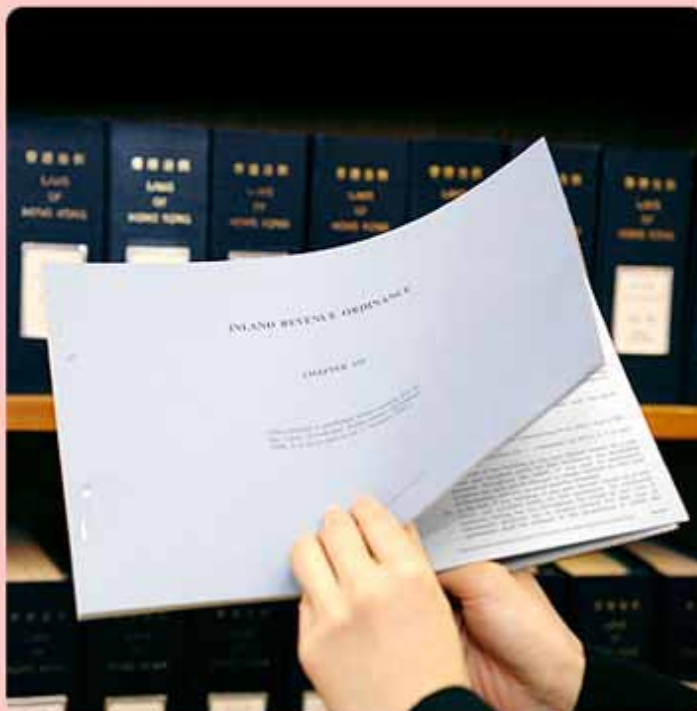


Legislative Amendments



The following Ordinances enacted during the year were concerned with matters administered by the Department.

Stamp Duty (Amendment) Ordinance 2003 (No. 21 of 2003)

This Ordinance provided necessary legal basis for the introduction of an alternative way of stamping by issuing a stamp certificate. The Ordinance will come into operation on 2 August 2004.

Revenue (No. 2) Ordinance 2003 (No. 24 of 2003)

This Ordinance gave effect to the following proposals in the 2003-04 Budget:-

Salaries Tax

1. to amend the definition of income from employment to remove the exemption for holiday warrants and passage;
2. to raise the ceiling for tax deductible donations to recognized charitable institutions from 10% to 25% of assessable income;
3. to revert the marginal tax structure to levels before the 1998-99 concessions over two years (in years of assessment 2003-04 and 2004-05):-

2003-04		2004-05	
Marginal Tax Band	Marginal Tax Rate	Marginal Tax Band	Marginal Tax Rate
First \$32,500	2.0%	First \$30,000	2.0%
Next \$32,500	7.5%	Next \$30,000	8.0%
Next \$32,500	13.0%	Next \$30,000	14.0%
Remainder	18.5%	Remainder	20.0%

4. to lower the personal allowances over two years and increase the allowance for the third to ninth child:-

Allowance	2003-04	2004-05
	\$	\$
Basic	104,000	100,000
Married Person	208,000	200,000
Single Parent	104,000	100,000
First to second child	30,000	30,000
Third to ninth child	30,000	30,000

5. to increase the standard salaries tax rate from 15% to 16% in two equal phases over years of assessment 2003-04 and 2004-05;

Profits Tax

6. to increase the tax rate for corporations from 16% to 17.5% effective from year of assessment 2003-04;
7. to increase the tax rate for unincorporated businesses from 15% to 16% in two equal phases over the years of assessment 2003-04 and 2004-05;
8. to raise the ceiling for tax deductible donations to recognized charitable institutions from 10% to 25% of assessable profits;
9. to increase the rate of deeming assessable profits for certain payments, such as royalties and licence fees, from 10% to 30%; and

Property Tax

10. to increase the property tax rate from 15% to 16% in two equal phases over years of assessment 2003-04 and 2004-05.

Betting Duty (Amendment) Ordinance 2003 (No. 29 of 2003)

The main purposes of the Ordinance were to empower the Secretary for Home Affairs to authorize betting on football matches and to introduce a football betting duty on the authorized betting on football matches.

Revenue (No. 3) Ordinance 2003 (No. 34 of 2003)

This Ordinance gave effect to the following proposals in the 2003-04 Budget:-

Profits Tax

1. profits arising from a debt instrument having a maturity period of less than 7 years but not less than 3 years are only chargeable to profits tax at one-half of the applicable rate; those arising from a debt instrument having a maturity period of not less than 7 years are exempt from profits tax;

Stamp Duty

2. indirect allotment or redemption of units under unit trust schemes is exempted from the payment of \$5 fixed stamp duty with effect from 14 November 2003.

Tax Exemption (2001 Tax Year) Order (Legal Notice No. 133 of 2003)

The purpose of this Order was to exempt payment of 50% of the salaries tax or the tax chargeable by way of personal assessment for the year of assessment 2001-02, subject to a cap of \$3,000 per case.

Betting Duty Ordinance (Legal Notice No. 152 and 153 of 2003)

The notices specified the increase of duty on exotic horse racing bets from 19% to 20% and the reduction of payout rate for exotic horse racing bets from 76% to 75% with effect from 1 August 2003.

Specification of Arrangements (Double Taxation) Orders under section 49 of the Inland Revenue Ordinance

Country	Date of Order	Nature
Belgium	03.02.2004	Income and Capital
Croatia	24.02.2004	Air Services

Legal Notices to fix the rate of interest payable on Tax Reserve Certificates

Legal Notice No.	Periods in force	Annual rate of interest
144 of 2003	2 June 2003 to 3 August 2003	0.050%
200 of 2003	4 August 2003 to 31 August 2003	0.0417%
203 of 2003	1 September 2003 to 2 November 2003	0.0375%
240 of 2003	3 November 2003 to 1 February 2004	0.025%
12 of 2004	2 February 2004 to 29 February 2004	0.015%
30 of 2004	1 March 2004 to 2 May 2004	0.010%