

TAXATION LAW RESEARCH PROGRAMME
ASIAN INSTITUTE OF INTERNATIONAL FINANCIAL LAW
www.AIIFL.com
FACULTY OF LAW
UNIVERSITY OF HONG KONG

Hong Kong's Tax History and Some of the Questions It Raises

Dr Michael Littlewood

University of Auckland Law School

25 February 2010, Thursday, 1:00 - 2:00 pm
Room 3, LG1 Floor, Library Extension Building, University of Hong Kong

In this seminar, Dr Littlewood will review the history of the Hong Kong income tax system, which was designed by a group of businessmen in 1940. Their objective – which they achieved – was a system that worked well enough at very low rates of tax, but was incapable of functioning at high or even moderate rates of tax. From 1940 until 1980, the British and Hong Kong governments regarded this system as an inadequate wartime compromise, and planned to replace it, as soon as circumstances permitted, with a “normal” income tax with rates of tax “as high as possible” (meaning a maximum of perhaps 50 percent). But circumstances never permitted and eventually both governments came to accept the supposedly temporary wartime system as a permanent measure. Consequently, it remains in place today. The seminar will also address some questions of contemporary relevance arising out of Hong Kong’s tax history. First, in the 1980s and 1990s, the Hong Kong courts, including the Privy Council, radically extended the scope of the Hong Kong tax system (without there having been any relevant change in the wording of the legislation); are there other instances of the Hong Kong courts engaging in law-making on this scale? Second, article 108 of the Basic Law appears to give some kind of constitutional status to Hong Kong’s “low tax policy”. But what does this mean? And is it justiciable? Third, is the wartime tax system designed in 1940 still adequate to meet the needs of modern Hong Kong? If not, what should be done? Would a GST be a good idea?

Dr Michael Littlewood lived in Hong Kong from 1989 to 2003 and is now a member of the Faculty of Law at the University of Auckland. This talk is based on his new book, *Taxation without Representation: The History of Hong Kong’s Troublingly Successful Tax System*, HKU Press, 2010, which is in turn based on the PhD he completed at the HKU Faculty of Law in 2002.

Please register on-line via www.AIIFL.com or
email Flora Leung at fkleung@hku.hk to reserve a place.

