

Dear Fellow Accountants,

### **Comments on the Budget 2008/09**

The Financial Secretary announced the Budget for the Year 2008/09 on 27 February, 2008. Generally speaking, the Budget this year is welcomed by the majority of Hong Kong people as almost everyone is eligible to share the fruits of our economic development through various measures stated in the Budget. Here are some of my comments.

#### **Benefits for Middle Class**

The middle class benefits through the tax rebates (maximum of HK\$25,000), the broadening of the tax bands from HK\$35,000 to \$40,000, and the exemption from rates for an entire year.

#### **Resources for Long Term Policies**

A few weeks ago, I lodged a motion debate urging the government to set aside some surplus for the medical sector and for relieving the aging population. We are pleased that the government listened to our request and is setting aside HK\$50 billion to fund medical needs in the future. Details of how the government will apply the money are yet to be disclosed. We will keep an eye open for more concrete proposals to be offered by the government later on this month.

#### **Environmental protection**

Recently, we conducted a survey seeking accountancy friends' views on the budget. The result show that a lot of members consider that both medical as well as environmental protection are most important areas for allocation of surplus resources. However, we note that there are not sufficient resources being allocated for environmental protection. The government should be more responsive to the views of the professionals to enhance the environment of Hong Kong.

#### **Elderly Allowance**

It is almost a consensus among the society that the Elderly Allowance ("fruit money") should be increased to \$1,000. However, the government only offered a one-off bonus of \$3,000 to the elderly without even increasing the fruit money by the rate of inflation. As inflation on food consumed by the elderly is on the rise, the fruit money may not be sufficient for some poor elderly. We understand that the government is to review the elderly allowance towards the end of this year. However, it is more

important for the government to conduct research and start work immediately on a comprehensive retirement policy for all people in Hong Kong in order to cope with our aging population.

**Broaden the Tax Base**

The Financial Secretary has emphasized in the Budget speech that the tax base of Hong Kong should be broadened. However, the cancellation of the tax on beer and wine and the increase in personal allowances to HK\$108,000, this would in effect narrow the tax base. This clearly shows contradiction between proposal and government policies. We urge the government to consider ways to broaden our tax base or ways to narrow the tax revenue fluctuation every year.

The Budget debate would be held in the Legislative Council on 16 April 2008 and I am now preparing for the speech. If you would like to offer your comments on the Budget and would like me to reflect your views to the government, I should be most grateful if you could reply to this email. Thank you in advance for your comments.

Best regards,

Mandy Tam