



Member opinion survey on the issues of broadening the tax base and GST

Detailed report

Hong Kong Institute of CPAs

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1.0 Background and Methodology

1.1 Objectives of this research

- The GST Working Group of the Hong Kong Institute of CPAs ('the Institute') will make a submission to the HKSAR Government outlining the Institute's position on the government's consultation document "Ensuring our future prosperity - what's the best option for Hong Kong" and in particular the proposal ('the proposal') for tax reform and a Goods and Services Tax ('GST'). The submission will include representation of members' opinion on the topic of broadening the tax base and GST as a form of taxation.
- To this end, the GST Working Group has undertaken broad member consultation - soliciting questions, views and opinions of members on GST related matters via a dedicated website. This includes disseminating background information to members about the key issues associated with GST.
- To provide a quantitative and objective picture of member opinion, the Institute commissioned independent research agency, Cimigo, to conduct a survey amongst all its members. The purpose of the survey is to record members views in aggregate about the GST. The guiding principles in designing this survey were that the survey should be:
 - (i) Accessible to all members of the Institute
 - (i) An unbiased, neutral and faithful representation of their opinions
 - (i) Relevant to the key issues broadly addressed by the GST working group and to the issues of broadening the tax base and GST in Hong Kong.
- This document reports on the findings of the survey of members of the Institute.

1.2 Methodology

1.2.1 Target audience for the research

- The target audience for the research was all current members, excluding student members. At present, there are approximately 26,000 members of the Institute.

1.2.2 Questionnaire

- The survey questionnaire was designed by Cimigo in consultation with the GST Working Group. The questionnaire canvassed opinion on the following broad areas of investigation:
 - Hong Kong's fiscal situation
 - The issue of broadening the tax base
 - Attitudes to presentation of the government Consultation Document
 - Implementation issues for GST
 - Overall support for a GST in Hong Kong

1.2.3 Data collection

- The Institute membership was invited to participate in the survey either using an online questionnaire (where email contact details were available) or otherwise by surface mail (via a hardcopy questionnaire with reply paid envelope). This was to ensure that each member received only one format of invitation.

- Initially, 22,169 invitations were sent to members by email and 3,881 by post on Monday, 13th of November, 2006. After the first round of emails, 1,260 members were also postal mailed a hardcopy questionnaire because the email invitation failed to deliver. Therefore, the final distribution of invitations was as follows:

– Email invitation	20,909
– Surface mail invitation	5,141
- Two reminders were delivered to members via email to encourage participation.
- All respondents invited to complete the survey were assured of anonymity. A randomly generated login ID and password were generated for each member to ensure non-duplicate responses. Those completing the survey could access the survey only after entering their unique identifier. All hardcopy questionnaires included a printed unique identifier which was used to ensure there were no duplicate hardcopy entries.
- The survey was hosted by Cimigo and the Institute was not able to know which members had completed and submitted their questionnaires. This ensured confidentiality.
- Members completing the survey were advised they had 14 days to complete the survey online from the 13th of November to 27th of November. To allow for the postal lead time, those completing the questionnaire in hardcopy were asked to return their survey by 25th of November.

1.2.4 Details of the sample and response rate

- At the completion of the allotted period for survey completion a total of **1,980** surveys had been returned. The number of returns by email and post and the response rate are as follows:

Emails sent	20,909
Online questionnaires completed	1,619
Response rate	7.7%
Questionnaires mailed	5,141
Hardcopy questionnaires completed	361
Response rate	7.0%
Total invitations sent	26,050
Total completed surveys	1,980
Total Response rate	7.6%

1.2.5 Interpretation of the sample

- It is generally accepted that a market research sample should generate of response rate of not less than 10% to be considered representative of the population from which it is drawn.
- The response rate of this survey of 7.6% falls beneath this threshold. In addition, as an opt in survey, many members who had no opinion or did not wish to express their opinion are not represented in the sample. Therefore it is not considered valid to extrapolate the survey results to the population of Institute members.
- The survey results should therefore be considered as the collective opinion of members with an opinion on the topic, who wished to express it.

2.0 Executive Summary

2.1 Opinions about Hong Kong's fiscal situation

Most accountants feel Hong Kong has a fiscal problem, that the tax base needs to be broadened and that government spending is too high.

- Most respondents feel that Hong Kong has a fiscal problem - purely structural (23%) or both structural and cyclical (46%). A minority of 18% believe Hong Kong has a purely cyclical problem (8%) or do not believe Hong Kong has a fiscal problem at all 18%.
- Most (65%) also feel that government spending is too high - either much too high (21%) or somewhat too high (44%). A minority of 20% feel that spending is appropriate and 11% think it is too low.
- Just under two-thirds (64%) believe that Hong Kong's tax base does need to be broadened and 33% feel it does not need to be broadened.
- However, whilst most respondents favour a broadening of the tax base, this has not translated into widespread support for a GST in Hong Kong.
- Those not naturally receptive to a need for an additional tax (i.e. those who indicated that spending is too high / no structural problem exists) are strongly anti-GST.
- Those expected to be receptive to GST (i.e. see a need to broaden the tax base) have not been swayed sufficiently by the government's Proposal.
- These two factors are reflected in the fact that 67% overall feel the government has not adequately explained its proposal and that amongst those who feel the proposal is sufficiently explained, the case made is not compelling - only 49% of this group actually supporting a GST.

2.2 Options to broaden the tax base

Most accountants oppose introduction of GST to Hong Kong. Whilst a Land and Sea Departure Tax is favoured by the majority as a means to broaden the tax base, there is no consensus about what is the best way to broaden the tax base. Whilst 20% feel GST is the best means to do so, four out of five accountants think there are other better alternatives.

- 59% of accountants surveyed opposed the introduction of a GST to Hong Kong and 35% supported it. Those opposing a GST tended to particularly vehement in their opposition - 15% strongly support GST whilst almost three times as many, 42% strongly oppose GST.
- When asked how strongly they favour or oppose various measures to broaden Hong Kong's tax base, 62% responded favourably towards a Land and Sea Departure Tax. The second most favourable option is a Capital Gains Tax (46% favour). GST is favoured by 34% of accountants surveyed (fifth most favoured).
- When asked what is the best way to broaden Hong Kong's tax base, the story is quite different. One in five (20%) favoured GST and 19% favoured Capital Gains Tax.

- The key to understanding this response is that there was no consensus support for a single means to broaden the tax base. Thus, whilst respondents are most likely to support GST, most prefer other alternatives, but no single tax measure to broaden the tax base dominates as best.
- For this reason, a Land and Sea Departure Tax stands out as being not strongly seen as the best option (9% thought it was best), but as the only option acceptable to most. It may, therefore, represent one potential means forward to broaden the tax base, (with which most respondents agree), whereas most will not accept a GST. Further research is advised amongst other constituencies in Hong Kong.

2.3 Views on the government's proposal

Most feel the government has not sufficiently explained its GST proposal. Around half of accountants surveyed cannot say if GST will result in various benefits or drawbacks. The only area where there is a majority opinion is that implementation of the GST proposal will overly complicate Hong Kong's tax regime.

- Respondents were asked to choose between pairs of opposite statements about the potential positive and negative aspects of the GST proposal.
 - 52% are uncertain whether the GST proposal will be fair for all or not fair for some sections of the community.
 - 51% are uncertain as to whether the GST would be easy to avoid or difficult to avoid.
 - 50% are unsure if the GST proposal will result in increased or damaged international competitiveness
 - 49% are unsure if the proposed GST would be compatible with Hong Kong's low tax regime
 - 47% are uncertain about whether the revenue produced would be stable or unstable.
 - The only aspect of the GST proposal where there was a majority opinion was that 60% believed the proposal will overly complicate Hong Kong's tax regime. Amongst those opposing a GST, the figure was 82%. Amongst those supportive of GST in general, the proposal was seen by a significant minority to potentially damage competitiveness (23% agreed) and 24% felt it will overly complicate the tax regime.

2.4 Implementation

If a GST were implemented, most would prefer some form of offset - in terms of Salaries Tax but for some in terms of Profits Tax. There is widespread support for various compensatory relief measures, particularly GST credits for households to offset increases in water, sewage and rates and refunds for purchases by tourists. Most would prefer a low rate of GST (below 3%), exemptions for certain items (particularly health and education), and compensatory measures for low income households. There was no consensus about the level at which the Registration Threshold should apply

- 47% of accountants surveyed indicated they would prefer to reduce only Salaries Tax if GST is implemented and 27% would prefer to reduce both Salaries and Profits Tax.

- 73% would favour GST credits for all households to offset increase in water, sewage and rates and 70% would favour refunds for purchases by tourists.
- The most desirable features of a GST, if it were implemented, are a low rate of GST (82% favour), offsetting measures for Salaries Tax payers (77%), exemptions for certain items (77%) and compensatory measures for low income households (74%).
- The most strongly supported exemptions are education (79%), health services (71%) and food (65%). 60% also supported exemption of transport services and 56% of rental of residential property. 59% favoured zero-rating of exports and 67% favoured zero-rating of financial services.
- 46% preferred a rate of less than 3% and 27% supported a rate of 3%.

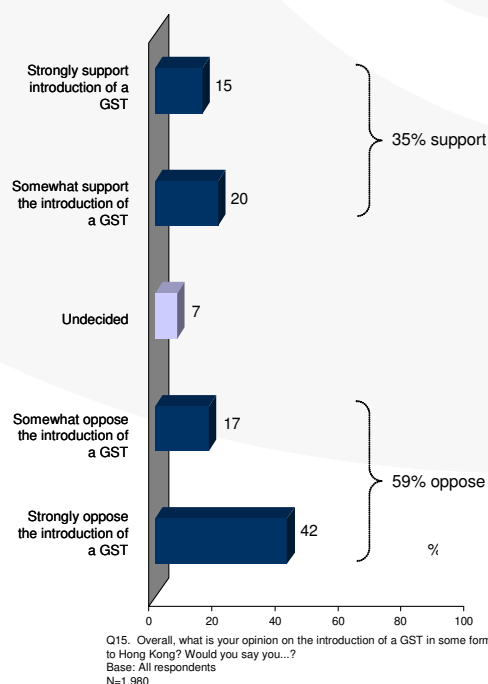
3.0 Results in Detail

3.1 GST in Hong Kong

3.1.1 Attitudes towards introduction of GST in Hong Kong

Accountants are divided about whether Hong Kong should introduce a GST in some form, although a majority oppose the move.

- 35% of accountants surveyed support the introduction of a GST to Hong Kong, with 15% strongly supporting introduction of a GST and 20% somewhat supporting it.
- 59% of accountants responding indicated that they oppose the introduction of a GST to Hong Kong, with 42% strongly opposing it and 17% somewhat opposing it.
- 7% of accountants are undecided.
- These results suggest that as well as carrying a majority, opposition to a GST is a more strongly held opinion amongst the membership. Those who oppose GST tend to oppose more strongly than those who support a GST, support it.



