

財經事務及庫務局

香港添馬添美道二號  
政府總部二十四樓



LC Paper No. CB(1)412/18-19(02)

FINANCIAL SERVICES AND  
THE TREASURY BUREAU

24/F, Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

傳真號碼 Fax No. : (852) 2179 5848

電話號碼 Tel. No. : (852) 2810 2370

本函檔號 Our Ref. :

來函檔號 Your Ref. :

By Email (slchan@legco.gov.hk & smwlo@legco.gov.hk)

3 January 2019

Legislative Council Secretariat  
1 Legislative Council Road  
Central, Hong Kong  
(Attn: Ms Sharon LO)

Dear Ms LO,

**Panel on Financial Affairs**  
**Follow-up to meeting on 18 December 2018**

I refer to your letter dated 19 December 2018 to the Secretary for Financial Services and the Treasury enclosing the list of follow-up actions arising from the discussion of agenda item VIII on “Possible Modifications to the Rates Concession Mechanism” at the meeting of the Panel on Financial Affairs on 18 December 2018. Please find the Government’s response at Annex.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Pecvin YONG'.

( Ms Pecvin YONG )  
for Secretary for Financial Services  
and the Treasury

c.c. Commissioner of Rating and Valuation (Attn: Ms Sandy JIM)

## Meeting of Panel on Financial Affairs on 18 December 2018

### Government's Response to Follow-up Actions Arising from Discussion of Agenda Item VIII on "Possible Modifications to the Rates Concession Mechanism"

At the meeting of the Panel on Financial Affairs on 18 December 2018, the Government was requested to provide information on (a) the amount of rates paid by each of the top 10 ratepayers who are estimated to receive the largest amounts of rates concession in the financial year of 2018-19; and (b) its response to the motion passed at the meeting. The wording of the motion (English translation) is as follows –

*That this Panel considers that –*

- (i) the implementation of Option 1 may not be in line with the principle of genuine fairness; and*
- (ii) the building of the new property ownership system may not be in line with the "value for money" principle,*

*and therefore requests that the Government should shelve Option 1 for the time being.*

#### **(a) Top 10 Ratepayers in 2018-19**

2. For the top 10 ratepayers who are estimated to receive the largest amounts of rates concession in 2018-19, their estimated total amount of rates payable without rates concession is about \$1,865.3 million while the total rates concession amounts to \$256.5 million. Breakdowns for each ratepayer are set out in the table below. As explained by the Government before and to put things in perspective, over 82% of the tenancies of the aforementioned top 10 ratepayers in 2018-19 (mainly involving non-domestic properties) are rates-exclusive, meaning that the bulk of rates concessions are rebated to their tenants in accordance with the provision of the tenancy agreements and are not enjoyed by the property owners.

| <b>Ratepayer</b> | <b>Number of rateable properties held</b> | <b>Estimated amount of rates payable without rates concession (\$ million)</b> | <b>Amount of rates concession (\$ million)</b> |
|------------------|---|--|--|
| 1                | 15 645                                    | 373.1  | 102.6  |
| 2                | 5 038                                     | 642.4  | 29.3   |
| 3                | 5 488                                     | 172.9  | 24.9   |
| 4                | 2 047                                     | 383.6  | 19.6   |
| 5                | 2 705                                     | 146.2  | 19.5   |
| 6                | 2 748                                     | 29.3   | 17.4   |
| 7                | 1 785                                     | 60.1   | 14.8   |
| 8                | 2 133                                     | 27.6   | 9.9  |
| 9                | 1 289                                     | 16.7   | 9.6  |
| 10               | 1 258                                     | 13.3   | 8.9  |
| <b>Total</b>     | <b>40 136</b>                             | <b>1,865.3<sup>Note</sup></b>  | <b>256.5</b>                                   |

Note: The sum of the estimated amounts may not add up to total due to rounding.

### **(b) Motion Passed at the Panel Meeting**

3. The purpose of the discussion paper for the Panel meeting on 18 December 2018 was to seek Members' views on possible modifications to the rates concession mechanism in response to the motion passed by the Subcommittee on Rating (Exemption) Order 2018 in April 2018. The Subcommittee's motion urged the Government, among other things, to rectify the current situation that large corporates holding a number of properties could reap a large proportion of the benefits, and to restrict the number of properties to be eligible for rates concession per owner when implementing rates concession in the future.

4. We have noted the diverse views expressed by Members at the Panel meeting on 18 December 2018, and the reservations over Option 1 as reflected in the motion passed by the Panel. We will take into consideration concerns expressed by Members in contemplation of our future rates concession arrangements.