

II. REPORT

The date of First Reading of the Bill is 18 March 2020. Members may refer to the Legislative Council ("LegCo") Brief (File Ref.: TsyB R 183/535-1/5/0 (20-21) (C)) issued by the Financial Services and the Treasury Bureau on 4 March 2020 for further details.

Object of the Bill

2. The object of the Bill is to amend the Inland Revenue Ordinance (Cap. 112) to give effect to a proposal concerning tax concessions in the Budget introduced by the Government for the 2020-2021 financial year ("Budget").

Provisions of the Bill

One-off tax reductions for the year of assessment 2019/20

3. The Budget proposes one-off reductions of salaries tax, tax under personal assessment and profits tax for the year of assessment 2019/20 by 100%, subject to a ceiling of \$20,000 in each case¹. Clause 3 of the Bill seeks to amend Schedule 43 to Cap. 112 to give effect to the proposal.

Commencement

4. The Bill, if passed, would come into operation on the day on which it is published in the Gazette as an Ordinance.

Public Consultation

5. According to paragraph 8 of the LegCo Brief, owing to the confidentiality of the Budget, the Administration has not carried out prior consultation for the proposed tax concessions. However, the Administration has formulated the proposal after taking into account views received from LegCo Members and other stakeholders during the Budget consultation process.

¹ Paragraphs 27(b) and 33(a) of the 2020-21 Budget Speech by the Financial Secretary moving the Second Reading of the Appropriation Bill 2020.

Consultation with LegCo Panel

6. According to the Clerk to the Panel on Financial Affairs, the Panel has not been consulted on the Bill.

Conclusion

7. No difficulties relating to the legal and drafting aspects of the Bill have been identified. Subject to Members' views, the Bill is ready for resumption of Second Reading debate.

Prepared by

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