The table overleaf shows the cross analysis of opinions on key survey variables against support for GST. Significant differences identified are as follows:

- Majority support for a GST is to be found amongst those who feel the tax base needs to be broadened (53%) and who feel Hong Kong has a purely structural fiscal problem (51%).
- Majority opposition for a GST is to be found amongst those who feel Hong Kong has a purely cyclical fiscal problem (81%) or no fiscal problem (92%), who feel that the tax base does not need broadening (94%), who feel spending is too high (63%) or did not feel the government sufficiently explained its proposal (65%).

Reviewing the interplay of these factors suggests that the overall opposition to a GST is a result of:

- 26% believe there is no fiscal problem or only a cyclical problem and they strongly oppose GST, presumably because they don't see a need to raise additional revenue and don't see broadening the tax base as important.
- 33% don't believe Hong Kong's tax base needs to be broadened and 94% of this group oppose GST.
- 65% feel that government spending is too high and 65% of this group oppose GST, presumably because they feel that any fiscal issue can be addressed through reduced spending
- Although the majority 64% feel that Hong Kong's tax base needs to be broadened, only 53% of this group support a GST.

	Q1. Opinion on Hong Kong fiscal outlook				Q3. Attitudes to tax base		Q2 Attitudes to government Spending		Q6. Gov. proposal sufficiently explained?	
	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %	Yes (n=475) %	No (n=1,331) %
Strongly support introduction of a GST	23 ▲	5	18 ▲	1	0	23 ▲	13	18	27 ▲	11
Somewhat support the introduction of a GST	27 ▲	7	26 ▲	5	2	30 ▲	18	26	22	18
Net support	51 ▲	12	44 ▲	6	2	53 ▲	31	45 ▲	49 ▲	29
Undecided	8	6	7	2	4	7	6	8	4	6
Somewhat oppose the introduction of a GST	16	22	18	11	16	16	15	22	10	19 ▲
Strongly oppose the introduction of a GST	25	58 ▲	30	81 ▲	77 ▲	24	48 ▲	25	37	46 ▲
Net Oppose	42	81 ▲	49	92 ▲	94 ▲	40	63 ▲	47	47	65 ▲

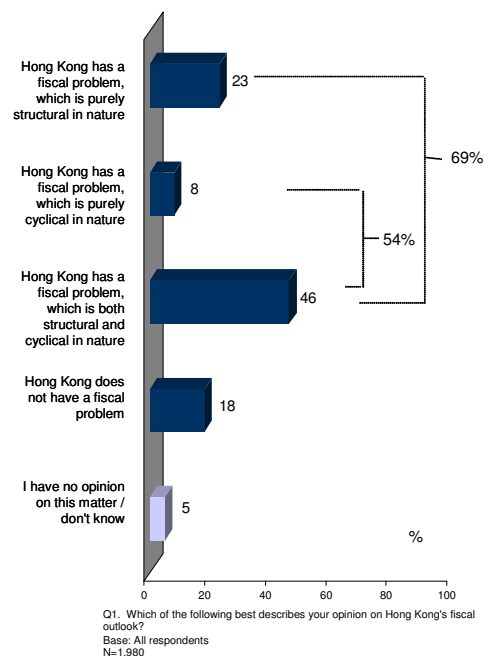
▲ Significantly higher at 95% C.I.

3.2 The fiscal situation in Hong Kong

3.2.1 Hong Kong's fiscal outlook

The majority of accountants feel that Hong Kong has a fiscal problem, most likely both structural and cyclical in nature.

- 46% of responding members indicated that Hong Kong has a fiscal problem which is both structural and cyclical in nature.
- 23% of respondents feel that Hong Kong has a fiscal problem which is purely structural in nature. Therefore, 69% of members feel that there is some structural problem with Hong Kong's finances.
- Relatively few (8%) feel that Hong Kong has a fiscal problem which is purely cyclical in nature, indicating that 54% see a problem that is at least in part, cyclical.
- Slightly less than one in five (18%) feel that Hong Kong does not have a fiscal problem and 5% are unsure about the underlying fiscal situation in Hong Kong.



The table overleaf shows the cross analysis of opinions of Hong Kong's fiscal outlook with other key variables. Significant differences identified are as follows:

- Those supporting a GST are more likely to feel Hong Kong has a fiscal problem which is either structural in nature or both structural and cyclical. Those who oppose the GST are more likely to feel Hong Kong either has a cyclical problem only or no fiscal problem at all.

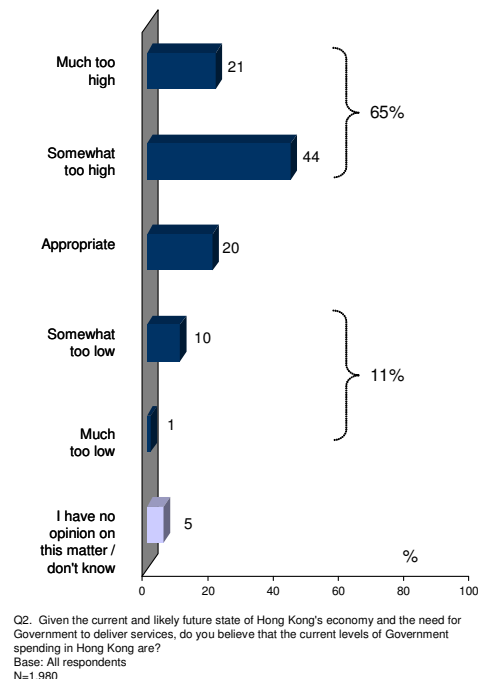
- Those who feel the tax base does not need to be broadened are more likely to feel Hong Kong has a cyclical fiscal problem or no fiscal problem whilst those who feel the tax base does need to be broadened are more likely to feel there is a structural fiscal problem or a structural and cyclical fiscal problem.
- Those who feel the government has adequately explained its position are more likely to say that Hong Kong has a purely structural fiscal problem.

▲ Significantly higher at 95% C.I.	Q15. Opinion on GST		Q2 Attitudes to government Spending		Q3. Attitudes to tax base		Q6. Gov. proposal sufficiently explained?	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Net too high (n=1,280) %	Net too low (n=212) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Yes (n=475) %	No (n=1,331) %
Hong Kong has a fiscal problem, which is purely structural in nature	34 ▲	16	23	28	13	28 ▲	28 ▲	21
Hong Kong has a fiscal problem, which is purely cyclical in nature	3	11 ▲	9	3	14 ▲	5	7	9
Hong Kong has a fiscal problem, which is both structural and cyclical in nature	58 ▲	38	44	49	27	56 ▲	43	46
Hong Kong does not have a fiscal problem	3	28 ▲	20 ▲	11	40 ▲	7	18	19

3.2.2 Level of Government spending

Two thirds of accountants believe that Government spending in Hong Kong is too high, with one in five saying it is much too high.

- Around two-thirds of respondents (65%) indicated that, given the current and likely future state of the Hong Kong economy and the need for Government to deliver services, spending is too high. Twenty-one percent feel that spending is much too high and 44% are of the opinion that spending is somewhat too high.
- One in five (20%) believe that spending is appropriate
- One in ten (11%) feel that spending is too low - either somewhat too low (10%) or much too low (1%).
- 5% of respondents have no opinion or were unable to answer this question.



The table overleaf shows the cross analysis of opinions of government spending with other key variables. Significant differences identified are as follows:

- Those opposing a GST in Hong Kong are more likely to indicate that spending is too high. Those who support a GST are more likely to feel that spending is appropriate.
- Those who feel there is a purely cyclical fiscal problem and those who believe there is no fiscal problem are more likely to feel that the current levels of

government spending are too high (those who see no fiscal problem, are more likely to say much too high). Conversely, those who feel there is a purely structural problem or part structural and part cyclical problem are more likely to feel government spending is too low (although this opinion is held by only a minority in any case, most people feel spending is in general, too high).

- Respondents who feel the tax base does not need to be broadened are more likely to indicate that spending is much too high, while those who feel the tax base does need to be broadened are more likely to feel that spending is somewhat too high.
- Whether respondents feel that the government has sufficiently explained its GST proposal has no impact on perceptions of the government spending.

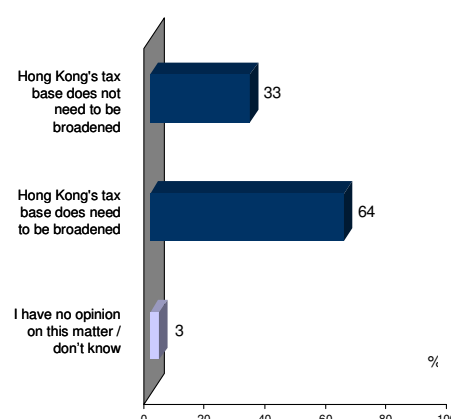
	Q15. Opinion on GST		Q1. Opinion on Hong Kong fiscal outlook				Q3. Attitudes to tax base		Q6. Gov. proposal sufficiently explained?	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Yes (n=475) %	No (n=1,331) %
Much too high	13	26 ▲	21	21	17	33 ▲	33 ▲	15	20	22
Somewhat too high	44	44	43	52	45	40	37	47 ▲	42	45
NET TOO HIGH	57	70 ▲	64 ▼	72 ▲	62 ▼	73 ▲	70	62	62	67
Appropriate	25 ▲	17	19	21	21	19	18	21	26	18
Somewhat too low	13	8	12	4	11	6	8	11	9	10
Much too low	1	1	1	1	1	1	1	1	0	1
NET TOO LOW	14	9	13 ▲	4 ▼	11 ▲	7 ▼	9	12	9	11

▲ Significantly higher at 95% C.I.

3.2.3 Broadening of Hong Kong's tax base

Two thirds of Hong Kong accountants polled feel that Hong Kong's tax base needs to be broadened.

- Respondents were advised (see text below right) that the Advisory Committee on New Broad-based Taxes concluded that Hong Kong's tax base is narrow and were asked their view
- 64% of accountants indicated that Hong Kong's tax base does need to be broadened.
- One in three (33%) feel that Hong Kong's tax base, contrary to the Advisory Committee's report, does not need to be broadened.
- 3% of respondents had no opinion or were unable to answer this question.



The Advisory Committee on New Broad-based Taxes, which reported in 2002, concluded that Hong Kong's tax base is narrow in composition due to a heavy reliance on a limited range of taxes. It recommended that action be taken to broaden Hong Kong's tax base

Q3. Which of the following best describes your opinion on Hong Kong's tax base?

Base: All respondents
N=1,980

The table below shows the cross analysis of opinions of broadening Hong Kong's tax

base with other key variables. Significant differences identified are as follows:

- Ninety-eight percent of respondents supporting a GST say that Hong Kong's tax base needs to be broadened, versus 43% of those who oppose GST. Clearly, perceptions of whether the tax base needs to be broadened is strongly associated with support for GST, although many of those who support a broadening of the tax base do not support GST.
- Those who feel the economy has a purely structural problem or a mix of structural and cyclical problems are more likely to indicate Hong Kong's tax base does need to be broadened (79% and 78% respectively), while those who see the problem as only cyclical in nature or that there is no problem are more likely to feel that the tax base does not need to be broadened.
- Those who feel the government has sufficiently explained its proposal are more likely to feel that Hong Kong's tax based needs to be broadened (68%).

