

**Chronology of Events on  
Budget Strategy Group Discussions on  
Motor Vehicles First Registration Tax**

<b>Date</b>	<b>Event</b>
30.7.2002	A pre-meeting was held to discuss about 30 existing and potential revenue items, including motor vehicles first registration tax (FRT).
31.10.2002	Budget Strategy Group (BSG) considered various matters including Salaries Tax, Profits Tax and FRT. The paper on FRT sets out various options to adjust the FRT tax regime and tax rates for various types of vehicles. The paper recommends that the existing exemptions for vehicle accessories and distributors' warranties be abolished, the regime for private cars be changed to a marginal system, the tax rates for all types of vehicles except more expensive cars be reduced to mitigate the impact of the abolition of exemptions, and the tax rates for more expensive cars be increased to raise revenue. The recommendations of the paper were provisionally agreed. [Note: It is a practice of BSG to build up a menu of possible adjustment items, which will be subject to final decision by the Financial Secretary in the run-up to the Budget Speech.]
14.1.2003	BSG went through a list of 18 revenue measures/options recommended thus far and considered that some of the items, including the magnitude of increase in FRT should be further reviewed.
11.2.2003	BSG considered various matters including another paper on FRT. The paper sets out various options and recommends an option which would make the FRT system for private cars more progressive. The paper also revisits the tax rates for other types of motor vehicles, consequent upon the changes recommended for the private car regime. BSG agreed to adopt a more progressive tax system for private cars, and agreed on the tax rates for other types of motor vehicles.
28.2.2003	The revenue measures to be included in the Budget were settled.
5.3.2003 Budget Day	The Chief Executive in Council made a Public Revenue Protection Order which seeks to implement the proposals on FRT with effect from 2:30 p.m. on 5.3.2003.