

**Fortieth Meeting of
the Business Facilitation Advisory Committee**

***Agenda Item 4 : Report on the progress of the
“Be the Smart Regulator” Programme
– August 2019 update***

Purpose

This paper updates on the progress of the “Be the Smart Regulator” Programme¹ (the Programme) since the last Business Facilitation Advisory Committee (BFAC) meeting held on 14 March 2019.

Latest progress

Overview

2. All the 29 participating bureaux and departments (B/Ds) continue to sustain momentum in enhancing their business licensing services. Good progress has been made on various fronts to further improve the overall regulatory environment for business in Hong Kong and its long-term competitiveness. Major progress is highlighted below.

World Bank’s Doing Business (DB) Report

3. The Business Facilitation Team under the Efficiency Office continues to work with relevant bureaux/departments for targeted measures to improve Hong Kong’s ease of doing business ranking. For the DB Report 2020, we have updated the World Bank of the following reform measures –

(a) Starting a business

The business registration fees were waived for one year from 1 April 2019 by the Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2019.

¹ The Government has launched the Programme since early 2007 to further improve Hong Kong’s overall business licensing environment and long-term competitiveness. The Programme aims to enhance the efficiency, transparency and business-friendliness of Hong Kong’s licensing services and to reduce compliance costs to business while safeguarding public interests.

(b) Paying Taxes

Hong Kong has implemented a two-tiered profits tax rates regime by the Inland Revenue (Amendment) (No. 3) Ordinance 2018. From the financial year 2018/19 onwards, the tax rate for the first \$2 million of taxable profits was lowered from 16.5% to 8.25%.

Major progress in various departments

4. The participating departments continue to enhance their licensing services to reduce the compliance costs to trades and remove red tape through various means including enhancing the regulatory requirements, streamlining procedures, proactive use of information technology as well as strengthening support services and guidance for the trades. Examples of business facilitation measures implemented since the last meeting are highlighted as follows –

- (a) The Civil Engineering and Development Department has extended the validity period of the dumping licence from 1 year to 3 years. The initiative saves the time and administrative burden of the operators in renewing their licences and facilitates the operators' long-term business planning.
- (b) The Companies Registry has amended the Companies Ordinance (Cap. 622) to improve the clarity and operation of the Ordinance as well as further facilitate business in Hong Kong, for example, by expanding the scope of financial reporting exemption to cover more companies, providing alternative means of disclosure of the names of directors of subsidiary companies, and streamlining the technical accounting and reporting provisions in respect of financial reporting.
- (c) The Fire Services Department has introduced an e-payment system for licence applications, fire services certificates and matters relating to fire service installation contractors to enhance the customer-friendliness and efficiency of making payment by trade operators.
- (d) The Official Receivers' Office has dispensed with the requirement for submitting dividend accounts in bankruptcy cases from outside trustees to shorten the processing time and save the trades' costs of preparing the compliance documents.
- (e) The Water Supplies Department has streamlined the approval process of applications for water supply for newly built village type houses and other premises with simple plumbing systems to

facilitate early completion of the plumbing works and acquisition of water supply for these premises.

- (f) The Marine Department (MD) has allowed ship owners/agents to submit electronic certificates through MD's Electronic Business System for port clearance formalities instead of submitting hard copies at counters which can increase the efficiency and convenience of processing port formalities.

Promotion of business facilitation and customer centric culture within the civil service

5. From January to July 2019, we had delivered two briefing sessions to cultivate business facilitation culture for over 380 new recruits from 48 departments through the induction seminars organised by the Civil Service Training and Development Institute.

Business impact assessment (BIA)

6. As at August 2019, two BIA studies are in progress, i.e. the study on the proposed regulatory framework of the Mandatory Water Efficiency Labelling Scheme and the study on the plumbing works control system under the Waterworks Ordinance (Cap.102). The consultancy study for the BIA of the proposed construction industry security of payment legislation had been completed based on the preliminary legislative framework, while the need for further impact assessment taking into account stakeholders' views and the latest legislative framework is being reviewed by the policy bureau.

Way forward

7. Members are invited to note the progress of the Programme.

**Business Facilitation Team
Efficiency Office
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August 2019**