details on procurement of distilled water by the Government Logistics Department (GLD) in the past 5 years are as follows:

<b>Contract period</b>	<b>Estimated contract quantity</b>	<b>Contract amount (HK\$)</b>
<b>18.9 litre bottled distilled water for daily consumption by staff in various bureaux/departments</b>		
23 June 2013 to 22 June 2015	2 697 460 carboys	38,195,438.00
23 June 2015 to 22 June 2017	3 103 983 carboys	58,091,240.00
23 June 2017 to 22 June 2019	2 926 000 carboys	67,650,100.00

<b>Contract period</b>	<b>Estimated contract quantity</b>	<b>Contract amount (HK\$)</b>
<b>Bottled distilled water of other volume (0.8 litre and 4.5 litre) (Note)</b>		
29 December 2017 to 28 December 2018	(i) 0.8 litre: 80 000 bottles (ii) 4.5 litre: 32 220 bottles	914,125.00
4 January 2019 to 3 January 2020	(i) 0.8 litre: 80 000 bottles (ii) 4.5 litre: 32 380 bottles	917,125.00

Note: Under the Enhanced Water Quality Monitoring Programme, if the test results confirmed that the drinking water supplied to particular users is contaminated by metals, the Government will take into account individual circumstances and provide bottled distilled water to the parties concerned as an interim mitigation measure.

- (2) With effect from July 2013, Government bureaux/departments may take into account their actual operational needs and procure directly goods (such as drinking water) not exceeding HK\$5 million in contract value if such goods are not items held in GLD's unallocated stock and not covered by bulk contracts arranged by GLD. GLD does not have information on the quantity of bottled drinking water purchased directly by bureaux/departments and the associated expenses.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)111****(Question Serial No. 4917)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ( )Programme: (1) ProcurementControlling Officer: Director of Government Logistics (Miss Mary CHOW)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

- (1) What is the total amount of the procurement contracts signed each year between the Government and local recycling industry over the past 5 years? What are the respective percentages of the total amount of these contracts among that of the procurement contracts awarded?
- (2) Does the Government plan to increase the proportion of such procurement? If yes, what is the plan? If no, what are the reasons?

Asked by: Hon QUAT Elizabeth (LegCo internal reference no.: 142)Reply:

- (1) In the last 5 years, products meeting green specifications (i.e. products that are recycled, more recyclable, energy efficient, more durable and have more recycled contents) represented 13% to 39% of all goods procured by the Government Logistics Department (GLD). Details are as follows:

Contract	2014 (\$million)	2015 (\$million)	2016 (\$million)	2017 (\$million)	2018 (\$million)
(a) Total amount of contracts awarded	2,890	4,030	2,210	3,560	2,720
(b) Total amount of goods that comply with the green specifications requirement of the tender	1,130	610	580	460	1,050
As a percentage of all the contracts awarded [(b) / (a) x 100%]	39%	15%	26%	13%	39%

- (2) When making procurement, GLD will take into account product availability in the market as well as resources and cost effectiveness considerations, and actively adopt the green specifications formulated by the Environmental Protection Department for commonly used products to procure goods that are recycled, more recyclable, energy efficient, more durable and have more recycled contents.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)112**

**(Question Serial No. 4508)**

Head: (59) Government Logistics Department

Subhead (No. & title): ( )

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform this Committee of the following information regarding promotion of sustainable development:

- (1) the weighting given to sustainable development when the Government Logistics Department (GLD) evaluates tenders; and
- (2) the proportion of recycled products, products with recycled contents, products manufactured through a process that adopts clean technology and/or complies with renewable energy efficiency in all the goods purchased by GLD in the last 3 years.

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 216)

Reply:

- (1) When making procurement, the Government Logistics Department (GLD) will take into account product availability in the market as well as resources and cost effectiveness considerations, and actively adopt the green specifications formulated by the Environmental Protection Department for commonly used products, i.e. procure products that are recycled, more recyclable, energy efficient, more durable and have more recycled contents.



- (2) In the last 3 years, products meeting green specifications represented 13% to 39% of all goods procured by GLD. Details are as follows:

Contract	2016 (\$million)	2017 (\$million)	2018 (\$million)
(a) Total amount of contracts awarded	2,210	3,560	2,720
(b) Total amount of goods that comply with the green specifications requirement of the tender	580	460	1,050
As a percentage of all the contracts awarded [(b) / (a) x 100%]	26%	13%	39%

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)113****(Question Serial No. 4509)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ( )Programme: (3) Land TransportControlling Officer: Director of Government Logistics (Miss Mary CHOW)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

As regards the additional and replacement vehicles, please inform this Committee of:

the number of additional and replacement motorcycles and vessels, as well as the respective user department(s) in the past 5 years.

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 217)

Reply:

In the past 5 years (i.e. 2014 to 2018), the Government did not purchase additional general purpose motorcycles, and the number of replacement is as follows:

<b>Name of department</b>	<b>Number of replacement motorcycles</b>
Agriculture, Fisheries and Conservation Department	11
Civil Aid Service	15
Hong Kong Police Force	88
Transport Department	6
Food and Environmental Hygiene Department	5
Fire Services Department	4
Leisure and Cultural Services Department	2

According to the information provided by the Marine Department, information on vessels purchased by the Government in the past 5 years (i.e. 2014 to 2018) is as follows:

<b>Name of department</b>	<b>Number of additional vessels</b>	<b>Number of replacement vessels</b>
Agriculture, Fisheries and Conservation Department	1	2
Customs and Excise Department	0	3
Civil Aid Service	0	2
Fire Services Department	5	5
Hong Kong Police Force	0	12
Immigration Department	0	1
Leisure and Cultural Services Department	92	120
Marine Department	2	14

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)114**

**(Question Serial No. 4510)**

Head: (59) Government Logistics Department

Subhead (No. & title): ( )

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Civil Aviation Department will soon legislate for the use of Unmanned Aircraft Systems (UAS). Some overseas government departments have deployed UAS in rescuing, surveying and mapping, etc. Please inform this Committee of the following information:

- (1) whether the Government Logistics Department has considered the use of UAS for carrying out transportation services; and
- (2) if yes, what are the plans; if no, will its use be actively considered?

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 218)

Reply:

According to the existing operational guide to Unmanned Aircraft Systems (UAS) of the Civil Aviation Department (CAD), the general operational parameters for safe operation of non-recreational UAS include, inter alia, the following.

- (A) The UAS operator shall be on site and keep the UAS within visual line of sight during the period of the flight, i.e. the UAS operator shall be able to maintain direct visual contact with the UAS to monitor its flight path.
- (B) The UAS shall not be flown over or within 50 metres of any person, vessel, vehicle or structure, unless the person, vessel, vehicle or structure concerned is monitored and controlled by the UAS operator. During take-off and landing, the UAS must not be flown over or within 30 metres of any person.

(C) No objects may be dropped from the UAS.

The Government Logistics Department (GLD) has to transport goods stored at the Government Logistics Centre to various Government offices located in different areas, and most of the goods involved are relatively heavy. Therefore, using UAS for transporting goods is not feasible.

GLD will keep track of developments in the use of UAS as a means of transportation in the local logistics sector and in relevant legislation of CAD for the operation of UAS. As and when necessary, GLD will re-examine the feasibility of using the UAS as a means of transportation.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)115**

**(Question Serial No. 6025)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding its work in relation to the Code on Access to Information, will the Administration advise this Committee on the following:

1) concerning the requests for information under the Code on Access to Information received by the Inland Revenue Department (IRD) for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

2) concerning the requests for information under the Code on Access to Information received by the IRD for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 269)

Reply:

During the processing of requests for information under the Code on Access to Information (“the Code”) by IRD, if it is decided not to provide the required information in full or in part, IRD would quote the relevant paragraph(s) in Part 2 of the Code and explain to the applicant in writing the reason(s) for refusal. From January to September 2018, among the requests for information under the Code processed by IRD, the requests (1) for which only some of the required information was provided; and (2) were refused are as follows:

1) Requests for which only some of the required information was provided

<b>(i) Content of the requests for which only some of the required information was provided</b>	<b>(ii) Reasons for providing some of the information only</b>	<b>(iii) How the requests were eventually handled</b>
Requested for information that the applicant had submitted to IRD for investigation of a particular case and information about the progress of the IRD’s investigation	Para. 2.18 of the Code – Legal restrictions	Only provided the information submitted by the applicant in relation to the particular case
Requested for all documents pertaining to the handling of the applicant’s request for waiver of surcharge (the application) and the related policies and procedures	Para. 2.6 of the Code – Law enforcement, legal proceedings and public safety; Para. 2.9 – Management and operation of the public service; and Para. 2.10 – Internal discussion and advice	Only provided the correspondences between the applicant and IRD in relation to the application and the general policy and related procedures of handling the request for waiver of surcharge

2) Requests which were refused

<b>(i) Content of the requests for which only some of the required information was provided</b>	<b>(ii) Reasons for providing some of the information only</b>	<b>(iii) How the requests were eventually handled</b>
Requested for information in respect of the stamp duty remission / refund granted under the Stamp Duty Ordinance (including the names of the corporations / persons)	Para. 2.14 of the Code – Third party information; Para. 2.15 – Privacy of the individual; and Para. 2.16 – Business affairs	Explained to the applicant in writing the reason(s) for refusal
Requested for the medical assessment made by a hospital on the applicant’s deceased relative	Para. 2.15 of the Code – Privacy of the individual	

<b>(i) Content of the requests for which only some of the required information was provided</b>	<b>(ii) Reasons for providing some of the information only</b>	<b>(iii) How the requests were eventually handled</b>
Requested for information of other claimant(s) who had claimed dependent parent allowance under the name of the same parent and the years of assessment involved	Para. 2.15 of the Code – Privacy of the individual; and Para. 2.18 – Legal restrictions	
Requested for information of staff members in a government department who were taxable	Para. 2.18 of the Code – Legal restrictions	
Requested for information of the Profits Tax paid by a company	Para. 2.18 of the Code – Legal restrictions	

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)116**

**(Question Serial No. 7169)**

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:

According to the reply given by the Government of HKSAR earlier, section 41(1) of the Stamp Duty Ordinance (SDO) provides that the Central People's Government (CPG), the Hong Kong Special Administrative Region Government (the Government of HKSAR), 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; if the organs of the CPG acquire an immovable property through a subsidiary company in Hong Kong, remission of the stamp duty will be granted under section 52 of the SDO by the Government of HKSAR, which is, in principle, consistent with section 41 of the SDO. However, according to the land search data obtained from the Land Registry, a property unit at the Parkcrest which was acquired in mid-2015 in the name of "the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region" was exempted from stamp duty by invoking section 52 but not section 41 of the SDO. What is the reason?

