I. SUMMARY

1. Objects of the Bill

To lower the rates of duty on two types of liquors and provide for related matters.

2. Comments

To amend the Dutiable Commodities Ordinance (Cap. 109) by—
(a) lowering the rate of duty on liquor (other than wine) with an alcoholic strength of not more than 30% by volume measured at a temperature of 20°C from 20% of its value to 0%;
(b) lowering the rate of duty on wine from 40% of its value to 0%; and
(c) providing for temporary retention of the licensing or permit arrangements needed to keep track of the movement of these goods for duty collection purposes should LegCo choose not to approve the proposed rate reductions.

3. Public Consultation

The Financial Secretary conducted consultation sessions with LegCo Members, various business bodies and the general public during the formulation of the Budget. After the Budget announcement, the Administration has met with various stakeholders of the industries, who expressed support for the proposal.

4. Consultation with LegCo Panel

The policy aspects of the Bill have not been referred to any LegCo Panel for discussion.

5. Commencement Date

Pursuant to clause 2 of the Bill, the Dutiable Commodities (Amendment) Ordinance 2008, if enacted, is deemed to come into operation at 11:00 a.m. on 27 February 2008.

6. Conclusion

No difficulties in relation to the legal and drafting aspects of the Bill have been identified. The draft Committee Stage amendments are legally in order. Subject to Members’ views, the Bill is ready for resumption of Second Reading debate.

Should Members decide to form a Bills Committee to consider the policy aspects of the Bill, the Administration has suggested that this Bill and the Dutiable Commodities (Amendment) (No. 2) Bill 2008 be referred to one Bills Committee.
II. REPORT

Objects of the Bill

To lower the rates of duty on two types of liquors and provide for related matters.

LegCo Brief Reference


Date of First Reading

3. 7 May 2008.

Comments

4. The Bill amends the Dutiable Commodities Ordinance (Cap. 109) by-

(a) lowering the rate of duty on liquor (other than wine) with an alcoholic strength of not more than 30% by volume measured at a temperature of 20°C from 20% of its value to 0%;

(b) lowering the rate of duty on wine from 40% of its value to 0%; and

(c) providing for temporary retention of the licensing or permit arrangements needed to keep track of the movement of these goods for duty collection purposes should LegCo choose not to approve the proposed rate reductions.

5. Members may recall that the content of the Bill was published in the Public Revenue Protection Order 2008 (the Order) gazetted on 27 February 2008 (L.N. 33 of 2008). The Order is a temporary measure taken under the Public Revenue Protection Ordinance (Cap. 120) to give effect to the proposal in paragraph 115 of the 2008-09 Budget as reflected in the Bill. The Order will lapse in four months, i.e. 27 June 2008. If the Order ceases to be in force and is not replaced, with or without modification, by the Bill, the former rates of duty will thereupon be restored.

6. The House Committee considered the Order at its meeting on 7 March 2008. Members did not raise any queries on the Order.

7. Given the transitional nature of the arrangements in paragraph 4(c), the Administration will move Committee Stage amendments upon resumption of the Second Reading debate on the Bill to delete those provisions on the transitional arrangements. A copy of the draft Committee Stage amendments is at the Annex.
Public Consultation

8. According to the LegCo Brief, the Financial Secretary conducted consultation sessions with LegCo Members, various business bodies and the general public during the formulation of the Budget. After the Budget announcement, the Administration has met with various stakeholders of the industries, who expressed support for the proposal.

Consultation with LegCo Panel

9. The policy aspects of the Bill have not been referred to any LegCo Panel for discussion.

Commencement Date

10. Pursuant to clause 2 of the Bill, the Dutiable Commodities (Amendment) Ordinance 2008, if enacted, is deemed to come into operation at 11:00 a.m. on 27 February 2008.

Conclusion

11. No difficulties in relation to the legal and drafting aspects of the Bill have been identified. The draft Committee Stage amendments are attached in the Annex and are legally in order. Subject to Members’ views on policy aspects, the Bill is ready for resumption of Second Reading debate.

12. For Members’ information, on 2 May 2008, the Administration wrote to the Chairman of the House Committee to suggest that if Members decide to form a Bills Committee to consider the policy aspects of the Bill, it is recommended that this Bill and the Dutiable Commodities (Amendment) (No. 2) Bill 2008 be referred to one Bills Committee.

Encl

Prepared by

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Assistant Legal Adviser
Legislative Council Secretariat
7 May 2008

LS/B/18/07-08
DUTIABLE COMMODITIES (AMENDMENT) BILL 2008

COMMITTEE STAGE

Amendments to be moved by the Secretary for Commerce and Economic Development

<table>
<thead>
<tr>
<th>Clause</th>
<th>Amendment Proposed</th>
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<tbody>
<tr>
<td>3</td>
<td>By deleting the clause.</td>
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<tr>
<td>4</td>
<td>By deleting the clause.</td>
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<td>5</td>
<td>By deleting the clause.</td>
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<td>6</td>
<td>By deleting the clause.</td>
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<tr>
<td>7</td>
<td>By deleting subclause (1).</td>
</tr>
<tr>
<td>7(2)</td>
<td>By adding &quot;to the Dutiable Commodities Ordinance (Cap. 109)&quot; after &quot;Schedule 1&quot;.</td>
</tr>
<tr>
<td>8</td>
<td>By deleting the cross-heading &quot;Dutiable Commodities Regulations&quot; immediately before the clause.</td>
</tr>
</tbody>
</table>
By deleting the clause.

By deleting the clause.

By deleting the cross-heading "Dutiable Commodities (Exempted Quantities) Notice" immediately before the clause.

By deleting the clause.