

LEGISLATIVE COUNCIL BRIEF

Rating Ordinance
(Chapter 116)
Public Finance Ordinance
(Chapter 2)
Travel Agents Ordinance
(Chapter 218)
Karaoke Establishments Ordinance
(Chapter 573)
Road Traffic Ordinance
(Chapter 374)

WAIVER OF RATES, BUSINESS REGISTRATION FEE AND LICENSING FEES

INTRODUCTION

At the meeting of the Executive Council on 23 June 2009, the Council ADVISED and the Chief Executive ORDERED that -

- A (a) the Rating (Exemption) (No. 2) Order 2009, at Annex A, should be made to effect the rates exemption for the third and fourth quarters of 2009-10 (i.e. 1 October 2009 to 31 March 2010) capped at \$1,500 per tenement per quarter;
- B (b) the Revenue (Reduction of Business Registration Fees) Order 2009, at Annex B, should be made to waive the business registration fee for one year from 1 August 2009;
- C (c) the Travel Agents (Fee Concessions) Regulation 2009, at Annex C, should be made to waive the travel agents licence fees for one year from 1 July 2009;
- D (d) the Karaoke Establishments (Fee Concessions) Regulation 2009, at Annex D, should be made to waive the karaoke establishment licence and permit fees for one year from 1 July 2009; and

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- (e) the Road Traffic (Motor Vehicle Licence Fee Concessions) Regulation 2009, at Annex E, should be made to waive the vehicle licence fees for goods vehicles, trailers, taxis, non-franchised public buses, public light buses and student service vehicles (including school private light buses and private buses for student service) for one year from 1 July 2009.

JUSTIFICATIONS

2. The Financial Secretary announced a package of relief measures on 26 May 2009 to alleviate the burden of the people of Hong Kong and certain sectors that are most seriously affected by the economic downturn and human swine flu. While some of the measures in the package can be implemented by the authority granted to the relevant Directors of Bureaux under existing Ordinances, other revenue measures would require the making of subsidiary legislation for implementation. The measures requiring legislation to be made by the Chief Executive or the Chief Executive in Council include the waiver of rates, business registration fee, travel agents licence fees, karaoke establishment licence and permit fees, and vehicle licence fees.

Rates Exemption

3. The proposed rates exemption is an effective way for the Government to provide relief to a wide spectrum of Hong Kong people. Section 36(2) of the Rating Ordinance (Cap. 116) provides that the Chief Executive in Council may, by order, declare any class of tenements, or parts thereof, or any part of Hong Kong to be exempted from the payment of rates wholly or in part. Therefore, an order under this section has to be made by the Chief Executive in Council in order to effect the proposed exemption. We propose that the proposed exemption and hence the relevant order should take effect from 1 October 2009.

Waiver of Business Registration Fee

4. The proposed waiving of business registration fee for one year would help reduce the operating cost of businesses, particularly small and medium size enterprises. Section 39A(a) of the Public Finance Ordinance (Cap. 2) provides that the Chief Executive may by order reduce or vary any fee or charge made payable to Government by or under any Ordinance. We recommend that the Chief Executive

make an order under this section to effect the waiver of business registration fee so that business registration certificates and branch registration certificates with commencement date falling between 1 August 2009 and 31 July 2010 will be relieved from the fee for a 12-month period.

Waiver of Licensing Fees

5. Government will waive the licensing fees for one year in respect of the following types of licences and permits -

- (a) Travel agents licences;
- (b) Hotel and guesthouse licences;
- (c) Karaoke establishment licences and permits;
- (d) Cinema licences;
- (e) Restaurant licences;
- (f) Liquor licences;
- (g) Restricted food permits;
- (h) Hawker licences;
- (i) Vehicle licences for goods vehicles, trailers, taxis, non-franchised public buses, public light buses and student service vehicles (including school private light buses and private buses for student service);
- (j) Passenger service licences and passenger service licence certificates (excluding private buses not for student service); and
- (k) Vessel licences for Class I, II, III and IV (for Class IV vessels, only vessels issued with a certificate of inspection/survey under section 6(3) of Merchant Shipping (Local Vessels) (Certification and Licensing) Regulation (Cap. 548D)).

6. Details of the types of licences and permits covered, together with the number of licences issued, are given at Annex F.

7. To simplify the procedures, we propose that the fees payable in respect of the first issue or renewal of licences commencing during the concession period will be waived for a maximum period of one year. However, in some cases, the fee waiver will be granted upon licence applications made during the concession period, e.g. for the karaoke establishment permit/licence fees which are statutorily required to be paid upon licence application. The waivers of fees do not apply to licences which have commenced before and will expire during the relevant concession period. Holders of these licences will enjoy the waiver when they next renew their licences during the concession period.

8. Refund of licence fees will be considered for those licences which have commenced before the concession period, are valid for more than one year and will not expire during the concession period. Holders of these licences will, upon application, be refunded the licence fees already paid on a pro-rata basis by reference to the concession period.

THE ORDERS AND REGULATIONS

9. The Rating (Exemption) (No. 2) Order 2009, at Annex A, provides that a tenement included in a valuation list in force for the time being will be exempted from the payment of rates in the period from 1 October 2009 to 31 March 2010 up to the amount of \$1,500 per quarter. The \$1,500 cap will be reduced on a pro rata basis if rates are payable for only part of a quarter in the concession period.