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 8614)

Reply:

Under section 41(1) of the Stamp Duty Ordinance (SDO), the Central People's Government (CPG), the Government of Hong Kong Special Administrative Region (HKSAR) 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. Therefore, the CPG is exempt from the payment of stamp duty for the acquisition of properties in Hong Kong. Before Hong Kong's return to China, the same exemption was also available to the British Government for the acquisition of properties in Hong Kong. Furthermore, under section 52(1) of the SDO, the Chief Executive may remit, wholly or in part, the stamp duty payable; or refund, wholly or in part, the stamp duty paid, in respect of any instrument chargeable with stamp duty.

The organs of the CPG in Hong Kong are exempt from the payment of stamp duty for the acquisition of properties in Hong Kong under section 41 of the SDO. 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 principles 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.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)117**

**(Question Serial No. 5166)**

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:

Would the Inland Revenue Department please inform this Committee of the following?

1. The number of Hong Kong tax residents who were unable to satisfy the 3 conditions under “the Comprehensive Arrangement” and therefore were subject to taxation on the Mainland in respect of their remuneration or income derived from their employment on the Mainland in each of the past 5 years. Of these residents, how many of them have failed to satisfy the condition of “being present on the Mainland for a period or periods not exceeding in the aggregate 183 days in any 12-month period commencing or ending in the taxable year concerned”? Please set out the figures by types of residents (individual, partnership, company, etc.) and types of tax payable (profits tax, salaries tax and property tax).
2. At the meeting of the leading group for development of Guangdong-Hong Kong-Macao Greater Bay Area held in March 2019, it has been agreed that a new determination criteria will come into effect: Hong Kong residents who are present on the Mainland for less than 24 hours in a day, such as taking of same-day return trips, the day spent will not be counted as a day of residence on the Mainland. Would the Government please provide the estimated number of Hong Kong tax residents who will no longer be considered as “being present on the Mainland for more than 183 consecutive days or aggregate days” after the introduction of the new standard?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 57)

Reply:

For a year of assessment up to 2017/18, if a taxpayer has paid Individual Income Tax in the Mainland in respect of the income derived from services rendered in the Mainland, he may either apply for income exemption under section 8(1A)(c) of the Inland Revenue Ordinance (“IRO”) in respect of that part of income or claim for tax credit under section 50 of the IRO and the “Arrangement between the Mainland of China and the HKSAR for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income”.

The Inland Revenue Department (“IRD”) only has information on taxpayers’ application for income exemption under section 8(1A)(c) and tax credit under section 50 of the IRO. These cases cover tax credit applications in respect of territories where there is a double taxation relief arrangement/agreement with Hong Kong. The IRD does not maintain separate statistical information on applications for tax credit under the “Arrangement between the Mainland of China and the HKSAR for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income”. The IRD also does not have statistical information on the number of Hong Kong tax residents who have paid Mainland tax in respect of their remuneration or income derived from their employment in the Mainland and the number of days the taxpayer stayed in the Mainland.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)118****(Question Serial No. 5178)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The work of the Inland Revenue Department (IRD) in 2019-20 includes the continued implementation of the Automatic Exchange of Financial Account Information in Tax Matters ("AEOI") with the relevant tax authorities. Meanwhile, the arrangement between Mainland China and Hong Kong for the implementation of AEOI came into effect on 6 September 2018.

1. Please provide the respective figures regarding the increase in staffing provision and salary expenses incurred arising from the work related to AEOI. Is there any need for increasing manpower and expenditure in the future?
2. Please set out by tax jurisdictions in the table below the exact time the IRD conducted the AEOI, the number of exchanges conducted and the number of financial accounts involved:

Tax jurisdiction	Time of AEOI	No. of AEOI	Total no. of financial accounts involved

3. According to the Common Reporting Standard, financial institutions are required to report on a wide range of financial information, including interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account concerned or payments made to the account concerned. Does the process of AEOI mentioned in part (2) above include the exchange of information on the sales proceeds or rental income generated from real estate and the reporting of the specific particulars of such real estate? If yes, what are the details? If no, what are the reasons?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 113)

Reply:

1. Since the work relating to AEOI forms part of the regular duties of the Inland Revenue Department (IRD), the manpower and expenditure involved have already been included in the overall establishment and expenditure of the IRD, and no breakdown of the expenditure is available. The IRD will review the manpower arrangements from time to time and, where operational needs so require, apply for additional manpower and funding in accordance with the established procedures.
2. Under the Common Reporting Standard for AEOI, the IRD is required to exchange information with the tax authorities of relevant jurisdictions on an annual basis. The IRD conducted the first AEOI with 36 jurisdictions in September and October 2018. The IRD does not maintain statistics on the number of financial accounts involved for individual jurisdictions.
3. Financial institutions are required to provide the specified financial account information of the tax residents of other tax jurisdictions in accordance with the requirements of the Common Reporting Standard. Under the Common Reporting Standard, information concerning sales proceeds or rental income generated from real estate is not required to be reported and exchanged.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)119****(Question Serial No. 5131)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please list the numbers of properties solely owned and jointly owned or co-owned by individuals over the past 10 years (please set out the figures by property types: residential properties, industrial properties, commercial properties and others (please specify)).

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 416)Reply:

According to the information obtained by the Inland Revenue Department (IRD) when administering the Inland Revenue Ordinance (Cap. 112), the numbers of properties solely owned and jointly-owned or co-owned by individuals from the financial years 2013-14 to 2017-18 are as follows (as at the end of each financial year (i.e. 31 March)) :

Number of Property	2013-14	2014-15	2015-16	2016-17	2017-18
	Number of People *				
1	1 563 885	1 580 232	1 590 447	1 604 461	1 615 719
2	296 429	294 237	294 731	293 675	290 589
3	89 338	88 908	89 234	89 308	87 790
4	36 227	36 006	36 637	36 815	36 493
5	17 004	17 275	17 340	17 587	17 444
6 to 10	21 416	21 797	22 468	22 968	22 973
11 to 30	5 778	6 029	6 347	6 590	6 732
31 to 50	507	562	558	591	594
51 to 90	220	231	236	236	243
91 to 100	11	13	12	14	13
101 or above	29	34	34	34	36

- \* Each individual owner of a jointly-owned or co-owned property is regarded as owning one property. Therefore, the total number of people would be larger than the total number of properties.

Notes:

1. To ensure appropriate and timely response to question, we would only provide relevant information for up to five years.
2. The IRD has not compiled for the statistics concerned by property types, and therefore cannot provide the information requested.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)120**

**(Question Serial No. 5153)**

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:

Over the past few years, the Government has implemented various tax measures to curb the exuberant property market. Hong Kong permanent residents who buy a property and then sell the one they originally owned as a “flat-for-flat” replacement of their property (hereafter referred to as “property replacement”) may apply for tax refund after selling their original properties within the time limit. Will the Government inform this Committee of the following information in respect of the tax refund?

- 1) Of the transactions conducted by first-time home buyers for property replacement over the past 5 years, how many applications for tax refund were filed within the statutory time limit?
- 2) Of the transactions conducted for property replacement involving the levy of doubled ad valorem stamp duty over the past 5 years, how many applications for tax refund were filed within the statutory time limit?

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 480)

Reply:

Under section 29DF of the Stamp Duty Ordinance (Cap. 117), a Hong Kong permanent resident (HKPR) who is acting on his/her own behalf in changing his/her only residential property is entitled to a partial refund of the ad valorem stamp duty (AVD) paid. The refund is subject to, amongst others, the condition that the HKPR has disposed of his/her only original residential property within 6 months (if the new residential property was acquired between 23 February 2013 and 4 November 2016) or 12 months (if the new residential property was acquired on or after 5 November 2016) from the date of assignment of the new residential property. As the relevant property purchasers own another residential property at time of acquisition of the new residential property, they do not belong to “first-time home buyers transactions”.

The Stamp Duty (Amendment) (No. 2) Ordinance 2014 which introduced AVD at Scale 1 rates was gazetted on 25 July 2014. Since then, the Inland Revenue Department had collected AVD at Scale 1 rates (i.e. double ad valorem stamp duty “DSD” Rate) on instruments executed on or after 23 February 2013. Therefore, applications for a partial refund of the AVD for change of residential property were only received on or after 25 July 2014.

Besides, the Stamp Duty (Amendment) Ordinance 2018 was gazetted on 19 January 2018. According to the Amendment Ordinance, unless specially exempt or otherwise provided, instruments executed on or after 5 November 2016 for acquisition or transfer of residential property is subject to AVD at Part 1 of Scale 1 rate (i.e. new residential stamp duty “NRSD” rate), which is a flat rate of 15% on the consideration or value of the property, whichever is the higher. An HKPR who is acting on his/her own behalf in disposing of his/her only original residential property within 12 months from the date of assignment of the new residential property can apply for a partial refund of the AVD paid.

The number of applications received for partial refund of AVD paid due to change of residential property between 25 July 2014 and 28 February 2019 by financial year (including the cases where AVD was paid at first at Part 2 of Scale 1 rate (DSD rates) and Part 1 of Scale 1 rate (NRSD rate)) is as follows:

<b>Financial Year</b>	<b>No. of applications</b>
2014-15	991*
2015-16	3 233
2016-17	1 750
2017-18	1 448
2018-19 (as at 28 February 2019)	1 108

\* Including the cases during the transitional period from 23 February 2013 and 24 July 2014

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)121**

**(Question Serial No. 5855)**

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:

(1) Please inform this Committee of the respective numbers of organisations which applied for recognition as charitable institutions or trusts of a public character under section 88 of the Inland Revenue Ordinance (IRO) in each of the past 5 years.

(2) Please inform this Committee of the numbers of organisations which passed the review successfully and became approved charitable institutions and trusts of a public character under section 88 of the IRO in each of the past 5 years. Please also provide the corresponding numbers of the organisations which failed in passing the review and obtaining the approved status.

(3) Please inform this Committee of the time required for organisations in general to go through the review and become an approved charitable institution and a trust of a public character under section 88 of the IRO in the past 3 years.

(4) Please inform this Committee of the time required for organisations in general to apply for recognition as a charitable institution and a trust of a public character under section 88 of the IRO in the past 3 years.

(5) Please inform this Committee of the number of staff under the Inland Revenue Department who were responsible for processing applications by the aforesaid organisations for recognition as charitable institutions and trusts of a public character under section 88 of the IRO in the past 5 years. Please also indicate the respective ranks of the staff.

