

## Service arrangement for Independent Checking Unit

To tie in with the Government's announcement that special work arrangements for government employees to provide emergency and essential services will be extended until August 9, a spokesman for the Transport and Housing Bureau said today (July 31) that during the period, the Independent Checking Unit (ICU) under the Office of the Permanent Secretary for Transport and Housing (Housing) will provide drop-in boxes to receive building control applications related to building plan submissions under the Buildings Ordinance and the specified forms and supporting documents required to be submitted under the Minor Works Control System, the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme. Applicants can place their submissions in the drop-in boxes located at 8/F, Lung Cheung Office Block, Wong Tai Sin, Kowloon, from 10am to 4pm, Monday to Friday over the period. The ICU will issue receipts/acknowledgements of the submissions in due course. Members of the public, when entering Lung Cheung Office Block and offices of the ICU, shall wear masks at all times and comply with the infection control measures including temperature checks and crowd control arrangements.

For emergency reports and general enquiries, people may call 1823 or inform the ICU by email, post or fax:

Email: [icuebt@hd.gov.hk](mailto:icuebt@hd.gov.hk)

Mailing address: 8/F, Lung Cheung Office Block, Wong Tai Sin, Kowloon

Fax: 3162 0069

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## Latest arrangements for Inland Revenue Department's public services

In view of the extension of the special work arrangements for government departments to August 9, the Inland Revenue Department announced today (July 31) that from August 3 it will continue to suspend the provision of all of its public services, except for the following:

Offices	Opening hours
Central Enquiry Counter (only for enquiries relating to tax clearance for taxpayers leaving Hong Kong)	From 9am to noon and 1.30pm to 4pm, Monday to Friday

Central Telephone Enquiry	From 9am to 12.30pm and 1.30pm to 4pm, Monday to Friday
Business Registration Office	From 9am to noon and 1.30pm to 4pm, Monday to Friday
Stamp Office	From 9am to noon and 1.30pm to 4pm, Monday to Friday

The department appeals to members of the public for their understanding that the above services will only be provided at a much reduced scale and that services in all other areas will not be provided at the service counters. They should also be prepared to experience a longer waiting time before they can be served. The department encourages the public to use its electronic services to handle their tax affairs as much as possible. A list of such services can be found on the department's website at [www.ird.gov.hk/eng/ese/index.htm](http://www.ird.gov.hk/eng/ese/index.htm).

The department further announced that deadlines for tax payments (not applicable to "Auto Tax Payment Service" under the Tax Reserve Certificates Scheme), lodgement of objections and holdover applications, as well as submission of tax returns and information that fall between July 20 and August 9 will be automatically extended to August 10.

The department will review the situation and make further announcements as necessary.

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## **Residential mortgage loans in negative equity: End of June 2020**

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority announced today (July 31) the results of its survey on residential mortgage loans (RMLs) in negative equity at end-June 2020.

The estimated number of RMLs in negative equity decreased to 127 cases at end-June 2020 from 384 cases at end-March 2020. These cases were related to bank staff housing loans or RMLs under mortgage insurance programme, which generally have a higher loan-to-value ratio.

The aggregate value of RMLs in negative equity decreased to HK\$727 million at end-June 2020 from HK\$1,867 million at end-March 2020.

The unsecured portion of these loans decreased to HK\$22 million at end-June 2020 compared with HK\$81 million at end-March 2020.

Since the first quarter of 2011, there have been no RMLs in negative equity with delinquencies of more than three months.

It is important to note that the figures derived from this survey relate only to RMLs provided by authorized institutions on the basis of first mortgages and which the reporting institution knows to be in negative equity (i.e. the outstanding loan amount with the reporting institution exceeds the current market value of the mortgaged property). Not included in these figures are RMLs associated with co-financing schemes which would be in negative equity if the second mortgages were taken into account. The extent to which such RMLs are in negative equity is not known because authorized institutions do not maintain records on the outstanding balances of the second mortgages.

The mortgage portfolios of the surveyed authorized institutions represent about 99 per cent of the industry total. The survey results have been extrapolated to estimate the position of the banking sector as a whole.

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## Financial results for the three months ended June 30, 2020

The Government announced today (July 31) its financial results for the three months ended June 30, 2020.

