

LCQ17: Collection of rates

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (March 17):

Question:

Will the Government inform this Council:

(1) of the total amount of revenue collected by the Government from rates and its year-on-year rate of change, in each of the past five years;

(2) of the (i) number of units and (ii) total amount of annual rates payable (set out in tables of the same format as the table below), in respect of each type of buildings (i.e. private residential, public rental housing, office, commercial and industrial buildings) in each of the past five years, broken down by the range (as set out in the table below) to which the amounts of annual rates payable (before concession) for the units belonged;

Year:

Type of buildings:

| Amount of annual rates payable for the units (\$) | Number of units | Total amount of annual rates payable |
|---|-----------------|--------------------------------------|
| Below 2,500 | | |
| 2,500 to 5,000 | | |
| 5,001 to 7,500 | | |
| 7,501 to 10,000 | | |
| 10,001 to 15,000 | | |
| 15,001 to 20,000 | | |
| 20,001 to 30,000 | | |
| Above 30,000 | | |
| Total | | |

(3) of the respective numbers of (i) "proposals" to alter an entry in a new Valuation List, and (ii) "notices of objection" against a/an correction, deletion or addition to an existing Valuation List, received by the Rating and Valuation Department (RVD) in each of the past five years; among those cases, the respective numbers of cases in which the rateable values were reduced eventually;

(4) given that in assessing the rateable value of a certain property, the authorities will make reference to the open market rents agreed on or around the date of valuation, for similar properties in the same district, with due

adjustments made to reflect differences in sizes, locations, facilities, and standards of finish and management, of the details of the calculation criteria and adjustment ratios concerned;

(5) as some residents of the subsidised housing in Kowloon East (including Hong Pak Court and Hong Nga Court) have pointed out that the housing court in which they reside is similar to an adjacent housing court in terms of the completion time, location, number of storeys and building conditions, etc., but there is a great discrepancy between the rateable values of the units in the two adjacent housing courts, of the reasons for that; and

(6) of the current staffing establishment in the RVD for handling the work of assessment and review of property rates, and the work process of the annual revaluation of the rateable values of properties?

Reply:

President,

(1) The annual rates revenue collected by the Government and the year-on-year rate of change in the past five years are as follows:

| Financial year | Rates revenue (after deducting rates concessions) (\$ million) | Year-on-year rate of change |
|----------------|---|--------------------------------|
| 2015-16 | 22,733 | +2.1% |
| 2016-17 | 21,250 | - 6.5% |
| 2017-18 | 22,203 | + 4.5% |
| 2018-19 | 17,167 | - 22.7% |
| 2019-20 | 20,981 | + 22.2% |

(2) The Rating and Valuation Department (RVD) does not compile statistics by the amount of rates payable and property types. The number of assessed properties on the Valuation List of each of the past five years, sorted by rateable value, is tabulated below:

| Rateable value (\$) | Number of properties on the Valuation List as at April 1 of that year (Note) | | | | |
|---------------------|---|---------|---------|---------|---------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| 3,001 – 49,999 | 429 115 | 426 201 | 409 414 | 396 002 | 403 632 |
| 50,000 – 99,999 | 673 839 | 645 185 | 551 188 | 474 372 | 493 819 |
| 100,000 – 159,999 | 651 259 | 695 262 | 733 876 | 755 456 | 769 660 |
| 160,000 – 199,999 | 213 395 | 219 545 | 255 052 | 291 961 | 292 490 |
| 200,000 – 299,999 | 221 347 | 221 675 | 263 121 | 297 900 | 296 323 |
| 300,000 – 399,999 | 82 602 | 85 049 | 95 527 | 106 027 | 104 616 |

| | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| 400,000 – 599,999 | 74 037 | 74 944 | 80 278 | 86 490 | 86 198 |
| 600,000 or above | 108 856 | 109 723 | 116 132 | 123 138 | 122 260 |
| Total | 2 454 450 | 2 477 584 | 2 504 588 | 2 531 346 | 2 568 998 |

Note: The numbers include properties assessed on a block-assessment basis.

(3) Proposals for alteration of Valuation List and notices of objection to alteration of an entry on the Valuation List received by the RVD in the past five years are as follows:

| Year | Proposal for Alteration of Valuation List | | Notice of Objection to an Interim Valuation, a deletion or a correction of an entry on the Valuation List | |
|---------|---|--|---|--|
| | Number of Cases Processed | Number of Cases with rateable value reduced after review | Number of Cases Processed | Number of Cases with rateable value reduced after review |
| 2015-16 | 50 304 | 1 417 | 3 383 | 289 |
| 2016-17 | 48 688 | 1 386 | 4 975 | 97 |
| 2017-18 | 40 190 | 1 685 | 3 727 | 382 |
| 2018-19 | 40 566 | 1 544 | 3 423 | 86 |
| 2019-20 | 39 092 | 1 644 | 6 878 | 177 |

(4) & (5) In assessing the rateable value of a tenement, the RVD will make reference to and analyse the rents of similar tenements in the same district as transacted in the open market, and make appropriate adjustments through the application of valuation principles and professional expertise and having regard to the actual conditions of the tenement (taking into account factors such as size, floor level, view, location, environmental conditions, building quality, property management level, maintenance, facilities, etc.) in order to determine the rateable value of the tenement concerned. Although neighbouring housing estates situated in the same district may be similar in terms of building type and age, other factors affecting the rental values of individual properties, such as building design, floor layout, natural lighting of a unit, etc., may differ. As such, it is not abnormal for their levels of rateable value to be different.

(6) The RVD has an establishment of 600 posts dedicated to statutory valuation and assessments in 2021-22. Apart from the assessment and annual revaluation of the rateable values of properties liable to rates and/or

Government rent as well as the review of objection and appeal cases, the staff concerned are also responsible for carrying out other relevant statutory duties such as processing rates and/or Government rent exemption, etc.

The RVD will carry out an annual revaluation of rateable values of all properties on the Valuation List. The RVD will issue the Requisition for Particulars of Tenements to ratepayers in order to collect rental information of various properties. Having analysed the rental information collected, the RVD will re-assess the rateable values of the tenements on the Valuation List according to the prevailing market rents as at the valuation reference date (generally on October 1 of the year before the new Valuation List comes into force). Upon completion of the revaluation work, the RVD will declare the new Valuation List for public inspection.