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 593)

Reply:

(1) The following table sets out the numbers of new applications for tax exemption status under section 88 of the Inland Revenue Ordinance (IRO) received by the Inland Revenue Department (IRD) for the financial years 2014-15 to 2018-19 (up to 28 February 2019) –

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19
Number of applications received	758	701	701	585	523

- (2) For the financial years 2014-15 to 2018-19 (up to 28 February 2019), the numbers of reviews completed by IRD with continued recognition of tax exemption status are as follows –

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19
Number of reviews completed with continued recognition of tax exemption status	1 213	1 691	2 800	1 731	1 809

For the financial years 2014-15 to 2018-19 (up to 28 February 2019), the numbers of charities with recognition of tax exemption status withdrawn by IRD are as follows –

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19
Number of charities with recognition of tax exemption status withdrawn	175	213	239	370	181

The recognition of tax exemption status of the above charities is withdrawn as a result of cessation of operation or dissolution, no longer qualifying for the status of a charitable institution or trust of a public character, non-response to IRD's enquiries or being untraceable, etc.

- (3) & (4) IRD does not keep statistics on the time spent on reviewing or processing applications for recognition as tax-exempt charities. Hence, the relevant information cannot be provided.

In general, the time required by IRD for processing a review or an application depends on factors such as the completeness of information and documents submitted by the organisation, the need of IRD to seek clarification and/or additional information from the organisation, and the timeliness of the organisation's response, etc. Therefore, the time required varies owing to the circumstances of each case.

- (5) For the financial years 2014-15 to 2018-19 (up to 28 February 2019), the numbers of IRD officers responsible for processing applications for recognition of the tax exemption status conferred to charitable institutions and trusts of a public character under section 88 of the IRO are as follows –

Financial year	2014-15	2015-16	2016-17	2017-18	2018-19
Assessor grade staff	6	6	6	6	9
Taxation officer grade staff	2	2	2	2	3
Clerical grade staff	2	2	2	2	2
<b>Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>14</b>

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)122****(Question Serial No. 3439)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ( )Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the Inland Revenue Department's work on tax assessment, please set out in the table below the number of companies chargeable to profits tax (grouped by assessable profits below \$5,000,000; \$5,000,000-\$10,000,000 and above \$10,000,000), total profits tax assessed and the percentage to the total amount of profits tax assessed for the past three years of assessment.

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 56)Reply:

The following tables set out the numbers of companies with assessable profits (excluding sole proprietorship and partnership businesses) and the total profits tax assessed for the past three years of assessment (as at 28 February 2019):

**Year of Assessment 2015-16 (mainly assessed in the financial year 2016-17)**

Company's assessable profits # (\$)	No. of companies ^	Percentage to the total no. of companies chargeable to profits tax	Total profits tax assessed for the year (\$ million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	113 740	90.26%	9,898	7.42%
5,000,001 – 10,000,000	4 969	3.94%	5,643	4.23%
10,000,001 & above	7 310	5.80%	117,783	88.35%
<b>Total</b>	<b>126 019</b>	<b>100%</b>	<b>133,324</b>	<b>100%</b>

**Year of Assessment 2016-17 (mainly assessed in the financial year 2017-18)**

Company's assessable profits # (\$)	No. of companies ^	Percentage to the total no. of companies chargeable to profits tax	Total profits tax assessed for the year (\$ million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	112 674	90.05%	9,940	7.77%
5,000,001 – 10,000,000	4 997	3.99%	5,688	4.45%
10,000,001 & above	7 459	5.96%	112,321	87.78%
<b>Total</b>	<b>125 130</b>	<b>100%</b>	<b>127,949</b>	<b>100%</b>

**Year of Assessment 2017-18 (mainly assessed in the financial year 2018-19; only reflects the number of assessments completed as at 28 February 2019, but not the number for the whole year of assessment)**

Company's assessable profits # (\$)	No. of companies ^	Percentage to the total no. of companies chargeable to profits tax	Total profits tax assessed for the year (\$ million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	98 098	88.48%	9,236	6.33%
5,000,001 – 10,000,000	4 942	4.46%	5,571	3.82%
10,000,001 & above	7 831	7.06%	131,077	89.85%
<b>Total</b>	<b>110 871</b>	<b>100%</b>	<b>145,884</b>	<b>100%</b>

# Refer to net assessable profits after setting off losses from previous years.

^ The number of companies may change depending on the outcome of outstanding assessments for each year of assessment.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)123**

**(Question Serial No. 4747)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, provision for 2019-20 is \$125.2 million (35.7%) higher than the revised estimate for 2018-19. This is mainly due to increased salary provision for an addition of 84 posts and provision for possible refund of overcharged interest in respect of some appeal cases on Government Rent. Would the Government please inform the Committee of the post titles and duties of the 84 new posts to be created this year as well as the estimated expenditure on annual emoluments for 2019-20? What is the amount of the provision for possible refund of overcharged interest in respect of some appeal cases on Government Rent in 2019-20?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 324)

Reply:

The Rating and Valuation Department will create 84 permanent non-directorate posts in 2019-20, with a provision of about \$43.8 million. Details are as follows:

Area of Work	Posts	Estimate (\$'000)
To handle the rising workload so as to protect Government revenue.	13 permanent posts including: Valuation Surveyors 2 Senior Valuation Officers 3 Valuation Officers 7 Assistant Clerical Officer 1	6,000
To prepare for the introduction of “Special Rates” on vacant first-hand private residential units.	71 permanent posts including: Senior Valuation Surveyors 2 Valuation Surveyors 9 Principal Valuation Officer 1 Senior Valuation Officers 10 Valuation Officers 35 Treasury Accountant 1 Accounting Officer I 1 Senior Executive Officer 1 Executive Officer I 1 Clerical Officer 1 Assistant Clerical Officers 5 Systems Manager 1 Analyst/Programmer I 1 Analyst/Programmers II 2	37,700
	Total	43,800 (Note)

Note: Figures may not add up to total due to rounding.

A provision of \$9.2 million has been reserved for 2019-20 for possible refund of overcharged interest in respect of Government rent appeal cases.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)124****(Question Serial No. 6018)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: ( )Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding its work in relation to the Code on Access to Information, will the Administration advise this Committee of the following:

1) Of the requests received by the Rating and Valuation Department under the Code on Access to Information for which only part of the required information was provided, please state in table form: (i) the content of the requests for which only part of the required information was provided; (ii) the reasons for providing part of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only part of the required information was provided	(ii) Reasons for providing part of the information only	(iii) How the requests were eventually handled

2) Of the requests received by the Rating and Valuation Department under the Code on Access to Information for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 262)

Reply:

During the processing of requests for information under the Code on Access to Information (“the Code”) by the Rating and Valuation Department (RVD), if it is decided not to provide the required information in full or in part, RVD would quote the relevant paragraph(s) in Part 2 of the Code and explain to the applicant in writing the reason(s) for refusal. From January to September 2018, among the requests for information under the Code processed by RVD, the requests (1) for which only some of the required information was provided; and (2) were refused are as follows:

1) Requests for which only some of the required information was provided:

<b>(i) Content of the requests for which only part of the required information was provided</b>	<b>(ii) Reasons for providing part of the information only</b>	<b>(iii) How the requests were eventually handled</b>
Case law and legal opinion records of rating and valuation	Paragraph 2.10(b)(ii) of the Code – internal discussion and advice; and paragraph 2.14 – third party information of the Code	Only relevant information from the website was provided to the applicant for reference (excluding the records of internal discussion and advice; and third party information).

2) Requests which were refused:

<b>(i) Content of the requests refused</b>	<b>(ii) Reasons for refusal</b>	<b>(iii) How the requests were eventually handled</b>
Grading of a particular office building	Paragraph 2.13(b) of the Code – research, statistics and analysis	Explained to the applicant in writing the reason(s) for refusal
Record of change in correspondence address in quarterly demand note	Paragraph 2.15(b) of the Code – privacy of the individual	
Valuation records of a particular property	Paragraph 2.18(a) of the Code – legal restrictions	
A list showing the names of the buildings used for domestic purposes	Paragraph 2.9(d) of the Code – management and operation of the public service	
Rental information of factories and offices in a particular district	Paragraph 2.9(d) of the Code – management and operation of the public service	
Valuation records of a property for Government rent purposes for a certain period	Paragraph 2.18(a) of the Code – legal restrictions	
The saleable area of a non-domestic property	Paragraph 2.9(d) of the Code – management and operation of the public service	

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)125**

**(Question Serial No. 6671)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (3) Provision of Valuation and Property Information Services

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 5 years, how did the Government calculate the vacancy rate of residential flats? Which department was responsible for the task? What was the frequency of site inspections? What was the amount of public money involved?

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.:1445)

Reply:

The Rating and Valuation Department (RVD) conducts vacancy survey at the end of each year to provide a snapshot of the vacancy position of various types of private properties. In this survey, properties which are not physically occupied or which are under decoration would be treated as vacant. The vacancy survey includes a full survey of residential units completed within three calendar years at the time of survey, and a random sample covering 3% of the remaining residential units.

After collating the data collected from building management offices, owners and occupants, as well as the information obtained through inspection by property inspectors, RVD will provide the relevant vacancy data in its Hong Kong Property Review. Public housing, village houses, quarters, subsidised home ownership flats and subsidised flats that can be traded in the open market are not included in the category of private domestic properties in the Hong Kong Property Review.

RVD's vacancy survey is undertaken by an outsourced contractor selected in accordance with established tender procedures. Total expenditure on the survey in the past five years is as follows:

Financial Year	Expenditure (\$ million)
2014-15	1.76
2015-16	1.72
2016-17	1.68
2017-18	1.72
2018-19	1.76

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)126**

**(Question Serial No. 6673)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession announced in the Budget in the past 5 years, please provide information on the top 10 ratepayers that were expected to receive the largest amounts of rates concession (including the estimated amount of rates concession and the number of rateable properties held by the ratepayers concerned).

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 1447)

Reply:

The estimated figures for the past five years in respect of the top 10 ratepayers expected to receive the largest amounts of rates concession are set out in the following table –

Financial Years	Top 10 Ratepayers (excluding organisations providing subsidised housing)	
	Amount of Rates Concession (\$million)	Number of Rateable Tenements
2014-15	86.4	40 946
2015-16	126.9	40 333
2016-17	124.2	39 865
2017-18	125.4	40 185
2018-19	256.6	40 136

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)127**

**(Question Serial No. 7160)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession measures in recent years, please tabulate the number of properties and amount of rates concession involved in respect of the top 100 organisations anticipated to receive the largest amount of rates concession this year and in the past 2 years.