	Q15. Opinion on GST		Q1. Opinion on Hong Kong fiscal outlook				Q2 Attitudes to government Spending		Q6. Gov. proposal sufficiently explained?	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %	Net too high (n=1,280) %	Net too low (n=212) %	Yes (n=475) %	No (n=1,331) %
Hong Kong's tax base does not need to be broadened	2	53 ▲	19	59 ▲	19	73 ▲	36 ▲	27	31	34
Hong Kong's tax base does need to be broadened	98 ▲	43	79 ▲	37	78 ▲	26	61	69	68 ▲	62

▲ Significantly higher at 95% C.I.

3.3 Approaches to broadening the tax base

3.3.1 Attitudes towards tax broadening measures

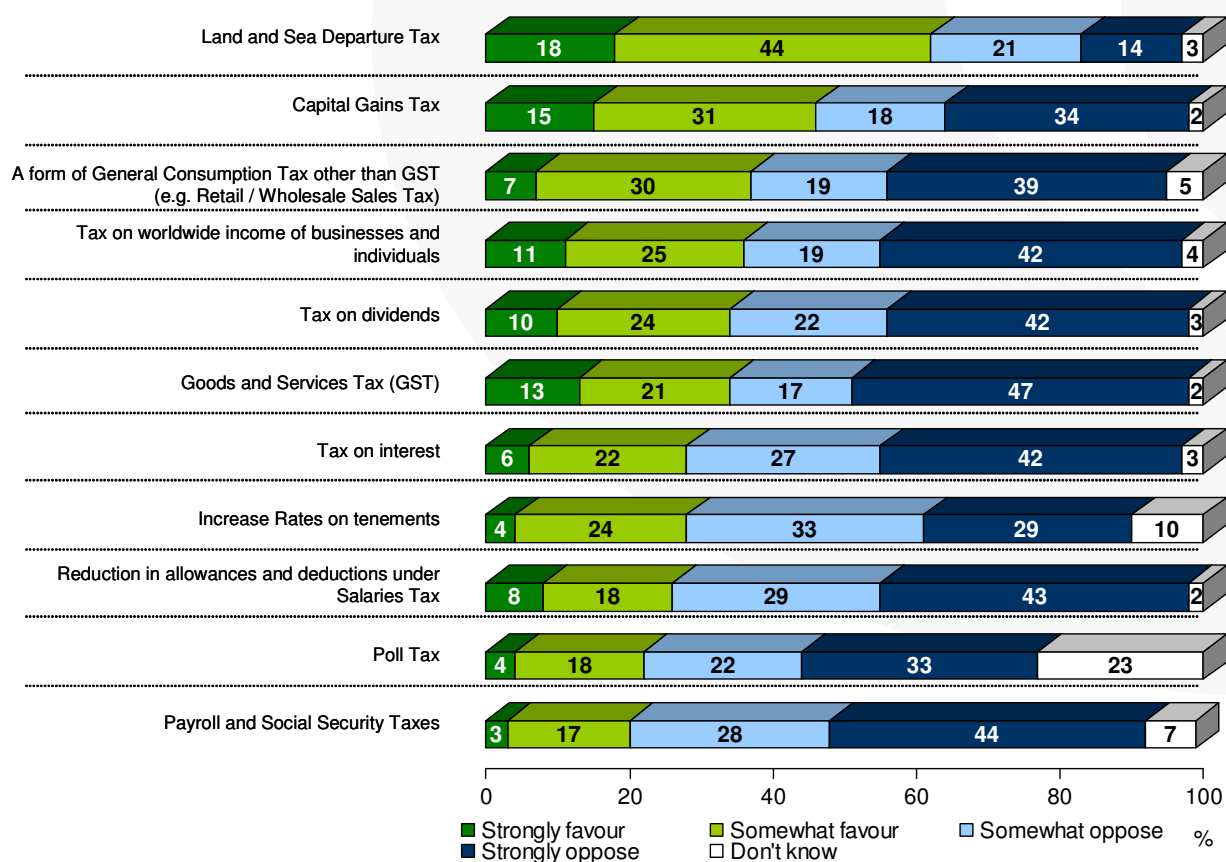
A majority of accountants support a Land and Sea Departure Tax as a means to broaden the tax base. Most accountants oppose any other forms of additional taxation to broaden the Hong Kong tax base.

- The table right shows the aggregate proportion of respondents favouring or opposing various tax measures that could be used to broaden Hong Kong's tax base. The chart overleaf shows a detailed breakdown of ratings for each form of taxation.
- 62% of accountants favour a Land and Sea Departure Tax to broaden Hong Kong's tax base
- At the other end of the spectrum, only 20% would support Payroll and Social Security Taxes.
- Support for a GST is towards the middle of all potential taxes (35% support), while there is slightly higher support (37%) for alternative forms of general consumption tax.

	Net Favour Tax (%)	Net Oppose Tax (%)	Don't know (%)
Land and Sea Departure Tax	62	35	3
Capital Gains Tax	46	52	2
A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	37	58	5
Tax on worldwide income of businesses and individuals	36	60	4
Goods and Services Tax (GST)	34	64	2
Tax on dividends	34	64	2
Increase Rates on tenements	28	62	10
Tax on interest	28	69	3
Reduction in allowances and deductions under Salaries Tax	26	72	2
Poll Tax	22	55	23
Payroll and Social Security Taxes	20	72	7

Q4. Below are listed different tax measures that could broaden Hong Kong's tax base. How strongly do you favour or oppose the following measures to broaden the tax base?
SINGLE RESPONSE
Base: All respondents
N=1,980

The chart below details the full results.



The table overleaf shows the cross analysis of support for different tax broadening measures with support for GST and with perceptions of Hong Kong's fiscal situation. Significant differences identified are as follows:

- Those supporting a GST in general are more likely to favour a form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax) (75%) and GST (91%) as a specific measure to broaden the tax base.
- Those opposing GST are more likely to favour Capital Gains Tax (49%), tax on dividends (36%), tax on Interest (31%), increased rates on tenements (31%) and a reduction in allowances and deductions under Salaries Tax (30%), as means to broaden the tax base. However, it should be noted that the only broadening measure favoured by a majority of those opposing GST is a Land and Sea Departure Tax, favoured by 61% of those opposing GST (49% favoured Capital Gains Tax).
- Those who see Hong Kong as having a purely structural fiscal problem are more likely to favour a General Consumption Tax other than GST (52%) and a GST (49%) as means of broadening the tax base.
- Those who believe there is a purely cyclical fiscal problem are more likely to favour a reduction in allowances and deductions under Salaries Tax (36%) and less likely to favour either a GST (12%) or form of General Consumption Tax other than GST (16%).
- Respondents who believe Hong Kong has a fiscal problem which is both structural and cyclical in nature are more likely to favour both the GST and a form of General Consumption Tax other than GST (44% and 45% respectively).
- Respondents who see no fiscal problem generally had lower favourability towards for most forms of tax broadening measures, particularly Land and Sea Departure

Tax (although 54% still favour it), GST (only 7% support it) and a form of General Consumption Tax other than GST (11%).

% Favour (strongly or somewhat)	Q15. Opinion on GST		Q1. Opinion on Hong Kong fiscal outlook			
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %
Land and Sea Departure Tax	63	61	60	63	66	54 ▼
Capital Gains Tax	39	49 ▲	46	40	47	43
A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	75 ▲	13	52 ▲	16 ▼	45 ▲	11 ▼
Tax on worldwide income of businesses and individuals	31	38	36	33	38	34
Tax on dividends	28	36 ▲	32	29	34	32
Goods and Services Tax (GST)	91 ▲	2	49 ▲	12 ▼	44 ▲	7 ▼
Tax on interest	23	31 ▲	26	29	29	28
Increase Rates on tenements	24	31 ▲	24	29	30	27
Reduction in allowances and deductions under Salaries Tax	23	30 ▲	25	36 ▲	26	29
Poll Tax	22	22	19	26	25	17
Payroll and Social Security Taxes	20	21	21	23	20	20

▲ Significantly higher at 95% C.I.

The table overleaf shows the cross analysis of favourability of different tax broadening measures with attitudes to the tax base, government spending and views on whether the government proposal has been sufficiently explained. Significant differences identified are as follows:

- Respondents who believe the tax base does need to be broadened, not surprisingly, favour most tax broadening measures to a greater extent than those who feel the tax base need not be broadened. The tax broadening measures gaining comparatively more favour amongst the former group were a Land and Sea Departure Tax (66%), GST (53%), a form of General Consumption Tax other than GST (53%), Capital Gains Tax (49%), tax on dividends (35%) and tax on interest (31%). Amongst the latter group (i.e. does not need broadening), the only tax which a majority favour is a Land and Sea Departure Tax (favoured by 53%).
- Predictably, those who feel government spending is too low tend to favour tax broadening measures more than those who feel government spending is too high. Favourability was significantly higher amongst those who think spending is too low for Capital Gains Tax (53%), a form of General Consumption Tax other than GST (48%), tax on worldwide income of businesses and individuals and GST (47%).
- Those who feel the government has sufficiently explained its proposal are more likely to favour both GST (48%) and a form of General Consumption Tax other than GST (43%). However, it should be noted that there was not a majority amongst this group favouring either tax (48% favour GST and 43% favour a form of General Consumption Tax other than GST).

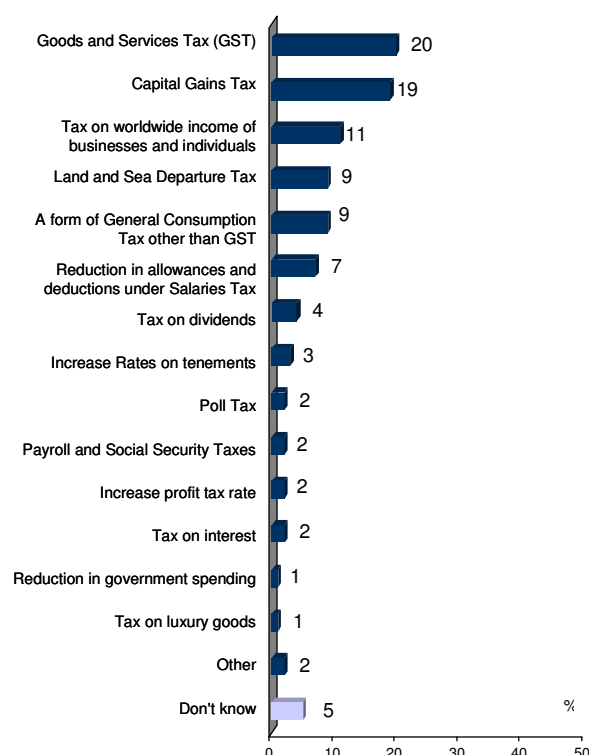
% Favour (strongly or somewhat)	Q3. Attitudes to tax base		Q2 Attitudes to government Spending		Q6. Gov. proposal sufficiently explained?	
	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %	Yes (n=475) %	No (n=1,331) %
Land and Sea Departure Tax	53	66 ▲	56	63	61	62
Capital Gains Tax	41	49 ▲	45	53 ▲	41	48 ▲
A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	9	53 ▲	34	48 ▲	43 ▲	34
Tax on worldwide income of businesses and individuals	33	37	35	47 ▲	30	38 ▲
Tax on dividends	29	35 ▲	32	39	31	35
Goods and Services Tax (GST)	2	53 ▲	31	47 ▲	48 ▲	29
Tax on interest	23	31 ▲	29	25	24	30
Increase Rates on tenements	28	28	28	24	26	29
Reduction in allowances and deductions under Salaries Tax	28	26	28	20	27	27
Poll Tax	18	23	21	25	19	23
Payroll and Social Security Taxes	18	22	20	24	19	21

▲ Significantly higher at 95% C.I.

