

立法會
Legislative Council

LC Paper No. CB(1)218/20-21
(These minutes have been seen
by the Administration)

Ref : CB1/SS/1/20/1

**Subcommittee on
Rating (Exemption) Order 2020 (Amendment) Order 2020**

**Minutes of the first meeting on
Tuesday, 27 October 2020, at 2:15 pm
in Conference Room 3 of the Legislative Council Complex**

Members present : Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Paul TSE Wai-chun, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Alvin YEUNG
Hon SHIU Ka-fai, JP

Member attending : Hon WU Chi-wai, MH

[According to the announcement made by the Hong Kong Special Administrative Region Government on 11 November 2020 pursuant to the Decision of the Standing Committee of the National People's Congress on Issues Relating to the Qualification of the Members of the Legislative Council ("LegCo") of the Hong Kong Special Administrative Region, Kenneth LEUNG, KWOK Ka-ki, Dennis KWOK Wing-hang and Alvin YEUNG were disqualified from being members of LegCo on 30 July 2020.]

Public officers attending : Mr Maurice LOO, JP
Deputy Secretary for Financial Services and the
Treasury (Treasury)2

Miss Helen CHUNG
Principal Assistant Secretary for Financial Services and
the Treasury (Treasury)(R1)

Ms Wendy TANG
Assistant Commissioner (Rating and Valuation)
(Acting)
Rating and Valuation Department

Miss Annet LAI
Government Counsel
Department of Justice

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)4

Staff in attendance : Miss Joyce CHAN
Assistant Legal Adviser 1

Mr Hugo CHIU
Senior Council Secretary (1)4

Miss Sharon LO
Senior Council Secretary (1)9

Ms Sharon CHAN
Legislative Assistant (1)4

Ms Vivian CHAN
Clerical Assistant (1)4

Action

I Election of Chairman

Election of Chairman

Mr James TO, the member with the highest precedence among those who were present at the meeting, presided over the election of the Chairman of the Subcommittee and invited nominations for the chairmanship of the Subcommittee.

Action

2. Mr Tommy CHEUNG was nominated by Mr WONG Ting-kwong and the nomination was seconded by Mr Abraham SHEK. Mr CHEUNG accepted the nomination. There being no other nomination, Mr James TO declared that Mr Tommy CHEUNG was elected the Chairman of the Subcommittee. Mr CHEUNG then took the chair.

Election of Deputy Chairman

3. Members agreed that there was no need to elect a Deputy Chairman.

II Meeting with the Administration

(L.N. 166 of 2020 — Rating (Exemption) Order 2020
(Amendment) Order 2020

File Ref: TsyB R 183/535-1/7/0— Legislative Council Brief on
(20-21) (C) Rating (Exemption) Order 2020
(Amendment) Order 2020

LC Paper No. LS124/19-20 — Legal Service Division Report

LC Paper No. CB(1)55/20-21(01) — Background brief prepared by
the Legislative Council
Secretariat)

Discussion

4. The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

Follow-up actions to be taken by the Administration

5. The Administration was requested to provide information on:

(a) the top 10 ratepayers of non-domestic properties who were estimated to receive the largest amounts of rates concession in 2020-2021, including a breakdown on the nature of business of the ratepayers (particularly non-governmental organizations), the number of rateable properties and the amount of rates concession in respect of each of these ratepayers; and

Action

- (b) the number and/or percentage of ratepayers of non-domestic properties whose rates payment per quarter equaled to or exceeded the concession cap of \$5,000 per quarter in 2020-2021.

(Post meeting note: The Administration's written responses were issued to members vide LC Paper No. CB(1)86/20-21(02) on 30 October 2020.)

III Any other business

Invitation of views

6. Members considered it unnecessary for the Subcommittee to meet with deputations for views on the Rating (Exemption) Order 2020 (Amendment) Order 2020 ("the 2020 Amendment Order").

Legislative timetable

7. The Chairman concluded that the Subcommittee had completed the scrutiny of the 2020 Amendment Order and would not propose amendments to the Order.
8. The Subcommittee noted that the scrutiny period of the 2020 Amendment Order would expire at the Council meeting of 11 November 2020, and the deadline for giving notice of motion to amend the Order was 4 November 2020. The Chairman said that he would make a verbal report on the deliberations of the Subcommittee at the House Committee meeting on 30 October 2020.
9. There being no other business, the meeting ended at 2:43 pm.