Ratepayer(s)	2017-2018		2018-2019		2019-2020	
	Number of Rateable Properties	Amount of Rates Concession (\$ million)	Number of Rateable Properties	Amount of Rates Concession (\$ million)	Number of Rateable Properties	Amount of Rates Concession (\$ million)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11-100						
Total						

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 8715)

Reply:

From 2017-18 to 2019-20, the estimated figures of the top 100 ratepayers receiving the largest amount of rates concession are set out in the following table –

Ratepayers (excluding organisations providing subsidised housing)	2017-18		2018-19		2019-20	
	Amount of Rates Concession (\$M)	Number of Rateable Tenements	Amount of Rates Concession (\$M)	Number of Rateable Tenements	Amount of Rates Concession (\$M)	Number of Rateable Tenements
1	51.1	16 093	102.6	15 645	61.5	13 673
2	14.7	5 108	29.3	5 038	19.7	4 843
3	13.2	5 611	24.9	5 488	17.5	5 233
4	9.5	2 736	19.6	2 047	13.6	2 750
5	8.4	2 710	19.5	2 705	12.3	2 666
6	8.0	2 040	17.4	2 748	12.2	2 093
7	7.1	1 870	14.8	1 785	10.5	2 776
8	4.6	1 253	9.9	2 133	9.9	1 787
9	4.5	1 559	9.6	1 289	6.8	1 292
10	4.4	1 205	8.9	1 258	6.2	1 044
11-100	123.5	38 374	258.4	35 434	181.9	39 542
Total	248.9	78 559	514.9	75 570	352.3	77 699

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)128**

**(Question Serial No. 5405)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government will grant rates concession for four quarters of 2019-20, subject to a ceiling of \$1,500 per quarter for each rateable property. It is estimated that this measure will benefit 3.29 million properties and reduce government revenue by \$15 billion. Would the Government please inform the Committee of the number of people in Hong Kong expected to benefit from the rates concession?

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 510)

Reply:

The collection of rates has all along been based on tenements. A ratepayer can be the owner, occupier, or agent of the owner, which cover both individuals and corporations.

As the records of the Rating and Valuation Department (RVD) are on tenement basis, RVD does not maintain information on the number of people who would benefit from rates concession.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)129****(Question Serial No. 5168)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: (1) Statutory Valuation and Assessments and (3) Provision of Valuation and Property Information ServicesControlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The Rating and Valuation Department (RVD) engages outsourced contractors to conduct a vacancy survey at the end of each year to give an overview of the vacancy position of various types of private properties. Please inform the Committee :

- 1) in the table below, the name of the outsourced contractors engaged, the number of inspectors deployed and the expenditure incurred for the vacancy surveys conducted in the past 3 financial years;

Financial Year	Outsourced Contractor	Number of Inspectors	Expenditure
2016-17			
2017-18			
2018-19			

- 2) whether the RVD will recruit additional staff and increase the frequency of vacancy surveys on domestic premises completed in the latest 3 calendar years, in view of the introduction of "Special Rates" on vacant first-hand private domestic units at 2 times of their rateable values as announced by the Government in 2018. If yes, please provide the details and if not, please give reasons.

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 63)

Reply:

- 1) The Rating and Valuation Department (RVD) outsources the vacancy survey to a contractor through tender procedures. The name of the contractors engaged, the number of inspectors deployed by the contractor and the total expenditure incurred in the past 3 financial years are as follows:

Financial Year	Outsourced Contractor	Number of Inspectors	Expenditure (\$million)
2016-17	Memfus Wong Surveyors Limited	22	1.68
2017-18	Memfus Wong Surveyors Limited	21	1.72
2018-19	Memfus Wong Surveyors Limited	23	1.76

- 2) RVD conducts the vacancy survey at the end of each year mainly to collect information on the overall vacancy position of various types of private properties, and the relevant information is incorporated into its Hong Kong Property Review. The collection of such information is of a recurrent nature. It is not confined to first-hand properties, nor related to the proposed levying of “Special Rates”.

The Government will separately put in place a mechanism to implement the proposed levying of “Special Rates” for vacant first-hand private domestic units. In this connection, RVD will create 71 permanent non-directorate posts in 2019-20 to carry out the preparatory work to facilitate the introduction of “Special Rates” on vacant first-hand private residential units.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)130**

**(Question Serial No. 4278)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ( )

Programme: Not Specified

Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the Technical Notes of the Hong Kong Property Review 2018 published by the Rating and Valuation Department (RVD), a unit that is not physically occupied or is under decoration during the vacancy survey conducted at the end of each year is classified as vacant. It is also stated that “for rated domestic premises completed prior to 2015, a projection of vacancies is made from the result of a 3% random sample survey of such units.”

Please provide the Committee with the following information:

- (a) the manpower involved in conducting the vacancy survey on 3% of the units in private domestic premises in all 18 districts of Hong Kong at the end of each year. Please provide a breakdown, by post, of the number of staff members involved and the annual emoluments of the ranks concerned;
- (b) the time required to conduct the vacancy survey at the end of each year;
- (c) whether the vacancy survey covers the units in single-block composite buildings. If yes, please indicate how the RVD distinguishes which units in a composite building are used for commercial purpose and which are for domestic purpose;
- (d) whether any overseas municipal or territorial government uses the same sampling method as RVD by taking a sample size of 3% for random sample surveys on the vacancy of private premises. If yes, please provide relevant information; and
- (e) a breakdown, by the 18 districts of Hong Kong, of the number of vacant units, the vacancy as a percentage of the stock in each district and the vacancy as a percentage of the total stock in the last 3 years (i.e. 2015, 2016 and 2017).

Asked by: Hon SHIU Ka-chun (LegCo internal reference no.: 18)

Reply:

- (a) The Rating and Valuation Department (RVD) outsources the annual vacancy survey to contractor selected in accordance with established tender procedures.
- (b) The vacancy survey is conducted at the end of each year, which takes about 3 months.
- (c) The vacancy survey covers single-block composite buildings. As the purpose of the vacancy survey is to collect information on vacant properties, there is no verification of the actual use of occupied properties.
- (d) RVD outsources the vacancy survey to a contractor and the sampling method employed is statistically sound. RVD does not have information on the methodology of vacancy survey conducted in other regions.
- (e) The tables below show the number of vacant units, the vacancy percentage of the district stock and the vacancy percentage of the total stock in the 18 districts from 2015 to 2017:

**2015**

District	No. of vacant units at 2015 year-end	Vacancy % of district stock	Vacancy % of total stock
Central and Western	3 373	3.7	0.3
Wan Chai	4 973	7.8	0.4
Eastern	1 970	1.5	0.2
Southern	1 899	4.5	0.2
Yau Tsim Mong	3 751	3.3	0.3
Sham Shui Po	1 986	2.7	0.2
Kowloon City	3 679	3.6	0.3
Wong Tai Sin	116	0.6	0.0
Kwun Tong	766	1.6	0.1
Kwai Tsing	421	1.2	0.0
Tsuen Wan	2 006	2.6	0.2
Tuen Mun	1 265	2.2	0.1
Yuen Long	2 860	3.8	0.2
North	1 000	3.6	0.1
Tai Po	2 067	6.4	0.2
Sha Tin	3 474	4.4	0.3
Sai Kung	3 700	6.5	0.3
Islands	2 729	11.3	0.2
<b>Overall</b>	<b>42 035</b>	<b>3.7</b>	<b>3.7</b>

**2016**

<b>District</b>	<b>No. of vacant units at 2016 year-end</b>	<b>Vacancy % of district stock</b>	<b>Vacancy % of total stock</b>
Central and Western	3 254	3.5	0.3
Wan Chai	4 120	5.7	0.4
Eastern	3 292	2.8	0.3
Southern	2 441	5.8	0.2
Yau Tsim Mong	2 756	2.4	0.2
Sham Shui Po	2 091	2.8	0.2
Kowloon City	3 479	3.4	0.3
Wong Tai Sin	201	1.1	0.0
Kwun Tong	1 038	2.2	0.1
Kwai Tsing	528	1.5	0.0
Tsuen Wan	765	1.0	0.1
Tuen Mun	1 449	2.5	0.1
Yuen Long	5 031	6.6	0.4
North	412	1.5	0.0
Tai Po	1 107	3.4	0.1
Sha Tin	3 204	4.0	0.3
Sai Kung	5 399	9.0	0.5
Islands	3 090	11.6	0.3
<b>Overall</b>	<b>43 657</b>	<b>3.8</b>	<b>3.8</b>

**2017**

<b>District</b>	<b>No. of vacant units at 2017 year-end</b>	<b>Vacancy % of district stock</b>	<b>Vacancy % of total stock</b>
Central and Western	3 237	3.5	0.3
Wan Chai	4 181	5.8	0.4
Eastern	2 094	1.8	0.2
Southern	1 350	3.2	0.1
Yau Tsim Mong	2 365	2.1	0.2
Sham Shui Po	3 463	4.5	0.3
Kowloon City	6 787	6.4	0.6
Wong Tai Sin	242	1.3	0.0
Kwun Tong	363	0.8	0.0
Kwai Tsing	170	0.5	0.0
Tsuen Wan	1 198	1.5	0.1
Tuen Mun	2 982	5.0	0.3
Yuen Long	5 942	7.4	0.5
North	814	2.9	0.1
Tai Po	483	1.5	0.0
Sha Tin	2 349	2.9	0.2
Sai Kung	3 990	6.4	0.3
Islands	932	3.5	0.1
<b>Overall</b>	<b>42 942</b>	<b>3.7</b>	<b>3.7</b>

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)131****(Question Serial No. 7195)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ( )Programme: ( )Controlling Officer: Commissioner of Rating and Valuation (CHOI Lap Yiu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the rents (lowest, median and highest) of private domestic units by district for the past 3 years.

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 38)Reply:

The Rating and Valuation Department has been compiling statistics on the average rents in respect of different types of private domestic units, but does not include their lowest, median and highest rents. The average rents (Note 1) of private domestic units by class (Note 2) and region in 2016-2018 are listed below:

(\$/m<sup>2</sup> per month)

Year	Region	Property Class				
		A	B	C	D	E
2016	Hong Kong	415	372	395	422	433
	Kowloon	329	302	329	326	349
	New Territories	266	226	233	247	235
2017	Hong Kong	452	403	433	444	454
	Kowloon	354	327	356	349	368
	New Territories	296	251	259	256	240
2018 (Provisional figures)	Hong Kong	488	429	455	452	473
	Kowloon	391	354	376	381	370
	New Territories	315	267	270	269	251

Note 1: Average rents are analysed for general reference only. Rental levels at a certain period mainly depend on the special characteristics of the properties being analysed. Thus, changes in average rents between different periods may be due to variations in these characteristics, and should not be taken as indicating a general change in value over the period.

