'Spending vouchers would help boost HK's economy'

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HKICPA president Raymond Cheng, centre, calls on the government to adopt a targeted approach to fight rising unemployment. Photo courtesy of HKICPA

Violet Wong reports

The Hong Kong Institute of Certified Public Accountants (HKICPA) on Wednesday predicted an unprecedented fiscal deficit of HK$348 billion, saying the government needs to adopt a targeted approach to revive the economy.

The group's estimate is in line with Financial Secretary Paul Chan's expectation that the government will be in the red by more than HK$300 billion for 2020-21.

It also falls between the forecast of HK$331 billion put forward by accounting firm PricewaterhouseCoopers, and Ernst & Young's estimate of HK$363 billion.

During a virtual press conference, Eugene Yeung of the HKICPA called on the administration to consider giving people spending vouchers in its upcoming budget, to support businesses.

"The consumption voucher, or whatever form it is, would stimulate people's general appetite to spend in the market, and that would create a multiplier effect as well as creating jobs," he said.

HKICPA president Raymond Cheng said to reduce Hong Kong's 6.6 percent unemployment rate, the government should take a targeted approach, for example by speeding up infrastructure projects and subsidising more fresh graduates to work in the Greater Bay Area.

"There were comments that the anti-epidemic fund spending in the past round was not very targeted. So given the government has spent a substantial amount on the anti-epidemic fund and employment support scheme already … we consider that further relief measures are warranted, but they should be more targeted," Cheng said.

He added that the government should also now start looking into introducing new taxes or tax rates increases, after the financial secretary on his blog that some residents have suggested he do so.

"We are facing an unprecedented situation here – the pandemic – I think with the problem that we are facing, it is a very good time for the government to consider doing that research and study," Cheng said.

But he stressed that the institute is not suggesting immediate changes to the tax system, being as the economy is not in good shape.