

\$17m and tax free

By MICHAEL PASCOE

Two Government bodies will pay some Hongkong people more than \$17 million this financial year — and it is likely to be tax free.

The spending of the funds will also not be subject to normal scrutiny by the Director of Audit.

The Budget allows for \$15 million to be spent by the police on "rewards and special services." The Independent Commission Against Corruption is allocated \$2,332,000 for the same purposes.

Both bodies have refused to comment on the payments, or define what "special services" are.

The police fund is nearly 40 per cent higher than last year's approved estimate of \$10.8 million. The ICAC increase is a more modest nine per cent. Its approved estimate last year was \$2,125,000.

Neither body need allow the Audit Department to check the payments. Under Colonial Regulation 232, the Governor's certificate (a declaration signed by a very senior police or ICAC officer) is considered sufficient proof of expenditure for audit purposes.

This is to reduce the risk of any possible security leak which could endanger police informants.

The Commissioner of Inland Revenue, Mr Victor Ladd, said yesterday people retained by the police or ICAC as informants would be liable to taxation on income from this source.

It was the duty of the "employer" to provide such information, but Mr Ladd would not comment on whether the police do so.

Other sources said it would be highly unlikely.

Mr Ladd said casual rewards would not be liable to taxation.

As well as posting rewards for information on certain crimes, police "buy" information from contacts from time to time.