Note 2: Class A - saleable area less than 40 m<sup>2</sup>  
Class B - saleable area of 40 m<sup>2</sup> to 69.9 m<sup>2</sup>  
Class C - saleable area of 70 m<sup>2</sup> to 99.9 m<sup>2</sup>  
Class D - saleable area of 100 m<sup>2</sup> to 159.9 m<sup>2</sup>  
Class E - saleable area of 160 m<sup>2</sup> or above

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)132**

**(Question Serial No. 4540)**

Head: (173) Working Family and Student Financial Assistance Agency

Subhead (No. & title): (700) General non-recurrent

Programme: ( )

Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Caring and Sharing Scheme under Subhead 700 of the Operating Account, the revised estimated expenditure for 2018-19 is \$70,915,000. Will the Government advise this Committee the areas in which the above revised estimated expenditure are incurred (e.g. human resources, publicity, etc.)?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 84)

Reply:

The revised estimated expenditure of \$70.915 million for 2018-19 is for the payment of staff salaries, office rental, IT expenses, publicity and printing costs, and other operating expenses.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)133**

**(Question Serial No. 3538)**

Head: (173) Working Family and Student Financial Assistance Agency

Subhead (No. & title): (700) General non-recurrent

Programme: ( )

Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the implementation of the Caring and Sharing Scheme, which involves an administrative cost of over \$300 million, please inform this Committee:

1. What is the breakdown of the administrative cost?
2. Are there any administrative services provided through tendering or other forms of outsourcing? If yes, what are the details of the contracts concerned?
3. Had any assistance or support been sought from the Government Logistics Department before the launch of the Scheme?

Given the confusion in the distribution of application forms when the Scheme was initially launched,

4. how many application forms were printed at different stages by the Government?
5. how many application forms were distributed?

Asked by: Hon MO Claudia (LegCo internal reference no.: 78)

Reply:

1. The one-off implementation costs for the Caring and Sharing Scheme (the Scheme) implemented by the Working Family Allowance Office (WFAO) are about \$300 million, including the payment of staff salaries, office rental, IT expenses, publicity and printing costs, and other operating expenses. Moreover, the Scheme requires office automation facilities and a computer system at a one-off total non-recurrent cost of about \$19 million, which is funded under Head 710 Computerisation Block Vote of the Capital Works Reserve Fund.

2. The WFAO has outsourced the production of television and radio announcements in public interest at a cost of about \$500,000. Moreover, the WFAO has procured network products; server systems; hardware, software and/or support services; as well as privacy impact assessment, security risk assessment and audit from standing offer agreement contractors of the Office of the Government Chief Information Officer, with a total cost of over \$6.9 million.
3. Before the Scheme was launched, the WFAO had sought assistance from the Government Logistics Department in printing publicity materials and application documents of the Scheme.
4. Prior to the distribution of application forms of the Scheme to the public, the WFAO had printed a total of 1 million application forms in Chinese and 300 000 application forms in English. An additional 2 million application forms in Chinese and 180 000 application forms in English were subsequently printed in response to demand.
5. As at 31 March 2019, about 2.54 million application forms in Chinese and 370 000 application forms in English were distributed by the WFAO.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)134**

**(Question Serial No. 4087)**

Head: (173) Working Family and Student Financial Assistance Agency

Subhead (No. & title): (700) General non-recurrent

Programme: ( )

Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Caring and Sharing Scheme (the Scheme), please inform this Committee:

1. How many application forms have been printed for the Scheme? What is the printing cost?
2. What is the staffing arrangement for the operation of the Scheme? Is there any outsourced or additional staff employed for operating the Scheme? If yes, what is the expenditure involved?
3. What is the expected timeframe for completion of processing all applications under the Scheme?
4. What is the administrative cost of the Scheme?

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 47)

Reply:

1. As at 31 March 2019, a total of 3 million application forms in Chinese and 480 000 application forms in English were printed by the Working Family Allowance Office (WFAO). The printing cost is about \$4.2 million.
2. To implement the Caring and Sharing Scheme (the Scheme), the WFAO plans to hire about 700 staff members. As at 31 March 2019, the WFAO recruited about 450 staff members and will continue to recruit up to 700 staff members. The estimated staff costs are about \$160 million.

3. The application period for the Scheme is from 1 February 2019 to 30 April 2019. As the application period has not yet ended, the total number of applications cannot be ascertained at this stage. The time required to process each application also varies from case to case. The WFAO will process all applications as soon as possible. It is expected that payment will be made from April this year and all applications will be processed by the end of the year.
4. The one-off implementation costs for the Scheme are about \$300 million, including the payment of staff salaries, office rental, IT expenses, publicity and printing costs, and other operating expenses. Moreover, the Scheme requires office automation facilities and a computer system at a one-off total non-recurrent cost of about \$19 million, which is funded under Head 710 Computerisation Block Vote of the Capital Works Reserve Fund.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)135**

**(Question Serial No. 4111)**

Head: (173) Working Family and Student Financial Assistance Agency

Subhead (No. & title): (700) General non-recurrent

Programme: ( )

Controlling Officer: Head, Working Family and Student Financial Assistance Agency  
(Esmond LEE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Caring and Sharing Scheme, will the Agency advise this Committee of the total number of application forms printed and distributed, the amount of paper used and the expenditure involved as at the date of reply?

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 123)

Reply:

As at 31 March 2019, a total of 3 million application forms in Chinese and 480 000 application forms in English were printed by the Working Family Allowance Office, whereas about 2.54 million application forms in Chinese and 370 000 application forms in English were distributed. The amount of paper used was about 23 million sheets (including those for printing application forms, envelopes and information documents i.e. "Guidance Notes" and "Sample for Completing Application Form"). The printing cost involved is about \$4.2 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)136**

**(Question Serial No. 7225)**

Head: (186) Transport Department

Subhead (No. & title): ( )

Programme: (2) Licensing of Vehicles and Drivers

Controlling Officer: Commissioner for Transport (Ms Mable CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding measures taken by the Government to facilitate driving by eligible persons with disabilities, will the Government provide the following information:

What were the numbers of applications for exemption from payment of motor vehicles first registration tax on the ground of disability made at the time of purchase of motor vehicles, the numbers of approved applications, the numbers of rejected applications and the reasons, as well as the amounts of the tax forgone in the past five years?

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 7162)

Reply:

In accordance with sections 2 and 5 of the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330), a disabled person meeting the relevant definition may be exempted from the first registration tax on the first \$300,000 of the taxable value of a motor vehicle for which the disabled person is applying for first registration, on the condition that the disabled person is able to satisfy the Commissioner for Transport that he is fit to drive that vehicle, and he has not registered a motor vehicle subject to the exemption of the motor vehicles first registration tax within the previous five years. In accordance with section 2 of the Road Traffic Ordinance (Cap. 374), disabled person means a person who is the holder of a certificate signed by or on behalf of the Director of Health or the Hospital Authority stating that such person is suffering from a permanent disease or physical disability that causes him considerable difficulty in walking.

All applicants meeting the above requirements have been granted exemption from payment of the applicable motor vehicles first registration tax in the past five years, without rejected applications. The numbers of approved cases and the amounts of tax exempted are tabulated below:

Year	Number of approved cases	Amount of tax exempted (\$ million)
2014	149	14.9
2015	167	17.7
2016	159	15.9
2017	176	18.9
2018	162	18.3

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)137**

**(Question Serial No. 6035)**

Head: (188) Treasury

Subhead (No. & title): ( )

Programme: ( )

Controlling Officer: Director of Accounting Services (Charlix Wong)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work in relation to the Code on Access to Information, please advise this Committee on the following:

- 1) concerning the requests for information under the Code on Access to Information received by the Treasury for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

- 2) concerning the requests for information under the Code on Access to Information received by the Treasury for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 279)

Reply:

- 1) Among the requests for information under the Code on Access to Information received by the Treasury between January and September 2018, one request was provided with part of the information with details as follows:

(i) Content of the request for which part of the required information was provided	(ii) Reasons for providing part of the information only	(iii) How the request was eventually handled
Information on civil service benefits for the applicant.	According to paragraph 2.15 of the Code on Access to Information, only the part of the information which does not involve personal data of a third party should be provided.	Apart from the part of information which involved personal data of a third party, the applicant was provided with all other information required.

- 2) The Treasury did not reject any request for information from applicants between January and September 2018.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)138****(Question Serial No. 4732)**

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

Subhead (No. & title): ( )

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:

Will the Government set out in table form the respective staff establishment and estimated full-year expenditure on salaries of A, B, C, H and G Divisions under the Deputy Secretary for Financial Services and the Treasury (Treasury) (1) in 2019-20?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 307)

Reply:

The estimated staff establishment of five Divisions under the Deputy Secretary for Financial Services and the Treasury (Treasury) (1) in 2019-20 and related salary expenditure are tabulated as follows-

	<b>Staff establishment</b>	<b>Salary expenditure</b>
A Division	14 posts	\$14.35m
B Division	13 posts	\$13.27m
C Division	15 posts	\$14.50m
H Division	15 posts	\$12.46m
G Division	45 posts	\$19.88m
<b>Total</b>	<b>102 posts</b>	<b>\$74.46m</b>

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)139****(Question Serial No. 5194)**

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

Subhead (No. & title): ( )

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:

Will the Government set out in table form the respective staff establishment and estimated full-year expenditure on salaries of A, B, C, H and G Divisions under the Deputy Secretary for Financial Services and the Treasury (Treasury) (1) in 2018-19?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 307)

Reply:

The estimated staff establishment of five Divisions under the Deputy Secretary for Financial Services and the Treasury (Treasury) (1) in 2018-19 and related salary expenditure are tabulated as follows-

	<b>Staff establishment</b>	<b>Salary expenditure</b>
A Division	14 posts	\$13.56m
B Division	13 posts	\$12.58m
C Division	15 posts	\$13.79m
H Division	15 posts	\$11.91m
G Division	45 posts	\$18.91m
<b>Total</b>	<b>102 posts</b>	<b>\$70.75m</b>

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)140**

**(Question Serial No. 4356)**

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

Subhead (No. & title): ( )

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:

Regarding its work in relation to the Code on Access to Information, will the Administration advise this Committee on the following:

1) concerning the requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau (the Treasury Branch) for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

2) concerning the requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau (the Treasury Branch) for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 100)

Reply:

During the period from January to September 2018, the Financial Services and the Treasury Bureau (the Treasury Branch) had processed six requests for information under the Code on Access to Information, all of which were provided with the required information.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)141**

**(Question Serial No. 7165)**

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

Subhead (No. & title): ( )

Programme: (3) Service Departments

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:

The Chief Executive announced in 2018 Policy Address that in respect of service contracts which rely heavily on the deployment of non-skilled employees, the Government will introduce new measures to enhance the protection of the employment terms and conditions as well as labour benefits of non-skilled employees. One of the recommendations is increasing the normal technical weighting to the range of 50% to 70% in the marking schemes for tender evaluation whereas the price weighting will be decreased correspondingly to the range of 30% to 50%. Meanwhile, the Government suggested that the weighting of wage level as an assessment criterion in the technical weighting will be increased to at least 25%.

a. Under the new tender evaluation system, what are the technical and price weightings adopted by government departments and public organisations (including the Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department, Environmental Protection Department, Electrical and Mechanical Services Department, Food and Environmental Hygiene Department, Highways Department, Housing Department, Leisure and Cultural Services Department and Water Supplies Department)? Among them, what is the weighting of wage level as an assessment criterion in the technical weighting? Please provide a breakdown by department.

b. As mentioned above, will and how will the Government review the effectiveness of the new tender evaluation system in increasing workers' wage as well as that of the additional measures in protecting outsourced service workers?

