

## Hong Kong Standard

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## \$30 billion deficit and no tax cuts

**STORY:** FINANCIAL Secretary Sir Donald Tsang Yam-kuen said the budget deficit for the current fiscal year would be more than \$30 billion and there was "extremely little" room for tax cuts.

Responding to a motion debate on promoting the economy at the Legislative Council yesterday, Sir Donald said the tax revenue received for fiscal year 1998-99 was \$13.6 billion less due to the tax benefits offered for relieving people's hardships.

If the measures were to be extended, it was estimated that the government would face a drop in tax income of nearly \$100 billion until the financial year 2001-02, Sir Donald warned.

The Financial Secretary is to release his fourth budget on 3 March.

"In the middle of last year, the government pushed out some special measures involving \$30 billion, and the year 1999-2000 would be the peak time for the general public to enjoy those benefits," Sir Donald said. He believed that until March next year, the tax that companies and individuals had to bear would be relatively low.

"According to the latest information, the budget deficit for the current year would be over \$30 billion, and the government revenue situation for the coming several years would not be optimistic," Sir Donald said.

"Facing such a financial condition, the space for relieving people's hardship through further tax reduction would be extremely little.

"Some said the 1999-2000 budget would be the most difficult ever to be tailored, and the latest poll showed most people understand we are facing certain difficulties and limits and realise the government might have to reduce expenditure or increase tax."

Sir Donald said he felt "deeply touched" by Hong Kong people's "reasonableness, understanding and tolerance", and reiterated the Budget must be one that could deal with the problems in sight and look after the SAR's long-term interests.

"I always remind myself that one of the goals of making next year's budget is to relieve the pain people have been suffering from the adjusting period of our economy and to re-light the people's hope and confidence," he said.

The Legislative Council yesterday unanimously passed a motion sponsored by Democrat Sin Chung-kai raising a "last-minute call" for members to make their views known before the Budget is released early next month.

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Two amendments by Chan Kam-lam from the Democratic Alliance for the Betterment of Hong Kong and Christine Loh Kung-wai, chairwoman of the Citizens Party, were voted down.

The Democratic Party called on the government to draft a deficit budget, rebate salary tax and profits tax received, waive rates for one quarter in 1999, reduce government fees and improve the business environment by providing loan funds or tax incentives for establishing innovative enterprises and on-the-job training.

Liberal Party chairman James Tien Pei-chun said they would accept a deficit budget of \$80 billion for two years.

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