

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)174/2022(01)

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. :

31 March 2022

Hon Starry LEE Wai-king, SBS, JP
Chairman of Legislative Council House Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Chairman,

**Letter from Hon Tony Tse concerning issues relating to the
Rating (Exemption) Order 2022 (L.N. 25 of 2022)**

We acknowledge receipt of your letter dated 24 March 2022 to the Chief Secretary for Administration enclosing the letter of 18 March 2022 from Hon Tony Tse raising questions regarding the subject matter. The letter has been referred to this bureau for follow-up. Please find the Government's response at **Annex**.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Helen Chung', written over a faint horizontal line.

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

c.c.

Chairman of the Panel on Financial Affairs, Hon Jeffrey LAM Kin-fung, GBS, JP
Commissioner of Rating and Valuation (Attn: Ms Wendy TANG)

Question 1

The Financial Secretary announced in his 2022-23 Budget Speech that the Government proposed introducing a progressive rating system and implementing a new rates concession mechanism. The proposals entail fundamental changes to the computer systems of the Rating and Valuation Department (RVD) in order to process rates relief applications and conduct data matching for verification of applicants' eligibility, as well as to revise accounting and billing and enhance rating assessment under the progressive rating system. As such, the proposals have to be implemented by phases. It is expected that RVD could launch the new rates concession mechanism in March 2023 at the earliest, under which owners will elect one property for rates relief application in order to enjoy new rates concession. If a decision is made to offer rates concession for domestic properties in 2023-24, rates demands for the third quarter of 2023-24 (i.e. October – December 2023) will reflect the new rates concession mechanism. It is also expected that rates demands reflecting the progressive rating system will be issued in the fourth quarter of 2024-25. The Government has prepared a paper for the Legislative Council Panel on Financial Affairs setting out the details of the proposals and the implementation timetable (LC Paper No. CB(1)104/2022(01)), and will consult the Panel at the meeting of April 2022.

Question 2

To compile the new Valuation List that shows the 2022-23 rateable values, RVD issued over 300 000 Requisition for Particulars of Tenements to ratepayers in August 2021 to collect rental information around the valuation reference date (i.e. 1 October 2021). RVD thereafter analysed the information in accordance with section 7(2) of the Rating Ordinance and reassessed the 2022-23 rateable values for different types of properties in Hong Kong based on the assumptions set out in section 7A of the Rating Ordinance. Factors affecting the rental levels of properties as at the valuation reference date have been reflected in the 2022-23 rateable values after revaluation. Changes in market rentals after the valuation reference date would be considered in the next revaluation exercise.

The 2022-23 General Revaluation involved about 4.76 million tenements in the Valuation List and Government Rent Roll, encompassing multiple tasks including handling of large number of requisition forms, collection and analysis of data, reassessment and updating of the rateable values, etc. Each of these tasks is inter-related and time-consuming. RVD has actively utilised information technology to assist the revaluation of the rateable values, with a view to streamlining the overall workflow.

We understand that the revaluation cycle could span three to five years in countries that implement a system similar to the rating system in Hong Kong (e.g. the United Kingdom), the time gap between the effective date of the new rateable values and the valuation reference date generally exceeds one to two years. Through the effective application of information technology and improved workflow, revaluation has been conducted annually in Hong Kong since 1999, and the time gap between the two relevant dates is only six months.

Question 3

Information about the basis of assessment of rateable value, the objection and appeal mechanisms as well as the procedures and time limit, etc. are available at the website of RVD (https://www.rvd.gov.hk/en/our_services/rates.html), reference can also be made to the publications on the website, such as “Property Rates in Hong Kong - Assessment, Collection and Administration” (https://www.rvd.gov.hk/doc/en/property_rates.pdf). Upon completion of the annual revaluation, RVD will enclose a leaflet to the April to June Quarter Demand for Rates and/or Government Rent to inform payers information about the basis of assessment of the new rateable value, the procedures and statutory time limit for raising objections, etc. In addition, the performance pledge of RVD also lists out the target and achievement for various service items including those concerning the review of rateable value after receiving an objection. For objections arising from revaluation, the target is to complete 85% of the cases and inform the objectors of the outcome within four months¹ from the deadline for raising objections. In the past five years, RVD achieved, or even achieved above the aforementioned target in four years. With the large number of objections received² and the implementation of special work arrangement in view of the COVID-19 epidemic, 80% of the cases could still be completed within four months in 2020-21.

¹ The Rating Ordinance stipulates that objection cases have to be completed in six months

² Objections received in 2020-21 increased by 62% comparing to the year before

Upon receiving an objection or an appeal, RVD will invite the objector/appellant or their representatives to provide supporting evidence or supplementary information for consideration. In the course of reviewing each case and depending on its complexity, RVD staff will liaise with the objector/appellant or their representatives with a view to narrowing the differences through communications. RVD will issue a notice of decision after completing the review and explain the basis of assessment, and the mechanism and statutory time limit for lodging an appeal.

RVD will continue to maintain effective communication with the stakeholders of the industry to explore room for enhancing the services of the department. In fact, RVD maintains contacts with the industry practitioners such as representatives of landlords or property management companies and relevant professional institutes (including international institutes and organisations) from time to time.

Financial Services and the Treasury Bureau
March 2022