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 3524)

Reply:

As the above-mentioned new measures have been implemented with effect from 1 April 2019, we cannot provide the relevant statistics at this stage. We will assess the effectiveness of these new measures in a timely manner having regard to the views and comments received upon their implementation.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)142**

**(Question Serial No. 5014)**

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

Subhead (No. & title): ( )

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:

The Government forecast that by the end of this financial year, the fiscal reserves will reach \$1,161.6 billion. A lot of people have criticised that the Government is unfair in improving the lives of people with assets and providing profits tax reduction and rates waiver, thus causing disharmony to the society. Will the Government answer the following question:

Will the Government, under the fairness principle, change the so-called relief measures by using the fiscal reserves to provide for every citizen in Hong Kong a cash handout so as to enhance social harmony? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 511)

Reply:

This question is not relevant to Head 147.

Having regard to the external political and economic landscape, local economic sentiments and the Government's fiscal position, the Financial Secretary has announced a series of one-off relief measures in the 2019-20 Budget to alleviate people's burden. These measures include reducing salaries tax, tax under personal assessment and profits tax; waiving rates; providing an extra allowance equal to one month of the standard rate Comprehensive Social Security Allowance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, Working Family Allowance and Work Incentive Transport Subsidy; providing a grant to students in need; paying the examination fees for school candidates sitting for the Hong Kong Diploma of Secondary Education Examination; and providing additional value to elderly health care vouchers, etc. The above measures, accounting for over 70% of the budget surplus forecast for the 2018-19 financial year, will benefit people from all walks of life and cover a great majority of low-income persons.

Apart from serving to meet our day-to-day operational expenses, the fiscal reserves is also used for coping with committed expenditures and liabilities, maintaining the stability of Hong Kong dollar, serving as a buffer during economic downturns and meeting the challenges of an ageing population, etc. The Government has no intention to draw on our fiscal reserves and hand out cash to the public at present.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)143**

**(Question Serial No. 5397)**

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

Subhead (No. & title): ( )

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:

The fiscal reserves are expected to reach \$1,161.6 billion at the end of this financial year and the Government is widely criticised for failing to share the fruits of economic success with the community. In this connection, this Committee requests the Government to answer the following question:

Will the Government hand out cash to every Hong Kong citizen again in order to share the fruits of economic success with the community? If yes, what are the details? If no, what are the reasons for that?

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.:501)

Reply:

This question is not relevant to Head 147.

Having regard to the external political and economic landscape, local economic sentiments and the Government's fiscal position, the Financial Secretary has announced a series of one-off relief measures in the 2019-20 Budget to alleviate people's burden. These measures include reducing salaries tax, tax under personal assessment and profits tax; waiving rates; providing an extra allowance equal to one month of the standard rate Comprehensive Social Security Allowance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, Working Family Allowance and Work Incentive Transport Subsidy; providing a grant to students in need; paying the examination fees for school candidates sitting for the Hong Kong Diploma of Secondary Education Examination; and providing additional value to elderly health care vouchers, etc. The above measures, accounting for over 70% of the budget surplus forecast for financial year 2018-19, will benefit people from all walks of life and cover a great majority of low-income persons. The Government has no intention to hand out cash to the public at present.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)144**

**(Question Serial No. 5402 )**

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

Subhead (No. & title): ( )

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:

Some members of the public consider that a reasonable principle of public finance management should be to maintain a small surplus. They point out that although the Hong Kong Government has, at present, a large surplus with substantial non-recurrent expenditure (i.e. \$85.6 billion for infrastructure), and relies on non-recurrent revenues (\$100 billion from land sales and \$120 billion from stamp duties), it advocates the adoption of forward-looking and strategic financial management principles. Will the Government provide this Committee with the following information:

1. a detailed explanation of the forward-looking and strategic financial management principles;
2. the annual non-recurrent expenditure and the major items in each of the past three years;
3. the details and the expenditures on the top ten largest non-recurrent expenditure items in each of the past three years;
4. the annual recurrent expenditure and the major items in each of the past three years;
5. the details and the expenditures on the top ten largest recurrent expenditure items in each of the past three years.

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 506)

Reply:

1. The 2019-20 Budget was prepared along the direction of “supporting enterprises, safeguarding jobs, stabilising the economy, strengthening livelihoods”. On the premise of ensuring healthy public finances, the Government adopts forward-looking and strategic financial management principles to develop different sectors of the economy, relieve people's burden and invest for the future.

2. The annual non-recurrent expenditure for the past three years is tabulated below:

<b>Financial year</b>	<b>Amount (\$'Million)</b>
2016-17	8,618
2017-18	9,085
2018-19 (Revised Estimate)	29,860

Non-recurrent expenditure mainly covers expenditure on items of a one-off nature such as establishment of funds, injections to existing funds or provision of additional subsidies, etc. Please also refer to Part 3 of the reply.

3. The details and the amounts of the top ten non-recurrent expenditure items for the past three years are set out at Enclosure 1.

4. The annual recurrent expenditure for the past three years is tabulated below:

<b>Financial year</b>	<b>Amount (\$'Million)</b>
2016-17	344,638
2017-18	361,812
2018-19 (Revised Estimate)	404,746

Recurrent expenditure mainly covers the operational expenses of departments, continuous implementation of recurrent schemes, provision of recurrent subsidies, etc. Please also refer to Part 5 of the reply.

5. The details and the amounts of the top ten recurrent expenditure items for the past three years are set out at Enclosure 2.

**Top ten non-recurrent expenditure items in each of the past three years**

2016-17

	<b>Head</b>	<b>Subhead</b>	<b>Ambit</b>	<b>Amount (\$'Million)</b>
1	170 Social Welfare Department	700	Additional provision for social security recipients	2,758
2	44 Environmental Protection Department	700	Ex-gratia payment for phasing out pre-Euro IV diesel commercial vehicles	1,522
3	156 Government Secretariat: Education Bureau	700	Gifted Education Fund	800
4	148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)	700	Establishment of an independent Insurance Authority	450
5	90 Labour Department	700	Work Incentive Transport Subsidy Scheme	300
6	156 Government Secretariat: Education Bureau	700	One-off start-up grant for kindergartens joining the Free Quality Kindergarten Education Scheme	211
7	140 Government Secretariat: Food and Health Bureau (Health Branch)	700	Health and Medical Research Fund	185
8	181 Trade and Industry Department	700	SME Export Marketing and Development Funds	174
9	173 Working Family and Student Financial Assistance Agency	700	Continuing Education Fund	163
10	55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	700	CreateSmart Initiative	146

	<b>Head</b>	<b>Subhead</b>	<b>Ambit</b>	<b>Amount (\$'Million)</b>
1	170 Social Welfare Department	700	Additional provision for social security recipients	2,897
2	44 Environmental Protection Department	700	Ex-gratia payment for phasing out pre-Euro IV diesel commercial vehicles	1,394
3	156 Government Secretariat: Education Bureau	700	Injection into Qualifications Framework Fund	1,200
4	156 Government Secretariat: Education Bureau	700	Seventh Matching Grant Scheme for the self-financing post-secondary education sector	313
5	90 Labour Department	700	Work Incentive Transport Subsidy Scheme	287
6	156 Government Secretariat: Education Bureau	700	Study Subsidy Scheme for Designated Professions/Sectors	186
7	140 Government Secretariat: Food and Health Bureau (Health Branch)	700	Health and Medical Research Fund	185
8	181 Trade and Industry Department	700	SME Export Marketing and Development Funds	166
9	173 Working Family and Student Financial Assistance Agency	700	Continuing Education Fund	148
10	55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	700	CreateSmart Initiative	139

2018-19 (Revised Estimate)

	<b>Head</b>	<b>Subhead</b>	<b>Ambit</b>	<b>Amount (\$'Million)</b>
1	170 Social Welfare Department	700	Additional provision for social security recipients	7,411
2	53 Government Secretariat: Home Affairs Bureau	700	Injection into Elite Athletes Development Fund	6,000
3	190 University Grants Committee	700	Injection into the Research Endowment Fund	3,000
4	156 Government Secretariat: Education Bureau	700	Setting up of the Student Activities Support Fund	2,500
5	53 Government Secretariat: Home Affairs Bureau	700	Injection into Arts and Sport Development Fund (Sports Portion)	1,000
6	159 Government Secretariat: Development Bureau (Works Branch)	700	Construction Innovation and Technology Fund	1,000
7	44 Environmental Protection Department	700	Ex-gratia payment for phasing out pre-Euro IV diesel commercial vehicles	955
8	156 Government Secretariat: Education Bureau	700	Injection into the HKSAR Government Scholarship Fund	800
9	156 Government Secretariat: Education Bureau	700	Injection into the Gifted Education Fund	800
10	173 Working Family and Student Financial Assistance Agency	700	One-off support grant for needy students in the 2018/19 School Year	558



Enclosure 2

**Top ten recurrent expenditure items in each of the past three years**

2016-17

	<b>Subhead</b>	<b>Amount (\$'Million)</b>
1	000 Operational expenses	253,795
2	015 Public and judicial service pension benefits and compensation	30,843
3	179 Comprehensive social security assistance scheme	21,164
4	180 Social security allowance scheme	20,508
5	223 Purchase of water	4,544
6	228 Student financial assistance	4,133
7	297 Fees for operation of waste management facilities	1,725
8	040 Non-accountable cash allowance	1,026
9	166 Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities	991
10	014 Home purchase allowance	758

	<b>Subhead</b>	<b>Amount (\$'Million)</b>
1	000 Operational expenses	267,291
2	015 Public and judicial service pension benefits and compensation	33,191
3	180 Social security allowance scheme	21,884
4	179 Comprehensive social security assistance scheme	20,551
5	223 Purchase of water	4,781
6	228 Student financial assistance	3,829
	<b>Subhead</b>	<b>Amount (\$'Million)</b>
7	297 Fees for operation of waste management facilities	1,946
8	040 Non-accountable cash allowance	1,235
9	166 Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities	1,093
10	014 Home purchase allowance	727

2018-19 (Revised Estimate)

	<b>Subhead</b>	<b>Amount (\$'Million)</b>
1	000 Operational expenses	293,835
2	015 Public and judicial service pension benefits and compensation	35,792
3	180 Social security allowance scheme	34,411
4	179 Comprehensive social security assistance scheme	20,042
5	223 Purchase of water	4,795
6	228 Student financial assistance	3,528
7	297 Fees for operation of waste management facilities	2,285
8	040 Non-accountable cash allowance	1,475
9	166 Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities	1,205
10	199 Working family allowance	1,100

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)145**

**(Question Serial No. 5403)**

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

Subhead (No. & title): ( )

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:

As the Government will continue the drive to streamline financial regulations within the Government, please inform this Committee of the changes and the details.

