Women and the world economy

by Chartered Secretaries Journal, Hong Kong
December, 2013

A new International Monetary Fund (IMF) report finds that progress toward levelling the playing field for women in the workforce has stalled. Christine Lagarde, Managing Director of the IMF, outlines some of the many benefits of allowing women to develop their full labour market potential.

In many countries, public debate about gender equality focuses mainly on women's access to top positions and high-powered career opportunities. But the 'glass ceiling' is only a small part of the issue. The broader question is whether women have the same opportunities as men to participate in labour markets in the first place. In other words, are women empowered to contribute fully to global economic growth and prosperity?

Unfortunately, the International Monetary Fund's latest study by its staff, Women, Work, and the Economy: Macroeconomic Gains from Gender Equity, shows that, despite some improvements, progress toward levelling the playing field for women has stalled. This is bad news for everyone, because it translates into lower economic growth – amounting to as much as 27% of per capita GDP in some countries.

Around the world, the number of women in the workforce remains far below that of men; only about half of working-age women are employed. Women account for most unpaid work, and when they are paid, they are overrepresented in the informal sector and among the poor. They continue to be paid less than men for the same jobs, even in OECD countries, where the average gender wage gap is about 16%. And in many countries, distortions and discrimination in the labour market restrict women's chances of equal pay and rising to senior positions.

The potential gains from a larger female workforce are striking. In Egypt, for example, if the number of female workers were raised to the same level as that of men, the country's GDP could grow by 34%. In the United Arab Emirates, GDP would expand by 12%, in Japan by 9%, and in the US by 5%. According to a recent study based on data from the International LabourOrganisation (Empowering the Third Billion: Women and the World of Work in 2012, by Booz & Company, available at: www.booz.com), of the 865 million women worldwide who could contribute more fully to their economies, 812 million live in emerging and developing countries.

Raising women's labour-market participation rate boosts economic performance in a number of ways. For example, higher incomes for women lead to higher household spending on educating girls – a key prerequisite for faster long-term growth. Employment of women on an equal basis with men provides companies with a larger talent pool, potentially increasing creativity, innovation, and productivity. And, in advanced countries, a larger female labour force can help to counteract the impact of a shrinking workforce and mitigate the costs of an aging population.

Highlights

- Employment of women on an equal basis with men provides companies with a larger talent pool, potentially increasing creativity, innovation, and productivity
- A larger female labour force can help to counteract the impact of a shrinking workforce and mitigate the costs of an aging population
- Women benefit when flexible work arrangements are introduced and the barriers between part-time and full-time contracts are lowered

Profits tax assessments

by ird.gov.hk, Hong Kong
Wednesday, December 4, 2013

Following is a question by the Hon Kenneth Leung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (December 4):

Question:

On November 12, 2013, the Court of Final Appeal (CFA) handed down a judgement in the case of Commissioner of Inland Revenue v. Nice Cheer Investment Limited, which upheld the rulings of both the Court of First Instance and the Court of Appeal that unrealised profits arising from revaluation of unsold stock were not chargeable to profits tax. CFA held that while the amount of taxable profit must be computed and ascertained with the ordinary principles of commercial accounting, these are always subject to the overriding requirement of conformity, not merely with the express words of the statute, but with the way in which they have been judicially interpreted. In this connection, will the Government inform this Council whether the Inland Revenue Department will:

(a) adhere to the underlying principle of taxation enunciated in the aforesaid judgement when dealing with disputed profits tax assessments in future; and

(b) re-assess the taxable profits, in accordance with the said principle, for similar cases with undisputed profits tax assessments?

Reply:

President,

The Government is committed to maintaining clarity of the tax regime and stability of tax revenue. Taking into consideration the facts of each case, the Inland Revenue Department (IRD) will make tax assessment and deal with objection and appeal matters arising from judgments in accordance with the relevant provisions of the Inland Revenue Ordinance (IRO) and the legal principles laid down by the Court of Final Appeal (CFA). Our reply to the two parts of the question is as follows:

(a) CFA's judgment in respect of Nice Cheer Investment Limited involves legal interpretation and technical issues concerning the computation of assessable profits. On the basis of complying with the basic principles set out in the aforementioned judgment, IRD is studying the judgment in detail and examining such matters as scope of application of the relevant principles and actual practice.

(b) IRO stipulates that if a taxpayer has not raised objection to his tax assessment within the specified period (i.e. within one month after the date of the notice of assessment), the relevant assessment will become final and conclusive and generally cannot be amended or revised. A court judgment will not have retrospective effect on cases where the assessments have already become final and conclusive.

Trade breakthrough applauded

by news.gov.hk, Hong Kong
Sunday, December 8, 2013

Secretary for Commerce & Economic Development Gregory So has welcomed the conclusion of the Bali Package at the Ninth Ministerial Conference (MC9) of the World Trade Organisation held in Bali from December 3 to 6.

"It is a breakthrough in the multilateral trade negotiations by sealing the first-ever trade package since the WTO was established in 1995," he said.

"Amongst the various elements of the Bali Package, the new Agreement on Trade Facilitation will particularly benefit Hong Kong as an international trading hub and related industries, notably trading and logistics."

The WTO said the agreement can cut worldwide barriers to global supply chains and red tape by half, and expand the world economy by 4.5%, or US$ 1 trillion.

