

LEGISLATIVE COUNCIL BRIEF

Rating Ordinance
(Chapter 116)

RATING (EXEMPTION) ORDER 2019 (AMENDMENT) ORDER 2019

INTRODUCTION

At the meeting of the Executive Council on 10 December 2019, the Council ADVISED and the Chief Executive ORDERED that, the Rating (Exemption) Order 2019 (Amendment) Order 2019 at **Annex** should be made under section 36(2) of the Rating Ordinance (Cap. 116) to enhance the rates concession for non-domestic tenements for the fourth quarter of 2019-20.

JUSTIFICATIONS

2. As announced in the 2019-20 Budget and provided in the Rating (Exemption) Order 2019 (L.N. 28 of 2019) (“the Exemption Order”), rates concessions have been offered to all domestic and non-domestic tenements for four quarters in 2019-20 subject to a ceiling of \$1,500 per quarter for each tenement. The cost to revenue is \$15 billion.

3. The Financial Secretary announced a package of relief measures on 4 December 2019 to support enterprises with a view to countering the challenging external economic environment and softening local economy. This includes the provision of an enhanced rates concession to non-domestic tenements for the fourth quarter of 2019-20, increasing their exemption ceiling from \$1,500 per tenement to \$5,000 per tenement. Rates concession for domestic tenements remains unchanged to be capped at \$1,500 per tenement.

4. The enhanced rates concession will apply to all non-domestic tenements, involving about 258 000 non-domestic tenements and a further rates saving of about \$600 million. Around 303 000 non-domestic tenements (i.e. 72% of 419 000 non-domestic tenements) will not be required to pay rates in the fourth quarter of 2019-20.

5. Section 36(2) of the Rating Ordinance provides that the Chief Executive in Council may, by order, declare any class of tenements, or parts thereof, or any part of Hong Kong to be exempted from the payment of rates wholly or in part. An order under this section has to be made by the Chief Executive in Council in order to amend the Exemption Order to enhance the rates concession.

THE ORDER

6. The provisions of the Rating (Exemption) Order 2019 (Amendment) Order 2019 are as follows –

- (a) **Section 1** provides for the amendment to the Exemption Order.
- (b) **Section 2** adds a new section 4 to the Exemption Order providing that, for the concession period beginning on 1 January 2020 and ending on 31 March 2020, the rates exemption ceiling for a non-domestic tenement is to be increased from \$1,500 to \$5,000.

LEGISLATIVE TIMETABLE

7. The legislative timetable will be –

Publication in the Gazette	13 December 2019
Tabling at the Legislative Council for negative vetting	18 December 2019

8. To enable ratepayers to benefit early, we recommend that the order will commence upon gazettal and the enhanced rates concession will be reflected in the quarterly demands for non-domestic tenements for the fourth quarter of 2019-20 to be issued by the Rating and Valuation Department in the latter half of December 2019.

IMPLICATIONS OF THE PROPOSAL

9. The proposed enhanced rates concession will lead to an additional revenue forgone of about \$600 million by the Government. It will help reduce the operating cost of business operators amid the slowdown of the economy and help enterprises tide over the current economic difficulties.

10. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. The proposal will not affect the binding effect of the existing provisions of the Rating Ordinance and its subsidiary legislation. The proposals have no productivity, environmental, gender, civil service, sustainability or family implications.

PUBLIC CONSULTATION

11. We have formulated the proposal after taking into account views from different business sectors in recent months.

PUBLICITY

12. The proposed relief measure was announced by the Financial Secretary on 4 December 2019.

ENQUIRIES

13. Enquiries on this brief can be directed to Miss Helen CHUNG, Principal Assistant Secretary for Financial Services and the Treasury (Treasury)(Revenue 1), at 2810 2370.

**Financial Services and the Treasury Bureau
December 2019**

Rating (Exemption) Order 2019 (Amendment) Order 2019

Section 1 1

Rating (Exemption) Order 2019 (Amendment) Order 2019

(Made by the Chief Executive in Council under section 36(2) of the Rating Ordinance (Cap. 116))

1. Rating (Exemption) Order 2019 amended

The Rating (Exemption) Order 2019 (L.N. 28 of 2019) is amended as set out in section 2.

2. Section 4 added

After section 3—

Add

“4. Enhanced exemption for non-domestic tenements during the fourth concession period

(1) For the concession period beginning on 1 January 2020 and ending on 31 March 2020, section 3 has effect in relation to a non-domestic tenement as if the references to “\$1,500” in that section were references to “\$5,000”.

(2) In this section—

non-domestic tenement (非住宅物業單位) means a tenement that is not used, or not intended to be used, wholly or primarily for domestic purposes.”

Rating (Exemption) Order 2019 (Amendment) Order 2019

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Clerk to the Executive Council

COUNCIL CHAMBER

10 December 2019

Explanatory Note

This Order amends the Rating (Exemption) Order 2019 (L.N. 28 of 2019) to enhance the exemption from rates for non-domestic tenements for the period beginning on 1 January 2020 and ending on 31 March 2020. After the amendment, the exemption ceiling for non-domestic tenements will become \$5,000.