Hong Kong Women Professionals and Entrepreneurs Association

Views on Estate Duty Review

1. We are of the opinion that estate duty should be **retained** because Hong Kong does not have capital or wealth tax. However, there should also be adjustment to the current estate duty regime to improve its fairness and sensitivity to the changing social and economic environment of Hong Kong

2. We recommend that the exemption threshold should be increased to above $10,000,000, with duty bands of progressive tax rates, starting from zero tax rate for the first band of $0 - $10,000,000. The highest tax rate on the last band should not be applied on the whole taxable estate.

3. We are of the opinion that the matrimonial home should continue to be exempted from estate duty when the remaining spouse pass it onto his or her immediate family within the marriage.

4. We suggest easing the interest rate of estate duty and deferring the levy until the assessment is issued.

5. Since bank deposit can be transferred out of Hong Kong territory easily, we suggest exempting estate duty on cash.

6. To be fair to the dutiable cases which possessed privately owned shares, listed shares should **not** be exempted from estate duty.

7. Investment in approved unit trusts and government bonds should be exempted because they are already registered overseas.

8. We believe risk and return, good regulations and expertise in wealth management are key factors which determine whether investors will keep their capital in Hong Kong.

9. If estate duty is abolished, not only would government lose a substantial income, many jobs in tax planning, particularly in estate duty planning, would be lost. And without adjustment, movable assets may be moved out of Hong Kong and we would lose capital.