

Professor K. C. CHAN
Secretary for Financial Services and Treasury
Hong Kong Special Administrative Region Government
8/F, West Wing, Central Government Offices,
11 Ice House Street, Central, Hong Kong

4th February, 2008

Dear Prof. Chan,

Introduction of Tax Licensing Regime in Hong Kong

I am writing to propose a new taxation regime which will require all tax returns of businesses and individuals to be prepared and approved by licensed persons (mainly qualified accountants and other suitably qualified professionals) before they are submitted to the Inland Revenue Department.

It has come to my understanding that the Inland Revenue Department has spent a lot of resources and time in recent years to review tax returns and unfortunately many of the tax returns were not appropriately prepared, as a result of which the Inland Revenue Department has to spend a lot of effort in obtaining the full and complete information required by a tax return. Such effort incurs huge administrative costs and a heavy burden to the tax assessors and then adversely affected the efficiency of the Inland Revenue Department.

With their expertise, licensed persons can screen out, inappropriateness and even intentional faults of the enterprises' tax returns and correct them. If a licensing system is imposed tax returns can be ensured to be in line with the tax policy and requirements and in a good quality. High quality, appropriately prepared tax returns will definitely reduce the administrative cost of Inland Revenue Department and reduce the case which leads to tax avoidance.

It would be well appreciated if you could consider the policy proposed. I am prepared to meet with you for further information. Please feel free to contact me for further queries.

May I wish you a happy Chinese New Year!

Yours sincerely,

Mandy TAM Heung-man
Legislative Councillor (Accountancy)

C.c. Mr. John TSANG Chun Wah, Financial Secretary