3.3.2 Best option to broaden the tax base

Although GST is not a generally favoured means to broaden the tax base, when asked to choose, GST was selected by one in five accountants as the best means to broaden the tax base, the most support of all alternatives.

- Under a hypothetical scenario where the government proceeds with measures to broaden the Hong Kong tax base, the most often favoured option amongst accountants to do so, would be a Goods and Services Tax (GST). However, notably only 20% of accountants see this as the best option, just 1% above Capital Gains Tax (19%). Evidently, there is little consensus within the profession on which is the best means to broaden the tax rate.
- Land and Sea Departure Tax was seen as the best option by only 9% of respondents, despite being the only option favoured by the majority (see preceding question Q4). This indicates it is favoured by many, but is seldom seen to be the best means of broadening the tax base.



Q5. If the government were to proceed with measures to broaden Hong Kong's tax base, which of the following would in your view be the best option?
SINGLE RESPONSE
Base: All respondents
N=1,980

The tables following show the cross analysis of the perceived best option of the tax broadening measures with support for GST and perceptions of Hong Kong's fiscal situation. Significant differences identified are as follows:

- Amongst respondents who support GST, support was higher for both GST (55%) and a form of General Consumption Tax other than GST (16%) compared to those who oppose GST. Just over half (55%) of those who support introduction of GST to Hong Kong feel it is the best option to broaden the tax base. Amongst those against a GST, the preferred means to broaden the tax base is a Capital Gains Tax (25% support this option), tax on worldwide income of businesses and individuals (15%) and Land and Sea Departure Tax (11%).
- Those who perceive Hong Kong to have a purely structural fiscal problem or a mix of structural and cyclical problems displayed higher levels of support for both GST (30% versus 25% respectively) and a form of General Consumption Tax other than GST (12% and 11% respectively). Those perceiving a purely structural problem had only half the level of support for a Land and Sea Departure Tax (6%) than those who see a purely cyclical problem (13%). The latter group and those who see no fiscal problem had significantly lower support for GST (8% and 1% respectively).

% best	Q15. Opinion on GST		Q1. Opinion on Hong Kong fiscal outlook			
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %
Land and Sea Departure Tax	5	11 ▲	6 ▼	13 ▲	10	9
Capital Gains Tax	9	25 ▲	17	21	18	22
A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	16 ▲	4	12 ▲	5	11 ▲	2 ▼
Tax on worldwide income of businesses and individuals	4	15 ▲	10	10	11	13
Tax on dividends	3	6	5	7	4	5
Goods and Services Tax (GST)	55 ▲	1	30 ▲	8 ▼	25 ▲	2 ▼
Tax on interest	0	3	2	2	1	3
Increase Rates on tenements	1	4	2	2	3	5
Reduction in allowances and deductions under Salaries Tax	3	9 ▲	6	11	4 ▼	11 ▲
Poll Tax	1	3	1	4	2	3
Payroll and Social Security Taxes	0	3	2	3	1	4

▲ Significantly higher at 95% C.I.

- Amongst the segment that feels Hong Kong's tax base needs to be broadened, a GST was seen to be the best option by 31%, followed by a form of General Consumption Tax other than GST (13%)

	Q3. Attitudes to tax base		Q2 Attitudes to government Spending		Q6. Gov. proposal sufficiently explained?	
	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %	Yes (n=475) %	No (n=1,331) %
Land and Sea Departure Tax	11	8	9	10	11	8
Capital Gains Tax	21	18	19	23	13	22 ▲
A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	2	13 ▲	8	11	9	8
Tax on worldwide income of businesses and individuals	14 ▲	9	11	12	8	12 ▲
Tax on dividends	5	4	4	4	6	4
Goods and Services Tax (GST)	1	31 ▲	17	23	30 ▲	16
Tax on interest	2	1	2	1	1	2
Increase Rates on tenements	6 ▲	1	3	3	2	3
Reduction in allowances and deductions under Salaries Tax	10 ▲	5	8 ▲	3	7	6
Poll Tax	4	1	3	1	1	2
Payroll and Social Security Taxes	4	1	2	1	3	2

▲ Significantly higher at 95% C.I.

- Amongst the minority who feel the government has sufficiently explained its proposal, 30% (notably in the minority) support a GST as the best option to broaden the tax base compared to 16% of those who disagree. Those who do not feel the government has sufficiently explained its proposal are most likely to see Capital Gains Tax (20%) and GST (16%) as best.

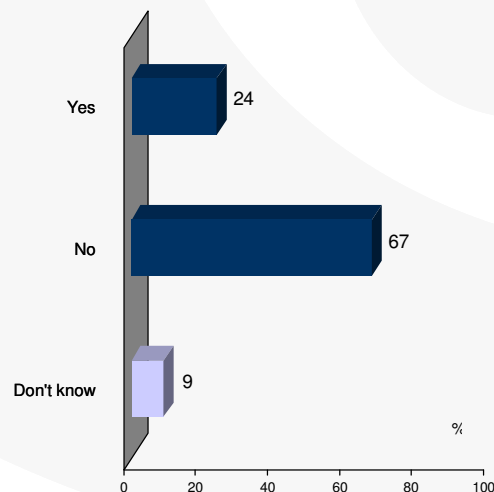
▲ Significantly higher at 95% C.I. % see as best option ↓	Q4. Net Favour GST (n=683) %	Q4. Net oppose GST (n=1,258) %	Q4. Net Oppose GST & Q3. favour broadening (n=685) %
Land and Sea Departure Tax	4	11 ▲	12 ▲
Capital Gains Tax	9	25 ▲	28 ▲
A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	17 ▲	5	8
Tax on worldwide income of businesses and individuals	4	15 ▲	16 ▲
Goods and Services Tax (GST)	56 ▲	1	1
Tax on dividends	2	6	6
Increase Rates on tenements	-	4	3
Tax on interest	-	3	2
Reduction in allowances and deductions under Salaries Tax	3	9	8
Poll Tax	1	3	2
Payroll and Social Security Taxes	-	3	3

3.4 Attitudes to presentation of the Government Consultation Document

3.4.1 Sufficiency of government's explanation of its GST proposal

Two thirds of accountants participating in the survey do not feel the Hong Kong government has sufficiently explained its GST proposal.

- 24% of all survey respondents feel that the Hong Kong government has provided a sufficient explanation of its GST proposal, while 67% believe the government has not. Nine percent were unable to comment.
- Only 34% of those who support a GST, feel the government has adequately explained its proposal compared to 19% amongst those who oppose GST.



Following consultation, the government may decide to proceed with a Goods and Services Tax ("GST"). The following questions relate to your specific opinions about the proposed GST.

Q6. Do you think the government has provided sufficient explanation of its GST proposal? SINGLE RESPONSE

Base: All respondents
N=1,980

The tables following show the cross analysis of the perceived sufficiency of the governments' explanation of its proposal against key measures on the survey. Significant differences identified are as follows:

- Respondents supporting GST were more likely than those opposing GST to agree that the government has sufficiently explained its proposal (30% vs 19%). However, it is notable that most GST supporters (56%) believe the government has not sufficiently explained its proposal.
- Those who feel that Hong Kong's tax base does not need to be broadened are less likely to feel the government has explained its proposal sufficiently than those who feel the tax base needs to be broadened.

	Q15. Opinion on GST		Q1. Opinion on Hong Kong fiscal outlook			
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %
Explained sufficiently - Yes	34	19	30	21	22	24
Explained sufficiently - No	56	74	62	74	68	71

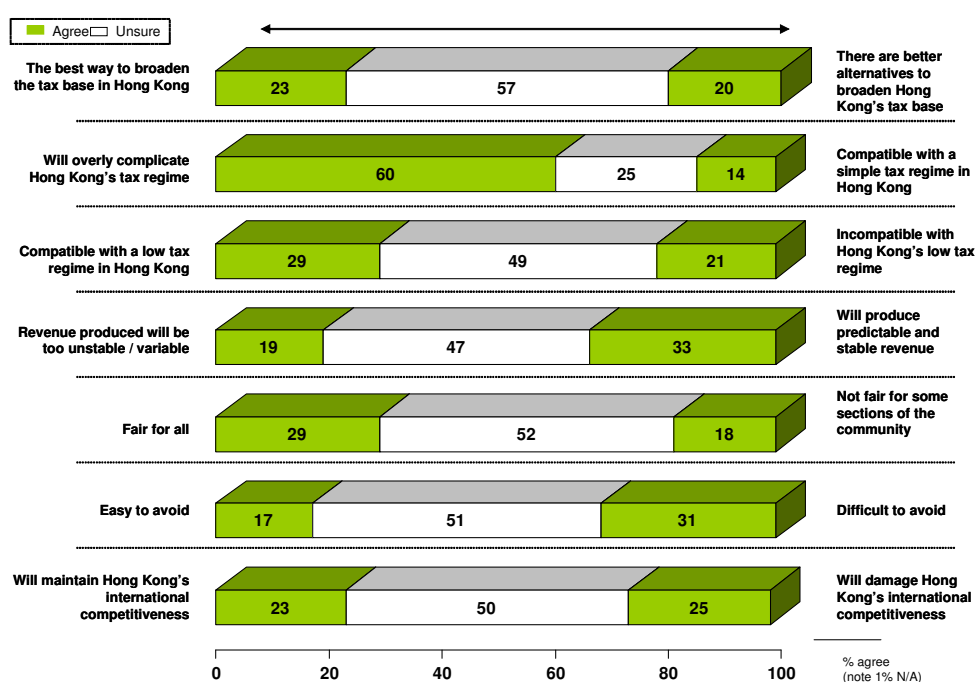
	Q3. Attitudes to tax base		Q2 Attitudes to government spending		Q6. Gov. proposal sufficiently explained?	
	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %	Yes (n=475) %	No (n=1,331) %
Explained sufficiently - Yes	23	26	23	21	100	-
Explained sufficiently - No	70	65	70	72	-	100

▲ Significantly higher at 95% C.I.