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 507)

Reply:

The Government reviews internal financial regulations from time to time. During 2017-18, the Financial Services and the Treasury Bureau (the Treasury Branch) consolidated or streamlined 49 Financial Circulars to 45, covering the work in areas such as government procurement and management of funding schemes, so as to ensure that the relevant guidelines and requirements are up-to-date.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)146**

**(Question Serial No. 5404)**

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

Subhead (No. & title): ( )

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:

The Government will transfer the Tax Policy Unit (TPU) to Head 142 — Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 July 2019. Will the Government please provide an answer to the questions below:

1. What are the reasons for suddenly proposing the transfer of the TPU to come directly under the Financial Secretary's Office? Please give adequate justifications for taking the TPU out of the Financial Services and the Treasury Bureau.
2. Has the Government consulted the Legislative Council on the transfer of the TPU to Head 142 — Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 509)

Reply:

In the 2017-18 Budget, the Financial Secretary announced the setting-up of a Tax Policy Unit (TPU) in the Financial Services and the Treasury Bureau. Upon its establishment in April 2017, the TPU made it a priority to facilitate the development of Hong Kong's industries and economy through tax policy. So far, the TPU has assisted in implementing tax measures such as the two-tiered profits tax rates regime and the provision of enhanced tax deduction for research and development expenditure. The TPU has also helped different policy bureaux study tax measures related to their respective policy areas, such as the insurance industry and ship leasing business.

With global requirements and competition in taxation matters becoming more complex and Hong Kong moving towards a diversifying economy, the Government will closely monitor international developments on tax requirements and ensure compliance, while introducing tax measures strategically to enhance Hong Kong's competitiveness and ensure stability of our tax revenue. To better support the Government's overall efforts in economic development, the TPU will be transferred to come directly under the Financial Secretary's Office with effect from 1 July 2019. No additional resources will be involved in the transfer. The Government will provide the TPU with extra resources according to its operational needs with a view to strengthening its role, and consult the Legislative Council on the relevant proposals in accordance with the established mechanism.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)147**

**(Question Serial No. 5181)**

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

Subhead (No. & title): ( )

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:

In 2018-19, the Treasury Branch was responsible for extending the application of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters to Hong Kong, and the Inland Revenue (Convention on Mutual Administrative Assistance in Tax Matters) Order (the Order) was gazetted and came into operation in 2018. As for 2019-20, the Branch will continue to oversee the implementation of the standard for automatic exchange of financial account information in tax matters promulgated by the Organisation for Economic Co-operation and Development. Please inform this Committee of the following:

1. Please state in chronological order and in table form the details of requests made by other jurisdictions for administrative assistance (including simultaneous tax examinations, participation in tax examinations abroad, assistance in recovery and service of documents) since the Order has entered into force; and
2. Has the Government provided the administrative assistance as stated in Question (1)? If yes, what are the details of the additional administrative costs incurred?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 116)

Reply:

Upon the request of the Hong Kong Special Administrative Region Government, the Central People's Government ("CPG") extended the application of the Convention on Mutual Administrative Assistance in Tax Matters ("the Convention") to Hong Kong last year so that Hong Kong can exchange tax information with other participating jurisdictions of the Convention and discharge the obligation on international tax cooperation more effectively.

The Convention has entered into force in Hong Kong since 1 September 2018. Since then and up to 28 February 2019, the Inland Revenue Department ("IRD") received a total of 40 exchange of information ("EOI") requests from other tax jurisdictions under the Convention. The nature of information covered by those requests is detailed as follows:-

Number of EOI requests	Nature of information requested <sup>Note 1</sup>			
	Accounting information	Banking information	Ownership information	Other information <sup>Note 2</sup>
40	22	28	23	34

Note 1: One request may cover more than one type of information.

Note 2: Other information includes tax returns, information on tax payment, company information, personal information, etc.

The IRD has declined 4 requests that fail to comply with the requirements set out in the Convention. As for the remaining 36 requests, the IRD has asked the relevant jurisdictions to provide further information to facilitate processing. In view of the confidentiality requirements of the Convention and the Inland Revenue Ordinance, the IRD cannot disclose the details of the requests.

According to the declarations and reservations applicable to Hong Kong under the Convention made by the CPG, Hong Kong shall not provide assistance to other tax jurisdictions in relation to recovery of tax claims or service of documents, and Hong Kong shall not accept requests related to tax examinations abroad. Furthermore, under the prevailing policy of Hong Kong, we will not participate in simultaneous tax examinations.

Since the work arising from the Convention is one of the regular duties of the IRD, the manpower and expenditure involved have been included in the overall establishment and expenditure of the IRD, and no breakdown of the expenditure is available.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)148****(Question Serial No. 7227)**Head: (106) Miscellaneous ServicesSubhead (No. & title): (284) CompensationProgramme: ( )Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Ms Alice LAU)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

With regard to accidents involving the Government and third party injuries, please list the types of cases, the number of claims and compensation cases, as well as the amounts of compensation involved between 2015-16 and 2017-18.

Asked by: Hon IP Kin-yuen (LegCo internal reference no.: 137)Reply:

Between the 2015-16 and 2017-18 financial years, the number of claims and compensation cases, as well as the total amount of compensation arising from accidents involving the Government and third party injuries were as follows:

Financial year	2015-16	2016-17	2017-18
Number of claims	74	75	79
Number of compensation cases (Note)	45	36	26
Total amount of compensation (\$'000)	18,190	8,410	4,550

Note: The number of compensation cases included part of the claims made against the Government in or before the relevant financial year.

The major types of cases included compensation for public injuries caused by government vehicles in traffic accidents, and for those injuries arising from the use of public facilities and services.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)149**

**(Question Serial No. 7249)**

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

Subhead (No. & title): ( )

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:

Regarding the use of social networks, please advise this Committee on:

1. the expenditure and staff establishment involved in publicity efforts made via social networks by the Financial Services and the Treasury Bureau (The Treasury Branch) (FSTB(Tsy)) in the past 3 years; and
2. the criteria adopted by the FSTB (Tsy) in assessing the effectiveness of these publicity efforts and the appropriateness of the use of the funds concerned.

Asked by: Hon KWONG Chun-yu (LegCo internal reference no.: 91)

Reply:

This Bureau has created an account on Facebook, a free social networking platform, to promote the Secretary for Financial Services and the Treasury's and this Bureau's activities or policies. As the concerned work is carried out by in-house staff as part of their day-to-day duties, no additional cost has been incurred.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)150**

**(Question Serial No. 3657)**

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

Subhead (No. & title): ( )

Programme: (1) Director of Bureau's Office

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:

- 1) Please provide the date of incorporation, objectives and mode of operation of the funds overseen by the Financial Services and the Treasury Bureau (FSTB). Please also provide the balance, government injection amount, investment or other income and total expenditure of these funds in 2015-16, 2016-17 and 2017-18.
- 2) Regarding the funds overseen by the FSTB, how will the Government assess and monitor the situation of various subsidies? Are there any indicators for reviewing the effectiveness of the funds? If yes, what is the latest situation? If no, what are the reasons?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 18)

Reply:

Head 147 did not set up or make injection into any funds.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)151**

**(Question Serial No. 7216)**

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

Subhead (No. & title): ( )

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:

Will section 39E of the Inland Revenue Ordinance be reviewed to allow Hong Kong enterprises to have depreciation allowances in Hong Kong for using machinery and plant outside Hong Kong? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 1)

Reply:

Section 39E of the Inland Revenue Ordinance is an anti-avoidance provision that aims at limiting tax avoidance opportunities arising from machinery or plant leasing arrangements. Depreciation allowance will not be granted if the machinery or plant owned by a taxpayer is used outside Hong Kong by other parties under the provision. However, Hong Kong enterprises which use their own machinery or plant in or outside Hong Kong may claim depreciation allowance for Hong Kong chargeable profits generated by such machinery or plant.

The Financial Services and the Treasury Bureau met with the industry last year and explored different options in reviewing section 39E. We have completed the review and considered that section 39E is in conformity with the tax principles of territorial source, tax symmetry and transfer pricing. In fact, with changes in the mode of operation among enterprises, there have only been very few cases of tax objection involving section 39E in recent years. As such, we are of the view that amendments to section 39E are not necessary. Should the industry has any further views on this matter, we stand ready to listen and explain our position.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)152****(Question Serial No. 3356)**

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

Subhead (No. & title): ( )

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:

Will the Administration fill out the table provided below about total government expenditure in each of the financial years since 2012/13?

	a) Total government expenditure and (% of GDP)	b) Recurrent expenditure and (% of government expenditure)	c) Actual cost of inflation incurred and (% of government expenditure)	d) Civil Service Emoluments plus Emoluments of principal officials and (% of government expenditure)	e) Administrative expenses excluding (d) and (% of government expenditure)	f) Recurrent expenditure after deducting (c), (d) and (e) and (% of government expenditure)	g) Recurrent expenditure after deducting (c), (d) and (e) and (% of GDP)
2012-13							
2013-14							
2014-15							
2015-16							
2016-17							
2017-18							
2018-19							

Asked by: Hon SHEK Lai-him, Abraham (LegCo internal reference no.: 56)

Reply:

The government expenditure for the financial years 2012-13 to 2018-19 is set out below:

	(a) Total government expenditure and (% of GDP)	(b) Recurrent expenditure and (% of government expenditure)	(d) Civil Service Emoluments plus Emoluments of principal officials and (% of government expenditure)	(e) Other recurrent expenditure excluding (d) and (% of government expenditure)
2012-13	\$377.3 billion (18.5%)	\$262.3 billion (69.5%)	\$58.3 billion (15.4%)	\$204.0 billion (54.1%)
2013-14	\$433.5 billion (20.3%)	\$284.4 billion (65.6%)	\$60.8 billion (14.0%)	\$223.6 billion (51.6%)
2014-15	\$396.2 billion (17.5%)	\$305.1 billion (77.0%)	\$64.6 billion (16.3%)	\$240.5 billion (60.7%)
2015-16	\$435.6 billion (18.2%)	\$324.5 billion (74.5%)	\$68.2 billion (15.7%)	\$256.3 billion (58.8%)
2016-17	\$462.0 billion (18.6%)	\$344.6 billion (74.6%)	\$71.8 billion (15.5%)	\$272.8 billion (59.1%)
2017-18	\$470.9 billion (17.7%)	\$361.8 billion (76.8%)	\$74.6 billion (15.8%)	\$287.2 billion (61.0%)
2018-19 (Revised Estimate)	\$537.7 billion (18.9%)	\$404.7 billion (75.3%)	\$79.6 billion (14.8%)	\$325.1 billion (60.5%)

As the Government does not have the information on the actual cost of inflation incurred (part (c) of the question), it is not able to provide the recurrent expenditure after deducting the actual cost of inflation incurred and its percentage of government expenditure and GDP (parts (f) and (g) of the question).