The World Economic Forum also estimates that, by reducing barriers to global supply chains, the agreement will have an effect on raising global GDP, which is six times that of eliminating all import tariffs.

Mr So said Hong Kong, being an export-oriented economy and a trading centre, will benefit from the agreement.

"[The Government] will continue to work closely with other WTO members and take an active role in multilateral trade negotiations, particularly those in the services sectors and information technology products, to secure the best possible market access for Hong Kong suppliers, and provide the best possible environment for Hong Kong to attract foreign investment," he added.

2nd CEPA group meeting held

by news.gov.hk, Hong Kong
Thursday, December 19, 2013

The Joint Working Group under the Closer Economic Partnership Arrangement between the Mainland & Hong Kong (CEPA) held its second meeting in Shanghai yesterday.

It was attended by officials from Hong Kong, Shanghai, the Ministry of Commerce and other Central Government ministries.

Representatives discussed implementation issues facing service sector liberalisation under CEPA, and measures for resolving policy and regulatory problems encountered by Hong Kong trades, including property management, training institutions, accounting and the film industry.

All agreed to continue promoting the effective implementation of CEPA, to help Hong Kong enterprises gain access to the Mainland market.

Banks get 200b yuan injection

by China's Business Newspaper, Hong Kong
Friday, December 20, 2013

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China pumped 200 billion yuan (HK$255 billion) into selected banks yesterday after the benchmark money market rate jumped the most since a record cash crunch in June.

The People's Bank of China conducted short-term liquidity operations recently and will continue to supply funds to qualified financial institutions in this manner based on the situation, it said on its microblog.

The announcement did not give details of the size or pricing of the cash injections or which banks it supplied funds to. The monetary authority injected 200 billion yuan, online financial news provider Netease reported, citing an unidentified person.

The central bank has refrained from conducting reverse-repurchase operations for more than two weeks, the longest pause since July.

The seven-day repurchase rate - a gauge of funding availability in the banking system - jumped 140 basis points to 6.6 percent, according to a daily fixing by the National Interbank Funding Center.

That is the biggest hike since a 270 basis point jump on June 20 that drove the rate to an all-time high of 10.77 percent, prompting the central bank to conduct short-term liquidity operations. The seven-day repo tumbled 227 basis points the following day.

The central bank has probably learned its lesson from June, so it came out to make an adjustment before the rates got too high, said Tse Kwok-leung, head of policy and economic research at Bank of China (Hong Kong) (2388).

One-year interest-rate swaps that exchange fixed payments for the seven- day repo increased eight basis points to 4.98 percent in Shanghai yesterday.

It earlier touched 5.07 percent, the highest in data going back to April 2006.

Total exports value up 5.8%

by news.gov.hk, Hong Kong
Monday, December 30, 2013

Hong Kong's total exports' value rose 5.8% to $325.5 billion over a year earlier, compared to a year-on-year increase of 8.8% in October, the Census & Statistics Department announced today.

Within this total, re-exports' value rose 6% to $320.9 billion, while that of domestic exports fell 10.4% to $4.6 billion. Concurrently, imports' value increased 5.2% to $370.1 billion, compared to a year-on-year increase of 6.3% in October.

For the first 11 months of 2013, total exports' value rose 4% over the same period in 2012. Within this total, re-exports' value increased 4.2%, while domestic exports' value fell 7.6% and imports' value increased 4%. A visible trade deficit of $446.7 billion, or 12.1% of imports' value, was recorded for the period.

Comparing the three-month period ending in November with the preceding three months on a seasonally-adjusted basis, total exports' value rose 7.7%. Within this total, re-exports' value increased 7.9%, while domestic exports' value fell 4.1% and imports' value increased 7.6%.

HK, Qatar tax treaty in force

by ird.gov.hk, Hong Kong
Tuesday, December 31, 2013

The agreement between Hong Kong and Qatar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income has entered into force, a Government spokesman said today (December 31).

The agreement was signed in May this year. It came into force on December 5, 2013 after completion of ratification procedures on both sides. It will be in effect in Hong Kong for any year of assessment beginning on or after April 1, 2014.

The Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the State of Qatar for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("the Agreement") was formally signed on 13 May 2013.

According to Article 27 of the Agreement, the Agreement shall, upon the written notifications by both Sides of the completion of their respective required domestic procedures, enter into force on the date of the later of these notifications.

For the purpose of giving effect to the Agreement, an Order was made by the Chief Executive in Council on 24 September 2013, under section 49(1A) of the Inland Revenue Ordinance. The Order was published in the Gazette as Legal Notice 150 of 2013. The Order was laid before the Legislative Council for negative vetting on 9 October 2013. The vetting period expired on 6 November 2013 and no resolution was made by the Legislative Council to amend the whole or any part of the Order. Thereafter, the Order came into operation on 29 November 2013. Qatar sent Hong Kong a notification dated 11 October 2013 confirming the completion of their requisite domestic procedures. Hong Kong sent a notification of the completion of the domestic procedures to Qatar on 5 December 2013. The Agreement has therefore become effective on 5 December 2013 and shall have effect in Hong Kong, according to paragraph 2 of Article 27 of the Agreement, for any year of assessment beginning on or after 1 April 2014.