

## **LEGISLATIVE COUNCIL BRIEF**

Rating Ordinance  
(Chapter 116)

### **RATING (EXEMPTION) ORDER 2020 (AMENDMENT) ORDER 2020**

#### **INTRODUCTION**

At the meeting of the Executive Council on 8 September 2020, the Council ADVISED and the Chief Executive ORDERED that, the Rating (Exemption) Order 2020 (Amendment) Order 2020 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 third and fourth quarters of 2020-21.

#### **JUSTIFICATIONS**

2. As announced in the 2020-21 Budget and provided in the Rating (Exemption) Order 2020 (L.N. 21 of 2020) (“the Exemption Order”), rates concessions have been offered to all domestic and non-domestic tenements for four quarters in 2020-21. For domestic tenements, the exemption ceiling is \$1,500 per tenement per quarter. For non-domestic tenements, the ceiling is \$5,000 per tenement per quarter for the first two quarters; and is \$1,500 per tenement per quarter for the remaining two quarters. The cost to revenue is \$16.5 billion.

3. To sustain the support for enterprises amid the very challenging economic conditions brought about by the coronavirus disease 2019 epidemic, the Government has announced a package of relief measures on 15 September 2020. Besides the third round of relief measures under the Anti-epidemic Fund, the Government proposes to provide enhanced rates concession to non-domestic tenements with the exemption ceiling adjusted from \$1,500 to \$5,000 per tenement per quarter for the third and fourth quarters of 2020-21. Rates concession for domestic tenements remains unchanged to be capped at \$1,500 per tenement per quarter.

4. The enhanced rates concession will apply to all non-domestic tenements, involving about 258 000 non-domestic tenements and further rates concession of about \$1.2 billion in total. Around 307 000 non-domestic tenements (i.e. 73.1% of 420 000 non-domestic tenements) will not be required to pay rates in the third and fourth quarters of 2020-21.

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. The Rating (Exemption) Order 2020 (Amendment) Order 2020 was made by the Chief Executive in Council under this section to amend the Exemption Order to give effect to the enhanced rates concession.

## **THE ORDER**

6. The provisions of the Rating (Exemption) Order 2020 (Amendment) Order 2020 are as follows –

- (a) **Section 1** provides for the amendment to the Exemption Order.
- (b) **Section 2** amends section 4 of the Exemption Order so that for the concession period beginning on 1 October 2020 and ending on 31 March 2021 (i.e. the third and fourth quarters of 2020-21), the capped amount of the exemption for a non-domestic tenement is adjusted from \$1,500 to \$5,000.

## **LEGISLATIVE TIMETABLE**

7. The legislative timetable will be –

|  |                   |
|--|-------------------|
| Publication in the Gazette and commencement of the order | 18 September 2020 |
| Tabling at the Legislative Council for negative vetting  | 14 October 2020   |

8. To enable ratepayers to benefit early, the order will commence upon gazettal and the enhanced rates concession will be reflected in the quarterly demands for non-domestic tenements for the third quarter of 2020-21 to be issued by the Rating and Valuation Department in the latter half of September 2020.

## **IMPLICATIONS OF THE PROPOSAL**

9. The proposed enhanced rates concession will lead to an additional revenue forgone of about \$1.2 billion by the Government. It will help further reduce the operating cost of business operators, thereby helping them to tide over the current economic downturn.

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 proposal has 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 on the difficulties they encountered in recent months.

## **PUBLICITY**

12. The proposed relief measure has been announced by the Government on 15 September 2020.

## **ENQUIRIES**

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

**Financial Services and the Treasury Bureau  
September 2020**

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

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

1. **Rating (Exemption) Order 2020 amended**  
The Rating (Exemption) Order 2020 (L.N. 21 of 2020) is amended as set out in section 2.
2. **Section 4 amended (exemption from payment of rates—non-domestic tenement)**
  - (1) Section 4(1)—  
**Repeal**  
“the capped amount,”  
**Substitute**  
“\$5,000.”
  - (2) Section 4(1)—  
**Repeal**  
“capped amount is”  
**Substitute**  
“amount of \$5,000 is”.
  - (3) Section 4—  
**Repeal subsection (2).**



Clerk to the Executive Council

COUNCIL CHAMBER

8 September 2020

**Explanatory Note**

This Order amends the Rating (Exemption) Order 2020 (L.N. 21 of 2020) to enhance the exemption from rates for non-domestic tenements for the period beginning on 1 October 2020 and ending on 31 March 2021. After the amendment, the exemption ceiling for non-domestic tenements in relation to the period will become \$5,000.