3.4.2 Views on government's GST proposal

There remains great uncertainty about the pros and cons of GST amongst accountants. Whilst consistently around half are uncertain about the benefits or otherwise of GST, a majority do believe a GST will overly complicate Hong Kong's tax regime.

- All respondents were asked to choose the most applicable of two paired statements which describe seven aspects of the government's GST proposal.
- The chart below, which details the results, shows that in most respects, accountants are uncertain as to the pros and cons of the government's GST proposal. Specifically:
 - 57% are uncertain as to whether the GST proposal is the best way to broaden the tax base or there are other better alternatives
 - 52% are uncertain whether the GST proposal will be fair for all or not fair for some sections of the community.
 - 51% are uncertain as to whether the GST would be easy to avoid or difficult to avoid
 - 50% are unsure if the GST proposal will result in increased or damaged international competitiveness
 - 49% are unsure if the proposed GST would be compatible with Hong Kong's low tax regime
 - 47% are uncertain about whether the revenue produced would be stable or unstable.
- The areas where the proposal has generated greatest certainty is that the GST proposal will overly complicate Hong Kong's tax regime (60% agree and 14% feel that the GST is compatible with Hong Kong's simple tax regime).



Q7. Below are some opposite pairs of statements about the government's GST proposal. For each pair of statements, please select the option that best reflects your view on the GST as a form of taxation.
 Base: All respondents
 N=1,980

The table overleaf shows the cross analysis of attitudes towards the government's GST proposal with support for GST and with perceptions of Hong Kong's fiscal situation. Significant differences identified are as follows:

- Those supportive of a GST are more positive generally towards the government's proposal. Sixty-two percent agreed it is the best way to broaden the tax base (vs. 1% of those opposing GST), 66% feel it is compatible with Hong Kong's low tax regime (vs. 8% of those opposing GST), 66% also feel it is fair for all and 59% feel it will maintain Hong Kong's international competitiveness. Amongst those supporting a GST, the area of most concern with the government's proposal is that it will damage Hong Kong's competitiveness (23% indicated this option) and 25% feel it would overly complicate Hong Kong's tax regime. The areas of greatest uncertainty towards the government's proposal amongst GST supporters are whether the tax will be easy or difficult to avoid (63% unsure) and the stability or otherwise of the revenue base (70% unsure). These areas can therefore be considered as particular deficiencies where the government has not succeeded in reassuring its most naturally receptive audience.
- Those opposing GST are generally unsure about the pros and cons of the government's proposal in most respects, but particularly if it is the best way to broaden the tax base (76% unsure), whether competitiveness would be maintained (71% unsure) whether it is fair for all (69% unsure) and if the proposal is compatible with Hong Kong's low tax base (67% unsure). Amongst those opposing GST, the most negative view of the government's proposal is that it will overly complicate Hong Kong's tax regime (82% agreed). A further 28% of those opposed to GST also feel the revenue generated would be unpredictable/unstable. In summary, it can be seen that a key deficiencies of the government's Proposal are that it has apparently not conveyed benefits to those opposed to GST and has reinforced a perception that GST will be overly complicated.
- Respondents who feel that Hong Kong has a purely structural or partly structural partly cyclical fiscal problem are generally more favourable towards the government's GST proposal than those who see no fiscal problem or a cyclical problem only. In particular, more were inclined to agree that the proposal is the best way to broaden the tax base, is compatible with Hong Kong's low tax regime, is fair for all and will maintain Hong Kong's competitiveness. However, it should be noted that for most aspects of the proposal, this group are unsure about the pros and cons.
- Those who say Hong Kong has a purely cyclical or no fiscal problem are more likely to feel that there are better alternatives to the government's GST proposal, it will overly complicate Hong Kong's tax regime, and is not fair some in the community. This group is divided in their opinion of whether the proposal would result in stable or unstable revenue streams and are more likely to be unsure whether the proposal is compatible with Hong Kong's low tax regime, is fair for all and/or will maintain Hong Kong's competitiveness.

▲ Significantly higher at 95% C.I.	Q15. Opinion on GST		Q1. Opinion on Hong Kong fiscal outlook			
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Purely structural problem (n=453) %	Purely cyclical problem (n=156) %	Both structural and cyclical (n=903) %	No fiscal problem (n=356) %
Best way to broaden tax base	62 ▲	1	34 ▲	10 ▼	28 ▲	4 ▼
Unsure	25	76 ▲	52 ▼	64 ▲	52 ▼	67 ▲
There are better alternatives	13	22 ▲	13 ▼	22 ▲	19 ▼	28 ▲
Will overly complicate tax regime	24	82 ▲	50 ▼	76 ▲	51 ▼	85 ▲
Unsure	50 ▲	10	31 ▲	15 ▼	31 ▲	8 ▼
Compatible with simple tax regime	25 ▲	7	18 ▲	6 ▼	17 ▲	6 ▼
Compatible with low tax regime	66 ▲	8	42 ▲	14 ▼	35 ▲	9 ▼
Unsure	19	67 ▲	42 ▼	55 ▲	44 ▼	66 ▲
Incompatible with low tax regime	13	24 ▲	16 ▼	28 ▲	20	24
Revenue produced unstable/variable	6	28 ▲	14 ▼	22 ▲	17 ▼	29 ▲
Unsure	70 ▲	33	57 ▲	38 ▼	50 ▲	31 ▼
Revenue predictable / stable	23	37 ▲	29 ▼	35 ▲	31 ▼	38 ▲
Fair for all	66 ▲	7	42 ▲	16 ▼	35 ▲	9 ▼
Unsure	25	69 ▲	44 ▼	59 ▲	50 ▼	62 ▲
Not fair for some in community	8	23 ▲	14 ▼	22 ▲	15 ▼	28 ▲
Easy to avoid	11	21 ▲	15	19	15 ▼	27 ▲
Unsure	63 ▲	44	55 ▲	46 ▼	55 ▲	37 ▼
Difficult to avoid	26	33 ▲	30	31	29	34
Maintain competitiveness	59 ▲	3	33 ▲	8 ▼	29 ▲	7 ▼
Unsure	16	72 ▲	43 ▼	65 ▲	44 ▼	66 ▲
Damage competitiveness	23	24	24	22	26	27

The table overleaf shows the cross analysis of attitudes towards the government's GST proposal with other key variables. Significant differences identified are as follows:

- Those who feel that Hong Kong's tax base does not require broadening are more likely to be unsure or negative about the proposal than those who feel the tax base does need to be broadened. In particular, the former group are more likely to be unsure of whether the proposal is the best way to broaden the tax base (72% unsure), is compatible with Hong Kong's low tax regime (66% unsure), is fair for all (67% unsure) and will maintain Hong Kong's competitiveness (71% unsure). They are also more likely to agree than those who desire a broadening of the tax base that the proposal is incompatible with Hong Kong's low tax regime (24%), not fair for some in the community (25%) and that there are better alternatives (24%).
- Of those who see a need for broadening of the tax base, 41% feel the proposal is fair for all, 40% feel it is compatible with Hong Kong's low tax regime and 34% feel the government proposal is the best way to broaden the tax base. Aside from the high level of general uncertainty about the proposal amongst this group, the main area of criticism of the proposal is that it will overly complicate Hong Kong's simple tax regime (48% agreed).
- Interestingly, many of those who feel the government's explanation of its GST proposal is sufficient, remained are nonetheless uncertain about key outcomes of the proposal, namely if the proposal will produce stable revenue (50% unsure), is the best way to broaden the tax base (50% unsure), easy to avoid (50% unsure), maintain competitiveness (43% unsure) and compatible with low tax regime (41% unsure).

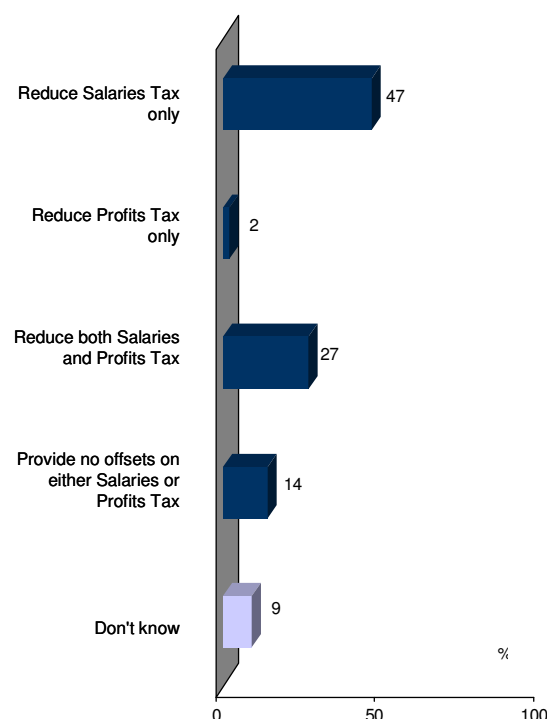
▲ Significantly higher at 95% C.I.	Q3. Attitudes to tax base		Q2 government Spending		Q6. Gov. explanation sufficient?	
	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %	Yes (n=475) %	No (n=1,331) %
Best way to broaden tax base	2	34 ▲	20	28 ▲	34 ▲	18
Unsure	72 ▲	49	58	57	50	60 ▲
There are better alternatives	24 ▲	17	21 ▲	15	15	21 ▲
Will overly complicate tax regime	83 ▲	48	65 ▲	46	51	64 ▲
Unsure	10	33 ▲	21	37 ▲	34 ▲	22
Compatible with simple tax regime	6	18 ▲	13	16	14	13
Compatible with low tax regime	8	40 ▲	26	38 ▲	44 ▲	24
Unsure	66 ▲	40	52	45	41	53 ▲
Incompatible with low tax regime	24 ▲	18	21	16	14	21 ▲
Revenue produced unstable/variable	29 ▲	14	20	22	13	22 ▲
Unsure	30	56 ▲	45	54 ▲	55 ▲	44
Revenue predictable / stable	38 ▲	29	33 ▲	24	31	33
Fair for all	7	41 ▲	26	33 ▲	39 ▲	24
Unsure	67 ▲	44	53	55	46	55 ▲
Not fair for some in community	25 ▲	14	19 ▲	12	14	19 ▲
Easy to avoid	22 ▲	15	19 ▲	12	17	18
Unsure	41	56 ▲	49	65 ▲	50	50
Difficult to avoid	35 ▲	28	30 ▲	23	31	30
Maintain competitiveness	3	35 ▲	21	27	36 ▲	19
Unsure	71 ▲	39	52	50	43	54 ▲
Damage competitiveness	24	25	26	22	21	26 ▲

3.5 Implementation

3.5.1 Preference for GST offsets

Accountants are most likely to favour Salaries Tax reductions to offset GST, mostly solely and for some in conjunction with a reduction in Profits Tax.