Expenditure for the period April to June 2020 amounted to HK\$176.8 billion and revenue HK\$67.8 billion, resulting in a cumulative year-to-date deficit of HK\$109 billion.

A government spokesperson said that the cumulative year-to-date deficit for the period was mainly due to the fact that some major types of revenue including salaries and profits taxes are mostly received towards the end of a financial year, and payments in respect of various measures under the Anti-epidemic Fund.

The fiscal reserves stood at HK\$1,051.3 billion as at June 30, 2020.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended June 30, 2020 HK\$ million	Three months ended June 30, 2020 HK\$ million
Revenue	22,073.4	67,837.5
Expenditure	(86,351.9)	(176,837.3)
Deficit	(64,278.5)	(108,999.8)
Financing		
Domestic		
Banking Sector (Note 2)	51,725.8	106,860.4
Non-Banking Sector	12,552.7	2,139.4
External	—	—
Total	64,278.5	108,999.8

Government Debts as at June 30, 2020 (Note 3)

HK\$7,751 million

Debts Guaranteed by Government as at June 30, 2020 (Note 4)

HK\$46,366.3 million

TABLE 2. FISCAL RESERVES

	Month ended June 30, 2020 HK\$ million	Three months ended June 30, 2020 HK\$ million
Fiscal Reserves at start of period	1,115,586.5	1,160,307.8
Consolidated Deficit	(64,278.5)	(108,999.8)
Fiscal Reserves at end of period (Note 5)	1,051,308.0	1,051,308.0

Notes:

1. This Account consolidates the General Revenue Account and the following

eight Funds: Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. It excludes the Bond Fund, the balance of which is not part of the fiscal reserves. The Bond Fund balance as at June 30, 2020, was HK\$118,812 million.

2. Includes transactions with the Exchange Fund and resident banks.

3. These were the green bonds of US\$1,000 million (equivalent to HK\$7,751 million as at June 30, 2020) which were denominated in US dollars with maturity in May 2024. They do not include the outstanding bonds with nominal value of HK\$88,540 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,751 million as at June 30, 2020) issued under the Government Bond Programme (with proceeds credited to the Bond Fund). Of these bonds under the Government Bond Programme (including Silver Bonds with nominal value of HK\$5,940 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$9,500 million will mature within the period from July 2020 to June 2021 and the rest within the period from July 2021 to March 2034.

4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the SME Financing Guarantee Scheme launched in 2012 and a commercial loan of the Hong Kong Science and Technology Parks Corporation.

5. Includes HK\$219,730 million being the balance of the Land Fund held in the name of "Future Fund" as from January 1, 2016, for long-term investments initially up to December 31, 2025. As from July 1, 2016, the Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.

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## **Exchange Fund Abridged Balance Sheet and Currency Board Account**

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (July 31) that the total assets of the Exchange Fund amounted to HK\$4,195.3 billion as at June 30, 2020, HK\$113.4 billion higher than that at the end of May 2020. Hong Kong dollar assets increased by HK\$87.2 billion and foreign currency assets increased by HK\$26.2 billion.

The rise in Hong Kong dollar assets was mainly due to an increase in Exchange Fund Bills and Notes issued but not yet settled and the mark-to-market revaluation on Hong Kong equities. The rise in foreign currency assets

was mainly due to the purchase of US dollars through the trigger of strong-side convertibility undertaking under the Currency Board arrangements and the mark-to-market revaluation of investments denominated in foreign currencies, which were partly offset by a decrease in unsettled purchase of securities.

The Currency Board Account shows that the Monetary Base at the end of June 2020 was HK\$1,748.9 billion, increased by HK\$39.3 billion, or 2.3 per cent, from the end of May 2020. The rise was mainly due to the sale of HK dollars under the Currency Board arrangements.

The amount of Backing Assets increased by HK\$38.9 billion, or 2.0 per cent, to HK\$1,953.1 billion. The increase was mainly attributable to the purchase of US dollars under the Currency Board arrangements. The backing ratio decreased from 111.97 per cent at the end of May 2020 to 111.68 per cent at the end of June 2020.

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At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of July 2020, the scheduled dates for issuing the press releases are as follows:

July 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
July 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
July 31	SDDS Template on International Reserves and Foreign Currency Liquidity
July 31	Exchange Fund Abridged Balance Sheet and Currency Board Account