Council Business Division 1
Legislative Council Secretariat
16 November 2020

**Proceedings of the first meeting of the
Subcommittee on Rating (Exemption) Order 2020 (Amendment) Order 2020
on Tuesday, 27 October 2020, at 2:15 pm
in Conference Room 3 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
Agenda item I — Election of Chairman			
000348 – 000634	Mr James TO Mr WONG Ting-kwong Mr Abraham SHEK Mr Tommy CHEUNG	Election of Chairman	
Agenda item II — Meeting with the Administration			
000635 – 000915	Chairman Administration	Briefing by the Administration on Rating (Exemption) Order 2020 (Amendment) Order 2020 ("the 2020 Amendment Order") [Legislative Council Brief (File ref: TsyB R 183/535-1/7/0 (20-21) (C))]	
000916 – 002103	Chairman Dr Fernando CHEUNG Administration	Mr CHEUNG expressed concern that the enhanced rates concession provided under the 2020 Amendment Order to non-domestic properties might only benefit owners but not their tenants. A lot of these tenants were small and medium-sized enterprises ("SMEs") and small business operators who had been hard hit by the coronavirus-disease 2019 ("COVID-19") pandemic. He was of the view that rates concessions for non-domestic properties should target tenants. The Administration advised that – (a) most tenancy agreements of non-domestic properties were of rates exclusive basis (i.e. the tenancies stated that rent was exclusive of rates and tenants had to pay rates separately, and therefore rates concessions would be rebated to the tenants concerned); (b) the Administration had consulted relevant Panel on a number of possible options for modifying the current rates concession	

Time Marker	Speaker	Subject(s)	Action Required
		<p>mechanism and amongst the options explored, providing rates concession to one rateable property (either domestic or non-domestic) for each owner was considered a more feasible approach to vary the mechanism in order to achieve a more equitable distribution of rates concession;</p> <p>(c) during the Panel consultation, members were concerned that after modification of the rates concession mechanism, tenants who were required to pay rates under the tenancy agreements, including many SMEs and small business operators renting non-domestic properties, would no longer be able to benefit from rates concession; and</p> <p>(d) noting the reservations expressed by Panel members, the Administration therefore shelved the proposal to modify the rates concession mechanism.</p> <p>Mr CHEUNG and the Chairman enquired if the Administration would introduce measures, making reference to similar measures introduced in other jurisdictions like Singapore and Australia, to help tenants of non-domestic properties, in particular SMEs, to alleviate their hardship amid the very challenging economic conditions brought about by the COVID-19 epidemic. Such measures included imposing temporary bans on rental increase, evictions of tenants, and property owners from recovering outstanding rents from tenants adversely affected by the COVID-19 epidemic. The Chairman remarked that he was preparing a Member's Bill to amend the Prevention and Control of Disease Ordinance (Cap. 599) in this regard, and would consult the relevant Panel on the draft bill in due course.</p> <p>The Administration responded that –</p> <p>(a) the Administration had introduced a number of measures to provide financial assistance or relief to enterprises, including three rounds of measures under the Anti-epidemic Fund; and</p>	

Time Marker	Speaker	Subject(s)	Action Required
		(b) the Administration had provided rental concession to its leased premises, and appealed to landlords to likewise provide rental concessions.	
002104 – 002412	Chairman Mr WU Chi-wai Administration	<p>Mr WU and the Chairman requested the Administration to provide information on –</p> <p>(a) the top 10 ratepayers of non-domestic properties who were estimated to receive the largest amounts of rates concession in 2020-2021, including a breakdown on the nature of business of the ratepayers (particularly non-governmental organizations), the number of rateable properties and the amount of rates concession in respect of each of these ratepayers; and</p> <p>(b) the number and/or percentage of ratepayers of non-domestic properties whose rates payment equaled to or exceeded the per quarter concession cap of \$5,000 in 2020-2021.</p> <p>The Chairman suggested that the Administration should consider reminding owners of non-domestic properties to rebate the rates concession to their tenants when issuing quarterly demand notes to ratepayers.</p> <p>The Administration took note of members' views.</p>	The Administration to take action as per paragraph 5 of the minutes
002413 – 002908	Chairman Dr Fernando CHEUNG Administration	<p>Mr CHEUNG was of the view that the Administration should request owners of non-domestic properties to produce documents showing that the tenancy agreements were of rate exclusive basis, and owners failing to do so should be required to return the rates concession they had received.</p> <p>The Administration explained that –</p> <p>(a) the Rating and Valuation Department only collected basic information relating to the rents and key terms of the tenancy agreement of a tenement to facilitate the assessment of rateable value of the property; and</p>	

Time Marker	Speaker	Subject(s)	Action Required
		(b) rates were collected on tenement basis under the current rates regime. Any change to the current rates concession approach might entail fundamental changes to the current rates regime, and result in tenants who were required to pay rates under the tenancy agreements being excluded from enjoying the rates concession.	
Clause-by-clause examination of the subsidiary legislation			
002909 – 003032	Chairman Administration	<p>Rating (Exemption) Order 2020 (Amendment) Order 2020 (L.N. 166 of 2020)</p> <p><u>Section 1 - Rating (Exemption) Order 2020 amended</u></p> <p><u>Section 2 - Section 4 amended (exemption from payment of rates — non-domestic tenement)</u></p> <p><i>Explanatory Note</i></p> <p>Members raised no question on the 2020 Amendment Order.</p>	
Agenda item III — Any other business			
003033 – 003125	Chairman	Legislative timetable and concluding remarks	