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)153**

**(Question Serial No. 5150)**

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

Subhead (No. & title): ( )

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:

In response to a Member's question, the Government has provided information about local buyers who purchased properties from developers in LC Paper No. CB(1)369/13-14(02). Would the Government set out in table form:

- (1) in the past 10 years, the proportion of transactions where buyers purchasing residential properties from developers were Hong Kong Identity Card (HKIC) holders and did not own any property in Hong Kong at the time of acquisition; and
- (2) in the past 10 years, the respective proportions of transactions where buyers who were HKIC holders disposed of their other residential properties within 6 months and 6 to 12 months from the date of acquisition of residential property?

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 436)

Reply:

Instruments executed on or after 23 February 2013 for the sale and purchase or transfer of residential properties, unless exempted or provided otherwise, are subject to Ad valorem stamp duty (AVD) at the rates under Scale 1. The main exemption is where the purchaser/transferee of the residential property is a Hong Kong permanent resident (HKPR) who is acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition. In such case, the instrument will be subject to AVD at lower rates (Scale 2).

An HKPR who acquires a new residential property to replace his/her original residential property may apply for partial refund of the AVD paid provided that his/her original residential property has been disposed of within a specified period after the date of conveyance of the new residential property. If the new property is acquired between 23 February 2013 and 4 November 2016, the specified period is 6 months; if the new property is acquired on or after 5 November 2016, the specified period is extended to 12 months.

Among the total number of agreements for sale and purchase of residential properties acquired from developers in the past 5 financial years, the percentage of buyers who were HKPRs and did not own any other residential properties in Hong Kong at the time of acquisition is as follows:

Financial Year (Note)	Percentage
2014-15	58.0%
2015-16	58.3%
2016-17	63.9%
2017-18	80.2%
2018-19 (as at 28 February 2019)	84.7%

Note: To ensure quality and timely response to the question, we only provide relevant information for the past 5 years.

Among the total number of agreements for sale and purchase of residential properties in the past 5 financial years, the respective percentages of buyers who were HKPRs and disposed of their other residential properties within 6 months and 6 to 12 months from the date of acquisition of residential property are as follows:

Financial Year (Note 1)	Percentage of buyers who disposed of their other residential properties within 6 months (Note 2)
2014-15	6.3%
2015-16	4.7%
2016-17	3.7%
2017-18	2.1%
2018-19 (as at 28 February 2019)	1.8%

Financial Year (Note 1)	Percentage of buyers who disposed of their other residential properties within 6 to 12 months (Note 2)
2014-15	1.2%
2015-16	1.2%
2016-17	0.9%
2017-18	0.6%
2018-19 (as at 28 February 2019)	0.2%

Note 1: To ensure quality and timely response to the question, we only provide relevant information for the past 5 years.

Note 2: Figures include disposal of one or more other residential properties.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)154**

**(Question Serial No. 4134)**

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

Subhead (No. & title): ( )

Programme: (3) Service Departments

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:

The existing Demerit Point System (DPS) covers breaches of obligations of government service contractors (GSCs) in four areas, i.e. wages, working hours, signing of written contracts with non-skilled workers and payment of wages by means of autopay. It does not cover other exploitative practices such as mandatory overtime work, forcing workers to resign and under-provision of protective equipment for workers. Labour groups consider the DPS ineffective. Please inform this Council how many GSCs were awarded demerit points or eventually debarred from tendering in the past five years due to non-compliance with the four obligations above. Will the Government consider expanding the DPS so as to serve as a real deterrent to the GSCs? If yes, what are the details? If not, what are the reasons?

Asked by: Hon WAN Siu-kin, Andrew (LegCo internal reference no.: 50)

Reply:

Procuring departments issued a total of 18 default notices to seven government service contractors (GSCs) under the Demerit Point System (DPS) between 2014 and 2018. One of the GSCs has accumulated three demerit points and be debarred from tendering between 2019 and 2024.

The Government has implemented improvement measures from April 2019 to enhance the protection of non-skilled workers engaged by GSCs. Under the new measures, non-skilled workers will benefit from contractual gratuity, statutory holiday pay under a continuous employment contract for not less than one month, and at least 150% of the originally entitled wages for the work undertaken when typhoon signal no. 8 or above is hoisted. These three new measures have been included in the DPS, thus increasing the number of covered items from four to seven.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)155**

**(Question Serial No. 4135)**

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

Subhead (No. & title): ( )

Programme: (3) Service Departments

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:

What were the respective numbers of staff employed by outsourced service contractors of various government departments in 2018-19? The Government's "outsourcing system" has become synonymous with the exploitation of workers, thus incurring a high social cost. Will the Government conduct a review to consider abolishing the "outsourcing system" in all or some government departments and recruiting staff directly again?

Asked by: Hon WAN Siu-kin, Andrew (LegCo internal reference no.: 51)

Reply:

Outsourcing is one of the ways adopted by government departments to deliver public services. There is no requirement that government departments must outsource public services or use outsourcing as the primary mode for delivering services. Departments may decide the need of outsourcing based on their operational needs.

As pointed out by the Chief Executive in her reply to the Legislative Council in January 2018, some jobs are deemed appropriate to leverage on the flexibility of the market while not all jobs can be undertaken by civil service establishment. By making proper use of outsourced services and optimising the skills and experience available in the market, the Government is able to deliver services and meet public demands in a more flexible manner.

There are a great variety and number of service contracts outsourced by government departments. Staff employed by government service contractors include management personnel, professional staff, skilled or non-skilled workers, etc. As we do not collect the detailed information concerning staff employed by service contractors, the statistics requested are not available.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)156**

**(Question Serial No. 3438)**

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

Subhead (No. & title): ( )

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:

The Government set up the Future Fund in 2016. In its first 2 years of operation, the Fund achieved a composite rate of return of 4.5 per cent and 9.6 per cent respectively. In this connection, please provide the following information:

1. for each year since its establishment, the Future Fund's investment portfolio, a breakdown showing the rate of return on each part of the investment portfolio, the annual composite rate of return and details of the financial position;
2. the manpower and amount of public money deployed by the Government each year in the past to manage the Future Fund, formulate investment strategies, etc.

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 54)

Reply:

This question is not directly related to Head 147.

1. Since its establishment in 2016, the Future Fund is managed by the Hong Kong Monetary Authority (HKMA) by setting aside for placement with the Exchange Fund's Investment Portfolio and Long-Term Growth Portfolio. The Future Fund is a long-term investment tool with a view to securing higher return for fiscal reserves through longer-term investments. The details of the Future Fund's portfolios and its composite rate of return since its establishment are as follows –

	Proportion of Investment Portfolio	Proportion of Long-Term Growth Portfolio	Composite Rate of Return
2016	80%	20%	4.5%
2017	65%	35%	9.6%
2018	50%	50%	Expected to be announced in late April 2019

The Government has asked the HKMA to increase the proportion of Long-Term Growth Portfolio to 60% for 2019.

2. Since its establishment, the Future Fund is managed by the HKMA. The Financial Services and the Treasury Bureau (The Treasury Branch) does not manage the Future Fund or decide on its investment strategies.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)157**

**(Question Serial No. 4663)**

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

Subhead (No. & title): ( )

Programme: (3) Service Departments

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:

The Chief Executive, Mrs Carrie LAM, announced a number of new benefit measures on 18 January this year, including a 6% contract gratuity for all workers employed under government outsourcing contracts, and “150% of the original pay” for those who were required to work during typhoons. In this connection, please provide the following information:

1. the total number of outsourcing contracts awarded by various government departments as at the financial year 2018-19, with a breakdown by department showing the total number of contracts, their highest/lowest value, and average value;
2. the number of newly signed contracts that will benefit from the aforesaid new benefit measures as at the financial year 2018-19, and the estimated number of such contracts that will benefit from the aforesaid measures in 2019-20, with a breakdown by department showing the total number of contracts, their highest/lowest value, and average value;
3. whether the Government has assessed the additional expenditure required for various departments to implement the aforesaid new benefit measures;
4. apart from the aforesaid new benefit measures, whether the Government will explore the introduction of standard contracts for individual outsourcing service contracts to better protect elementary workers.

Asked by: Hon WU Chi-wai (LegCo internal reference no.: 115)

Reply:

The Chief Executive announced in the 2018 Policy Address that the Government would introduce new measures to enhance the protection of the employment terms and conditions as well as labour benefits of non-skilled workers engaged under government service contracts that rely heavily on the deployment of non-skilled workers. The new measures will take effect from 1 April 2019. The total financial implication for implementing the new measures involves full-year recurrent provision of \$341 million and a total time-limited provision of \$246 million.

On 18 January 2019, the Government announced the transitional arrangements for service contracts at tendering stage or already awarded during the period between the announcement of the new measures in the Policy Address on 10 October 2018 and 31 March 2019 so as to enable the non-skilled workers engaged under such contracts to benefit from the new measures. Details are set out in the Information Paper for the Panel on Manpower CB(2)788/18-19(05) at <https://www.legco.gov.hk/yr18-19/english/panels/mp/papers/mp20190219cb2-788-5-e.pdf>. It is estimated that the transitional arrangements will cover some 170 contracts (as of January 2019) procured through the tendering process.

We do not have readily available information on the statistics required as there is no centralised database on the details of government service contracts awarded by individual bureaux and departments.

In support of the new measures, the Labour Department has promulgated a new Standard Employment Contract (SEC) for use by the government service contractors (GSCs) and their non-skilled workers. GSCs engaged under government service contracts that rely heavily on the deployment of non-skilled workers are required to adopt the new SEC.

- End -