- Respondents were advised that the government has indicated that GST should be revenue neutral for at least five years and that additional revenue generated should be returned to the community.
- With this in mind, just under half of accountants (47%) believe the government should reduce only Salaries Tax to offset GST, if it were introduced. A further 27% feel that any GST should be offset with reductions in both Salaries and Profits Tax and 14% that neither Salaries nor Profits Tax should be reduced.
- Relatively few (2%) favour a reduction in Profits Tax only to offset GST.



The government has indicated that GST should be revenue neutral for at least five years and the additional revenue generated should be returned to the community.

Q8. Which of the following best reflects your preference with regards to possible GST offsets?
 Base: All respondents
 N=1,980

The table below shows the cross analysis of the preference for GST offsets with key attitudinal variables on the survey. Key results are as follows:

- Of those supporting GST, 54% indicated that offsets should include reduction in Salaries Tax only and 33% feel that both Salaries and Profits Tax should be reduced.
- Amongst those advocating a broadening of the tax base, 52% favour a reduction of Salaries Tax only, while 29% would prefer both a reduction in Salaries and Profits Tax.
- Attitudes to government spending does not impact on opinions towards potential GST offsets.

	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government Spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
Reduce Salaries Tax only	54 ▲	44	41	52 ▲	47	50
Reduce Profits Tax only	2	2	3	1	2	3
Reduce both Salaries and Profits Tax	33 ▲	24	24	29 ▲	26	26
Provide no offsets on either Salaries or Profits Tax	9	18 ▲	18 ▲	12	15	15

▲ Significantly higher at 95% C.I.

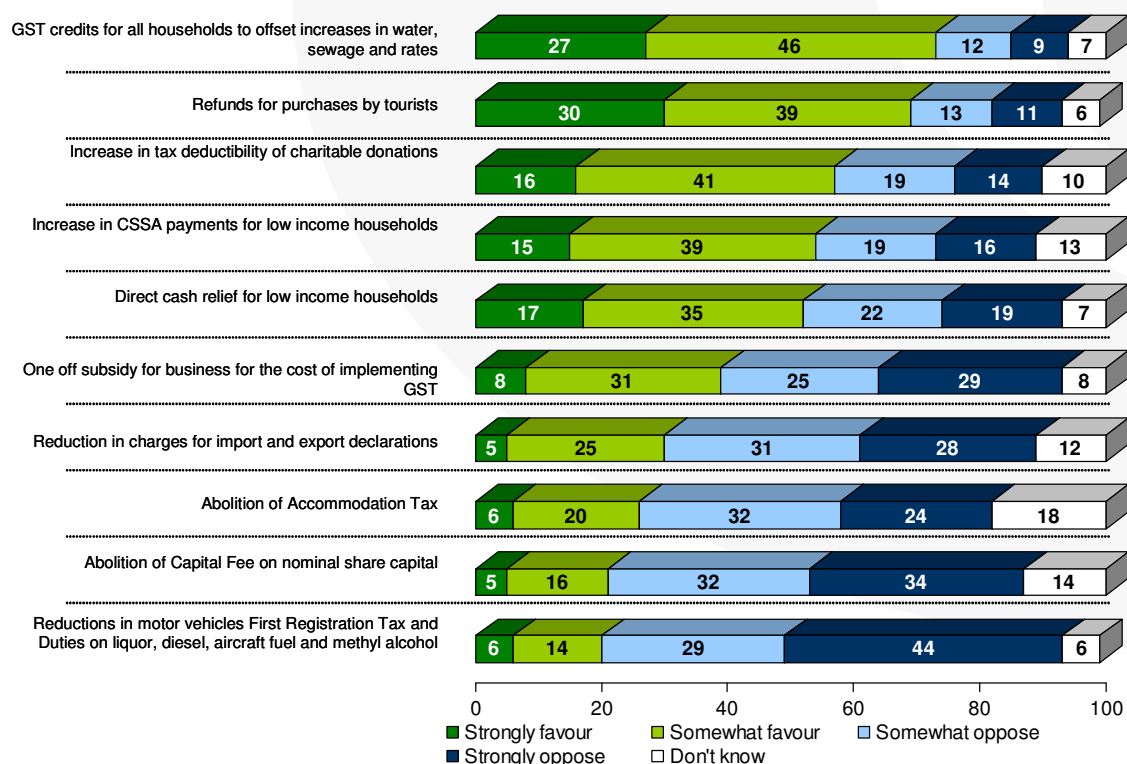
3.5.2 Support for compensatory / relief measures

If a GST were introduced, the most favoured compensatory / relief measures would be GST credits for all households and refunds for purchases by tourists.

- The table right shows the aggregate favourability (strongly or somewhat favour) for a range of potential compensatory and relief measures for GST.
- As can be seen, there was widespread support for compensation and relief should GST be introduced, particularly for GST credits for all households to offset increases in water, sewage and rates (73% favour), and refunds for purchases by tourists (70%).
- The least supported compensatory and relief measures are abolition of accommodation tax (27% support / 56% oppose), abolition of capital fee on nominal share capital (21% support, 66% oppose) and reductions in motor vehicles first registration tax, and duties (21% support, 73% oppose).

	Net Favour (%)	Net Oppose Tax (%)	Don't know (%)
GST credits for all households to offset increases in water, sewage and rates	73	21	7
Refunds for purchases by tourists	70	25	6
Increase in tax deductibility of charitable donations	57	33	10
Increase in CSSA payments for low income households	53	34	13
Direct cash relief for low income households	52	41	7
One off subsidy for business for the cost of implementing GST	39	53	8
Reduction in charges for import and export declarations	30	59	12
Abolition of Accommodation Tax	27	56	18
Abolition of Capital Fee on nominal share capital	21	66	14
Reductions in motor vehicles First Registration Tax and Duties on liquor, diesel, aircraft fuel and methyl alcohol	21	73	6

The table below shows the full results to this question



The table on the following page shows the cross analysis of potential compensatory / relief measures with key attitudinal variables on the survey. Key results were as follows:

- Amongst those supporting a GST for Hong Kong, most prefer to implement a range of compensatory and relief measures. The most strongly supported are refunds for purchases by tourists (83%), GST credits for all households to offset increases in water, sewage and rates (77%) increase in CSSA payments for low income households (66%) and increase in tax deductibility of charitable donations (65%). Least supported are reductions in motor vehicles First Registration Tax and Duties on liquor, diesel, aircraft fuel and methyl alcohol (25%) and abolition of Capital Fee on nominal share capital (26%).
- Amongst those who believe the tax base ought to be broadened, the pattern was similar to those who support GST.
- Amongst those who feel government spending is too low (11% of respondents), there was stronger support for a range of relief measures, such as increase in tax deductibility of charitable donations (65%), increase in CSSA payments for low income households (64%), direct cash relief for low income households (30%), reduction in charges for import and export declarations (38%), abolition of Accommodation Tax (35%) and abolition of Capital Fee on nominal share capital (28%).

% favour (strongly or somewhat)	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
GST credits for all households to offset increases in water, sewerage and rates	77 ▲	70	66	76 ▲	73	74
Refunds for purchases by tourists	83 ▲	62	57	77 ▲	69	74
Increase in tax deductibility of charitable donations	65 ▲	52	48	62 ▲	55	65 ▲
Increase in CSSA payments for low income households	66 ▲	46	41	60 ▲	50	64 ▲
Direct cash relief for low income households	60 ▲	48	45	39 ▲	45 ▲	30
One off subsidy for business for the cost of implementing GST	53 ▲	30	26	46 ▲	38	44
Reduction in charges for import and export declarations	35 ▲	26	25	32 ▲	28	38 ▲
Abolition of Accommodation Tax	32 ▲	24	25	28 ▲	26	35 ▲
Abolition of Capital Fee on nominal share capital	26 ▲	17	18	22 ▲	20	28 ▲
Reductions in motor vehicles First Registration Tax and Duties on liquor, diesel, aircraft fuel and methyl alcohol	25 ▲	18	18	22 ▲	20	26 ▲

▲ Significantly higher at 95% C.I.

3.5.3 Support for potential features of a GST in Hong Kong

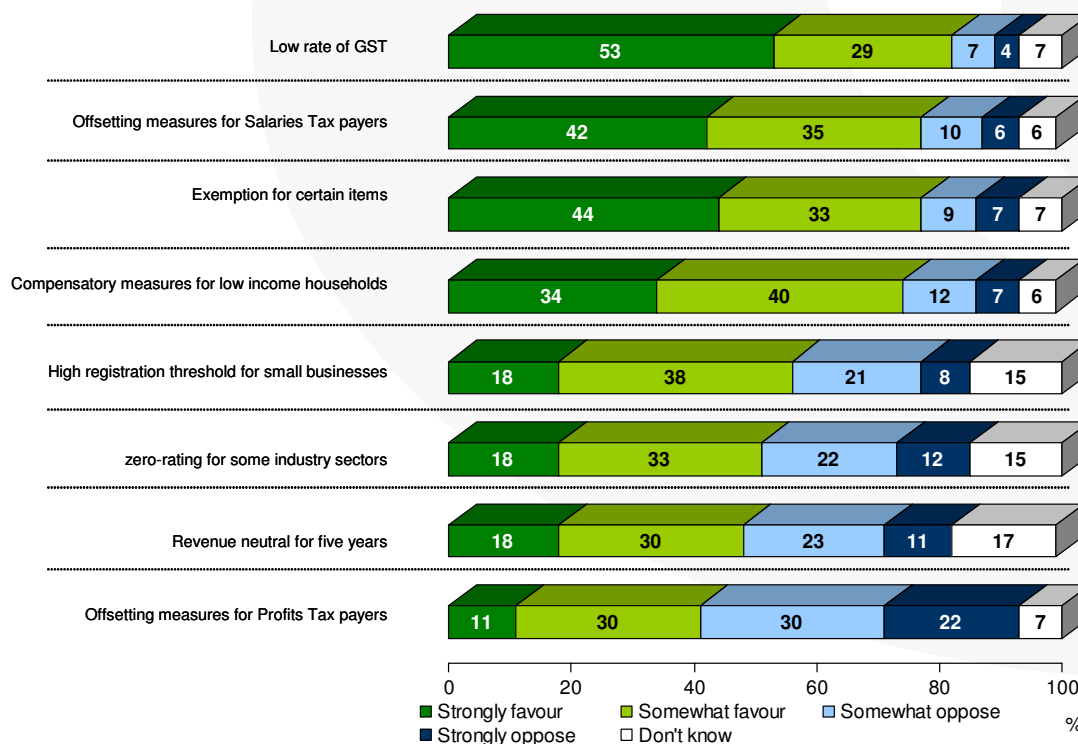
Referring to the government's proposal, the most important features are seen to be a low rate of GST, offsetting measures for salaries Tax payers, exemptions for certain items and compensation measures for low income households.

