

**Task Force on Review of Public Finances
Terms of Reference**

- (a) To determine whether the projected successive operating deficits in our public finances up to 2002-03 are cyclical or structural in nature, having regard, but not limited, to the impact of the following on our recurrent revenue:
- changes in and performance of our economy
 - increasing economic globalisation
 - growing trend of electronic commerce
 - developments in electronic and other forms of illegal gambling in Hong Kong
 - global practice on treatment of stamp duty on stock transactions
 - continued stability in our property market
 - growing importance of volatile investment proceeds from our fiscal reserves to our recurrent revenue.
- (b) Under the overriding principle of maintaining a low and simple taxation regime and preserving Hong Kong's competitiveness and in the light of the findings at (a) above, to consider whether the existing tax base, types of tax, tax net and tax rates should be changed, and if so, what changes should be made.
- (c) To solicit views of the Legislative Council, the community at large and other interested parties.
- (d) To submit to the Financial Secretary a progress report by November 2000 and the final report by the end of 2001*.

* In November 2001, the Task Force's studies were nearing completion but it decided to update the studies using revised economic data and budgetary assumptions following the "9-11" incident. The Financial Secretary agreed to the revised timetable of the Task Force submitting a report in early 2002.