

Unwarranted Tax Burden a Drag on Hong Kong's Economy

Hong Kong's free market economy and low taxation have provided many benefits

- ***The development of an economic powerhouse***
- ***The creation of a well-educated, highly-trained workforce***
- ***The opportunity for personal development and high standard of living***

We strongly support the Chief Executive's pledge that he is "committed to promoting economic development, improving people's livelihood..." and that he recognizes that "Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people". We are, however, concerned that the **increasing costs of doing business in Hong Kong, particularly new tax measures, threaten our competitive advantage.**

While demand side management measures on residential properties advanced as "extraordinary measures under exceptional circumstances" are being viewed as a key social dimension on housing, **doubling the ad valorem stamp duty on non-residential properties purchased by businesses for their own legitimate use is totally unjustified.**

Hong Kong businesses face significant challenges

- ***Rising interest rates***
- ***Global insecurity***
- ***Slowing economic growth world-wide***

The doubling of the levy on commercial property will mean considerably more than an "inconvenience" as suggested by the Government and bring **no tangible benefit.**

Put simply, this duty will directly impact

- SMEs, which are at the heart of Hong Kong's commercial engine, employing 1.3 million people, now find it more difficult to operate, let alone expand.
- the commercial real estate market which has effectively been frozen thus limiting the ability of businesses to contain costs, raise finance, redeploy assets and, most importantly, re-invest. This will inevitably cause a slowing of the economy and indirectly impact people's livelihoods.
- the Government's policy to increase supply of commercial space to accommodate economic growth, as the renovation of old office and industrial buildings and the provision of hotel rooms and retail space are restricted.

This coalition of concerned business groups, therefore, calls on the Government to **amend the Stamp Duty (Amendment) Bill 2013 so that the new stamp duty rates do not apply to legitimate acquisitions of non-residential properties for owner-occupation, investment and/or redevelopment.**

Colliers International

DTZ

Jones Lang LaSalle Ltd

Knight Frank

Savills Hong Kong Ltd

The British Chamber
of Commerce
in Hong Kong

The Canadian Chamber
of Commerce
in Hong Kong

The Hong Kong
Small and Medium
Enterprises Association

The Real Estate
Developers Association
of Hong Kong