- The table right shows the proportion of respondents rating each potential feature of the government's GST proposal as important (very or somewhat) or unimportant (very or somewhat).
- A low rate of GST was most likely to be considered as important by respondents (82%) followed by offsetting measures for Salaries Tax payers and exemptions for certain items (both 77% net important). Around three quarters (74%) feel that compensatory measures for low income households are also important.
- The least important aspects of the proposal are offsetting measures for Profits Tax payers (41% important / 52% unimportant) and perhaps surprisingly revenue neutral for five years (48% important and 34% unimportant).

	Net Important (%)	Net Unimportant Tax (%)	Don't know (%)
Low rate of GST	82	11	7
Offsetting measures for Salaries Tax payers	77	16	7
Exemption for certain items	77	16	6
Compensatory measures for low income households	74	19	6
High registration threshold for small businesses	56	29	15
zero-rating for some industry sectors	51	34	15
Revenue neutral for five years	48	34	17
Offsetting measures for Profits Tax payers	41	52	7

Q10. Please rate the importance of the following features of the proposed GST, using a scale from 1 to 4 where 1 means 'very important' 2 means 'somewhat important' 3 means 'somewhat unimportant' and 4 means 'very unimportant'. Base: All respondents N=1,980

The table following shows the results to this question



The table below shows the cross analysis of potential features of a GST with key attitudinal variables on the survey. Key results were as follows:

- Supporters of GST in Hong Kong tended to strongly favour a range of offsets - 92% favour a low rate of GST, 84% favour either/or offsetting measures for Salaries Tax payers and exemptions for certain items and 82% favour compensatory measures for low income households. Least favoured was offsetting measures for Profits Tax payers (45% favour).
- Responses amongst those supporting a broadening of the tax base were consistent with those supporting GST.

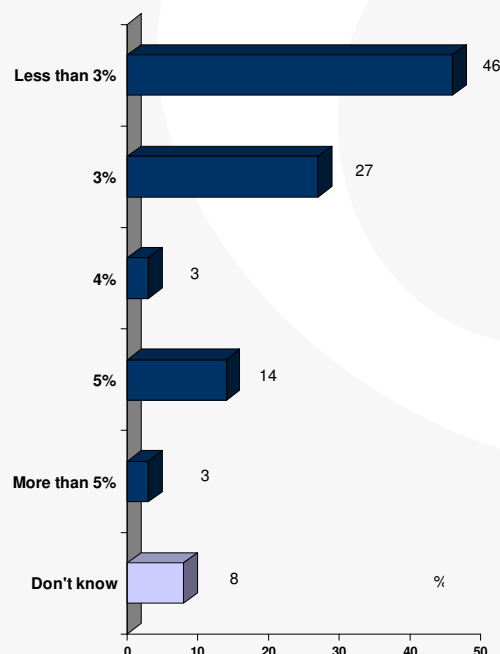
	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
% Net important (very or somewhat)						
Low rate of GST	92 ▲	76	72	88 ▲	81	84
Offsetting measures for Salaries Tax payers	84 ▲	73	68	82 ▲	76	83
Exemption for certain items	84 ▲	73	69	82 ▲	77	78
Compensatory measures for low income households	82 ▲	71	65	80 ▲	72	81 ▲
High registration threshold for small businesses	60 ▲	52	51	58 ▲	55	57
zero-rating for some industry sectors	58 ▲	47	45	54 ▲	50	52
Revenue neutral for five years	57 ▲	43	41	52 ▲	49	46
Offsetting measures for Profits Tax payers	45 ▲	38	37	43 ▲	40	43

▲ Significantly higher at 95% C.I.

3.5.4 Best option for the level of GST

Most accountants surveyed are of the opinion that GST, if introduced, should have a rate at or preferably below 3%.

- Just under half (46%) of accountants participating in the survey believe that the best option for a GST rate would be something less than 3%. A further quarter (27%) indicated that 3% is the appropriate level for GST.
- In aggregate 20% indicated a preference for a GST rate of more than 4%, with three percent indicating 4%, fourteen percent a 5% GST and three percent a GST of greater than 5%.
- Around one in ten (8%) of respondents were unable to or chose not to answer this question.



Q11. A low, single rate of GST has been proposed. If a GST were introduced in Hong Kong, which of the following levels would in your view be the best option?
Base: All respondents
N=1,980

The table below shows the cross analysis of the best option for the level of GST with key attitudinal variables on the survey. Key results were as follows:

- Supporters of a GST are split in their preferences for a rate of GST with 42% preferring a rate of 3% and 28% preferring a rate of 5%. Not surprisingly, those who oppose a GST would prefer that if one were introduced, the rate be below 3%.
- Interestingly, those who support a need to broaden Hong Kong's tax base are more likely to support a rate of below 3% (36%) than those who prefer a GST specifically. This most likely reflects that amongst those that support broadening the tax base, but not a GST as the means to do so (48% of this category of respondents), a lower rate is seen as desirable should a GST be implemented.

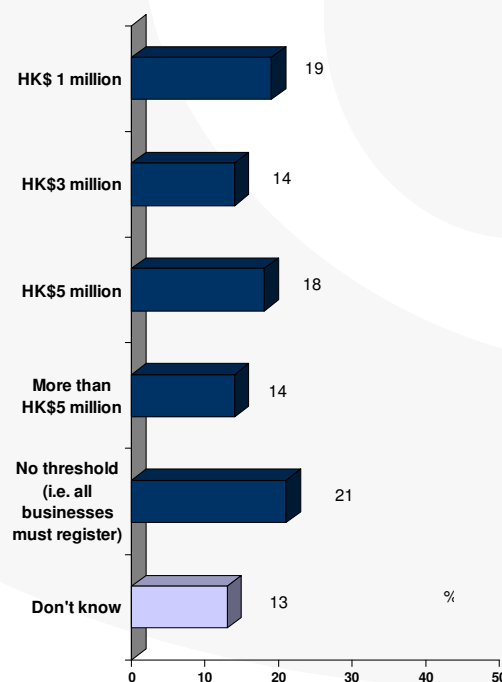
	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
Less than 3%	22	60 ▲	63 ▲	36	47	43
3%	42 ▲	17	13	34 ▲	26	28
4%	4	2	1	4	2	3
5%	28 ▲	7	6	19 ▲	13	17
More than 5%	2	3	3	2	3	2

▲ Significantly higher at 95% C.I.

3.5.5 Level believe GST Registration Threshold should apply

Opinion on what is an appropriate registration threshold for GST varied widely with no consensus view. Of note is that one in five feel there should be no threshold for business registration.

- 19% of accountants surveyed believe the registration threshold for GST registration for businesses should be HK\$1 million.
- 14% feel that the threshold should be HK\$3 million, 18% indicated it should be HK\$5 million, whilst 14% indicated that the threshold should be above HK\$5.
- One in five (21%) feel there should be no threshold and that all businesses must register for GST.
- 12% of respondents were unable to or chose not to answer this question.



Q12. If a GST were introduced, the government has proposed that registration for GST be optional for businesses with turnover below a certain level known as the 'GST registration threshold'. At which of the following levels of annual turnover do you believe the registration threshold should apply?
Base: All respondents
N=1,980

The table below shows the cross analysis of the level of GST Registration Threshold with key attitudinal variables on the survey. Key results were as follows:

- There is no consensus amongst supporters of GST as to the appropriate GST registration threshold for businesses, although relatively few believe that the threshold should be more than HK\$5 million (8%). Approximately equal numbers of respondents favour HK\$1 million, HK\$3 million and HK\$5 million. One in five also favour all businesses registering with no threshold.
- The pattern of responses amongst those in favour of broadening the tax base was consistent with those who support GST.

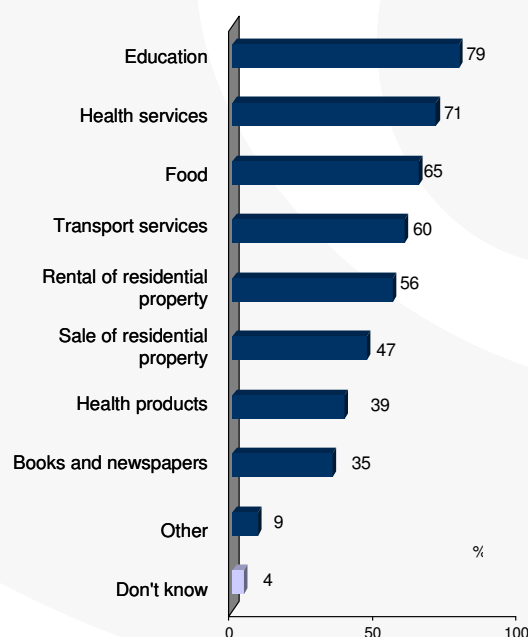
	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
HK\$1 million	21	18	17	20	17	18
HK\$3 million	20 ▲	10	9	16 ▲	14	17
HK\$5 million	23 ▲	16	13	21 ▲	17	19
More than HK\$5 million	8	18 ▲	21 ▲	11	15	14
No threshold (all must register)	21	23	22	21	23	20

▲ Significantly higher at 95% C.I.

3.5.6 Preferred exemptions from GST

Accountants favour a wide range of exemptions from GST with the majority supporting exemptions of education, health services, food, transport services and rental of residential property.

- 79% of accountants polled support the exemption of education from any GST. Just under three quarters (71%) favoured the exemption of health services and around two-thirds (65%) favoured exemption of food. Both transport services (60%) and rental of residential property (56%) are favoured as exemptions by a majority.
- Of the remaining potential exemptions, there was minority support for the exemption of sales of residential property (47%), health products (39%) and books and newspapers (35%).



Q13. The government's proposal is that only the sale and rental of residential property should be exempt from GST. Which, if any, of the following items do you believe should be exempt from GST?
Base: All respondents
N=1,980

The table below shows the cross analysis of preferred exemptions from GST with key attitudinal variables on the survey. Key results were as follows:

- As would be expected, those opposing GST and/or rejecting a need to broaden the tax base generally preferred more offsets than those favouring GST and/or accepting a need to broaden the tax base.
- Amongst those supporting GST, the most widely supported exemptions are for basic services such as education (76%) and health services (64%). In addition, 57% support the exemption of rental of residential property and just under half (49%) support the exemption of food. Relatively few support the exemption of books and newspapers (20%) or health products (24%).

% selected	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
Education	76	81 ▲	80	79	78	84
Health services	64	76 ▲	76 ▲	68	70	75
Food	49	74 ▲	75 ▲	60	65	65
Transport services	44	69 ▲	69 ▲	54	59	63
Rental of residential property	57	55	56	55	56	54
Sale of residential property	50	46	49	46	48	47
Health products	24	49 ▲	51 ▲	33	39	39
Books and newspapers	20	45 ▲	48 ▲	28	35	31

▲ Significantly higher at 95% C.I.

- Amongst those who perceived exemptions to be important, the general pattern of responses was similar to those who did not see exemptions as important, although the number preferring each type of exemption was expectedly higher. Of those feeling exemptions are important (very or somewhat), 83% support exemption of education (vs. 67% of those who see exemptions as unimportant)

and 76% favour exemptions of health services.

- Only a minority of those seeing exemptions as important favour exemptions on books and newspapers (35%) and health products (40%).

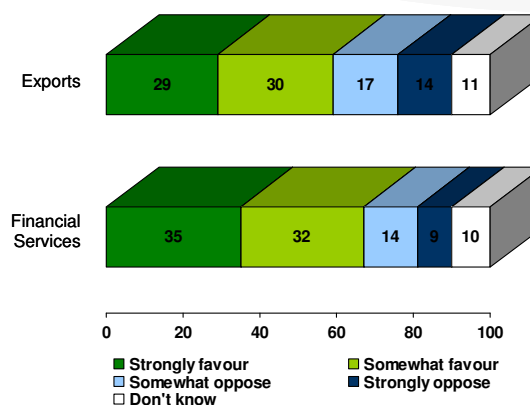
Response to Q10(iii)→	Exemption for certain items Q10(iii)					
	Net Important (n=289) %	Very important (n=877) %	Somewhat Important (n=651) %	Net unimportant (n=289) %	Somewhat unimportant (n=179) %	Very Unimportant (n=133) %
Education	83	87	78	67	75	56
Health services	76	82	68	53	59	44
Food	69	77	59	47	53	38
Transport services	64	70	55	42	48	33
Rental of residential property	59	63	53	46	49	41
Sale of residential property	49	52	44	40	40	41
Health products	40	46	33	31	30	32
Books and newspapers	35	43	25	30	30	30

▲ Significantly higher at 95% C.I.

3.5.7 Support for zero-rating of items

A majority of accountants support zero-rating both exports and financial services as aspects of the government's GST proposal.

- Of those surveyed 59%, favour the zero-rating of exports as a component of the government's proposal whilst around a third (31%) oppose this.
- Results for zero rating of financial services are similar, with 67% in aggregate supporting zero-rating (25% strongly) and 23% opposing it.



Q14. The government's proposal is for exports and financial services to be zero-rated. How strongly do you favour or oppose zero-rating these items?
Base: All respondents
N=1,980

The table below shows the cross analysis of support for zero-rating of items with key attitudinal variables on the survey. Key results were as follows:

- Three quarters of those supporting the implementation of GST favour the zero-rating of exports and 64% favour the zero-rating of financial services.

% favour (strongly or somewhat)	Q15. Opinion on GST		Q3. Attitudes to tax base		Q2 Attitudes to government spending	
	Net Support GST (n=686) %	Net Oppose GST (n=1,162) %	Does not need broadening (n=655) %	Needs broadening (n=1,260) %	Net too high (n=1,280) %	Net too low (n=212) %
Exports	74 ▲	63	64	69	68	65
Financial Services	64 ▲	56	56	60	59	58

▲ Significantly higher at 95% C.I.

APPENDIX 1 – QUESTIONNAIRE



REF:

Hong Kong Institute of CPAs Member Questionnaire on GST

Q1. Which of the following best describes your opinion on Hong Kong's fiscal outlook?

TICK **ONE** BOX ONLY]

- Hong Kong has a fiscal problem, which is purely structural in nature 1
- Hong Kong has a fiscal problem, which is purely cyclical in nature 2
- Hong Kong has a fiscal problem, which is both structural and cyclical in nature 3
- Hong Kong does not have a fiscal problem 4
- I have no opinion on this matter / don't know 9

Q2. Given the current and likely future state of Hong Kong's economy and the need for the Government to deliver services, do you believe that the current levels of government **spending** in Hong Kong are...?

TICK **ONE** BOX

ONLY]

- Much too high..... 1
- Somewhat too high 2
- Appropriate..... 3
- Somewhat too low..... 4
- Much too low 5
- I have no opinion on this matter / don't know 9

The Advisory Committee on New Broad-based Taxes, which reported in 2002, concluded that Hong Kong's tax base is narrow in composition due to a heavy reliance on a limited range of taxes. It recommended that action be taken to broaden Hong Kong's tax base.

Q3. Which of the following best describes your opinion on Hong Kong's tax base?

TICK **ONE** BOX

ONLY]

- Hong Kong's tax base does not need to be broadened..... 1
- Hong Kong's tax base does need to be broadened..... 2
- I have no opinion on this matter / don't know 9

Q4. Below are listed different tax measures that could broaden Hong Kong's tax base. How strongly would you favour or oppose the following measures to broaden the tax base?

[TICK **ONE** BOX ONLY FOR EACH TAX MEASURE]

POSSIBLE TAX MEASURES	Strongly Favour	Somewhat Favour	Somewhat Oppose	Strongly Oppose	Don't know/ Unsure
(i) Reduction in allowances and deductions under Salaries Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(ii) Payroll and Social Security Taxes	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(iii) Poll Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(iv) A Goods and Services Tax (GST)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(v) A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(vi) Increase Rates on tenements	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(vii) Capital Gains Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(viii) Tax on dividends	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(ix) Tax on interest	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(x) Tax on worldwide income of business and individuals	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(xi) Land and Sea Departure Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9

Q5. If the Government were to proceed with measures to broaden Hong Kong's tax base, which of the following would in your view be **the best option**?

[TICK **ONE** BOX ONLY]

- Reduction in allowances and deductions under Salaries Tax 1
- Payroll and Social Security Taxes 2
- Poll Tax 3
- Goods and Services Tax (GST)..... 4
- A form of General Consumption Tax other than GST (e.g. Retail / Wholesale Sales Tax)..... 5
- Increase Rates on tenements 6
- Capital Gains Tax..... 7
- Tax on dividends 8
- Tax on interest 9
- Tax on worldwide income of business and individuals 10
- Land and Sea Departure Tax..... 11
- Other (Please specify _____) 12
- Don't know 13

Following consultation, the Government may decide to proceed with a Goods and Services Tax (“GST”). The following questions relate to your specific opinions about the proposed GST.

Q6. Do you think the Government has provided sufficient explanation of its GST proposal?

TICK ONE BOX ONLY

- Yes 1
 No..... 2
 Don't know 9

Q7. Below are some opposite pairs of statements about the **Government’s GST proposal**. For each pair of statements, please select the option that **best** reflects your view on GST as a form of taxation.

TICK ONE BOX ONLY FOR EACH PAIR OF STATEMENTS

Option 1	<input checked="" type="checkbox"/> TICK ONE BOX ONLY			Option 2
The best way to broaden the tax base in Hong Kong	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	There are better alternatives to broaden the Hong Kong tax base
Will overly complicate Hong Kong's tax regime	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	Compatible with a simple tax regime in Hong Kong
Compatible with a low tax regime in Hong Kong	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	Incompatible with Hong Kong's low tax regime
Revenue produced will be too unstable / variable	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	Will produce predictable and stable revenue
Fair for all	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	Not fair for some sections of the community
Easy to avoid	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	Difficult to avoid
Will maintain Hong Kong's international competitiveness	<input type="checkbox"/> 1	<input type="checkbox"/> 9 Unsure	<input type="checkbox"/> 2	Will damage Hong Kong's international competitiveness

The Government has indicated that GST should be revenue neutral for at least five years and the additional revenue generated should be returned to the community.

Q8. Which of the following best reflects your preference with regards to possible GST **offsets**?

TICK ONE BOX ONLY

- Reduce Salaries Tax only 1
 Reduce Profits Tax only..... 2
 Reduce both Salaries and Profits Tax 3
 Provide no offsets on either Salaries or Profits Tax 4
 Don't know 9

Q9. The following are proposed **compensatory/relief measures** if a GST were introduced in Hong Kong. How strongly would you favour or oppose the following measures?

[TICK **ONE** BOX ONLY FOR EACH MEASURE]

COMPENSATORY/RELIEF MEASURES	Strongly Favour	Somewhat Favour	Somewhat Oppose	Strongly Oppose	Don't Know/ Unsure
(i) Increase in CSSA payments for low income households	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(ii) Direct cash relief for low income households	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(iii) GST credits for all households to offset increases in water, sewage and rates	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(iv) One off subsidy for business for the cost of implementing GST	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(v) Abolition of Capital Fee on nominal share capital	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(vi) Reductions in motor vehicles First Registration Tax and Duties on liquor, diesel, aircraft fuel and methyl alcohol	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(vii) Reduction in charges for import and export declarations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(viii) Abolition of Accommodation Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(ix) Increase in tax deductibility of charitable donations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(x) Refunds for purchases by tourists	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9

Q10. Please rate the importance of the following features of the proposed GST, using the scale shown.

[TICK ONE BOX ONLY FOR EACH FEATURE]

FEATURES OF PROPOSED GST	Very Important	Somewhat Important	Somewhat Unimportant	Very Unimportant	Don't know
(i) Low rate of GST	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(ii) High registration threshold for small businesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(iii) Exemption for certain items	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(iv) Zero-rating for some industry sectors	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(v) Revenue neutral for five years	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(vi) Compensatory measures for low income households	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(vii) Offsetting measures for Salaries Tax payers	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(viii) Offsetting measures for Profits Tax payers	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9

Q11. A low, single rate of GST has been proposed. If a GST were introduced in Hong Kong, which of the following levels would in your view be the best option?

[TICK ONE BOX ONLY]

- Less than 3%..... 1
- 3%..... 2
- 4%..... 3
- 5%..... 4
- More than 5%..... 5
- Don't know 9

Q12. If a GST were introduced, the Government has proposed that registration for GST be optional for businesses with turnover below a certain level known as the 'GST registration threshold'. At which of the following levels of annual turnover do you believe the registration threshold should apply?

[TICK ONE BOX ONLY]

- HK\$1 million..... 1
- Hk\$3 million 2
- HK\$5 million..... 3
- More than HK\$5 million 4
- No threshold (i.e., all businesses must register)..... 5
- Don't know 9

Q13. The Government's proposal is that only the sale and rental of residential property should be **exempt** from GST. Which, if any, of the following items do you believe should be **exempt** from GST?

TICK **AS MANY** AS APPLY

- Rental of residential property 1
- Sale of residential property 2
- Food 3
- Health services 4
- Health products 5
- Education 6
- Transport services 7
- Books and newspapers 8
- Other (Please specify _____) 9
- Don't know 99

Q14. The Government's proposal is for exports and financial services to be **zero-rated**. How strongly do you favour or oppose zero-rating these items?

TICK **ONE** BOX ONLY FOR EACH ITEM

ZERO-RATED ITEMS	Strongly Favour	Somewhat Favour	Somewhat Oppose	Strongly Oppose	Don't know/ Unsure
(i) Exports	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9
(ii) Financial services	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 9

Q15. Overall, what is your opinion on the introduction of a GST in some form to Hong Kong? Would you say...?

TICK **ONE** BOX ONLY

- Strongly support introduction of a GST 1
- Somewhat support the introduction of a GST 2
- Undecided 3
- Somewhat oppose the introduction of a GST 4
- Strongly oppose the introduction of a GST 5

Thank you for your assistance. Please check that you have filled in all questions.
 Kindly return the questionnaire by replied paid envelope by
Monday 27th November 2006.