10. The Revenue (Reduction of Business Registration Fees) Order 2009, at Annex B, waives the business registration fee for one year so that business registration certificates and branch certificates with commencement date falling between 1 August 2009 and 31 July 2010 will be relieved from the fees for a 12-month period.

11. The Travel Agents (Fee Concessions) Regulation 2009, at Annex C, is made under the Travel Agents Ordinance (Cap. 218) to waive the fees payable for one year during the period from 1 July 2009 to 30 June 2010 in respect of travel agents licences.

12. The Karaoke Establishments (Fee Concessions) Regulation 2009, at Annex D, is made under the Karaoke Establishments Ordinance (Cap. 573) to waive the fees payable

for one year during the period from 1 July 2009 to 30 June 2010 in respect of karaoke establishment licences and permits.

13. The Road Traffic (Motor Vehicle Licence Fee Concessions) Regulation 2009, at Annex E, is made under the Road Traffic Ordinance (Cap. 374) to waive the fees payable for one year during the period from 1 July 2009 to 30 June 2010 in respect of vehicle licences for goods vehicles, trailers, taxis, non-franchised public buses, public light buses and student service vehicles (including school private light buses and private buses for student service).

14. Fee concessions regulations will be made by the Secretary for Home Affairs under section 7 of the Places of Public Entertainment Ordinance (Cap. 172), by the Secretary for Food and Health under section 6A of the Dutiable Commodities Ordinance (Cap. 109), by the Secretary for the Transport and Housing under section 7 of the Road Traffic Ordinance (Cap. 374) and by the Financial Secretary (which means also the Secretary for Financial Services and the Treasury by virtue of section 3 of Cap 1) under section 88 of the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) to waive the fees payable for cinema licences, liquor licences, passenger service licences and passenger service licence certificates, and vessel licences respectively by one year. These four sets of regulations will be submitted, together with the other items of subsidiary legislation referred to in paragraphs 9 to 13 above, to the Legislative Council for negative vetting on 8 July 2009.

Waivers of Licensing Fees not Requiring Legislation

15. For the hotel and guesthouse licences, the waiver and refund power as provided for under the Hotel and Guesthouse Accommodation (Fees) Regulations (Cap. 349B) made under section 22 of the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) can be exercised by the Secretary for Home Affairs for the intended general waivers and refund of the relevant fees. For the restaurant licences, restricted food permits and hawker licences, which are issued under the Public Health and Municipal Services Ordinance (Cap. 132), the waiver and refund power contained in the Ordinance can be exercised by the Financial Secretary for the intended general waivers of the relevant fees. No additional subsidiary legislation will therefore be required and the waivers for these fees can be implemented through administrative means.

LEGISLATIVE TIMETABLE

16. The Orders and Regulations will be gazetted on 26 June 2009 and tabled in the Legislative Council on 8 July 2009 for negative vetting.

17. The relief measures should be implemented as soon as possible. As such, we propose that the subsidiary legislation for waiving the rates, business registration fee and various licensing fees should take effect without waiting upon the expiry of the period required for negative vetting of the subsidiary legislation by the Legislative Council. This is a necessary means to ensure that the waivers on rates, business registration fee and various licensing fees can commence in October, August and July 2009 respectively.

IMPLICATIONS OF THE PROPOSAL

18. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. The proposal will not affect the binding effect of existing provisions of the relevant ordinances and their subsidiary legislation. It has no productivity, environmental or sustainability implications.

19. Civil service implications, if any, will be absorbed within the existing provision of the relevant bureau/department. The proposed rates exemption would lead to a revenue foregone of \$4.166 billion in 2009-10. The proposed one-year waiver of business registration fee would cost the Government \$1,700 million. The total cost of the waiver of the licensing fees to Government is \$670 million.

20. We estimate that the extended rates concession will benefit over 2.3 million ratepayers, the waiver of business registration fee will provide timely relief to around 880,000 businesses and the waiver of the licensing fees will cover over 200,000 licences. The proposed concessions and waivers are components of the additional special relief package. The full effect of the whole package is broadly estimated to raise the GDP by around 0.5 percentage point.

PUBLIC CONSULTATION

21. After the announcement of the 2009-10 Budget, the Financial Secretary has conducted further consultations with Legislative Council Members and various business and professional bodies and decided to introduce more relief measures this year.

PUBLICITY

22. A spokesman will be available to answer enquiries.

ENQUIRIES

23. Enquiries on the brief should be made to Mr K M LEE, Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (MA), on telephone number 2810 3729.

Financial Services and the Treasury Bureau
24 June 2009

RATING (EXEMPTION) (NO. 2) ORDER 2009

(Made by the Chief Executive in Council under section 36(2) of the Rating Ordinance (Cap. 116))

1. Commencement

This Order comes into operation on 1 October 2009.

2. Interpretation

In this Order, “concession period” (寬免期) means each of the following periods –

- (a) 1 October 2009 to 31 December 2009 (both dates inclusive);
- (b) 1 January 2010 to 31 March 2010 (both dates inclusive).

3. Exemption from payment of rates

A tenement included in a valuation list for the time being in force is exempted from the payment of rates in respect of any concession period by an amount equal to the rates payable for that period or \$1,500, whichever is less. The amount of \$1,500 is reduced on a pro rata basis if rates are payable for only part of the concession period.

Clerk to the Executive Council

COUNCIL CHAMBER

Explanatory Note

This Order declares that all tenements are exempted from the payment of rates in respect of any quarter in the period 1 October 2009 to 31 March 2010 wholly, if the amount of rates payable for the quarter is \$1,500 or less, or up to \$1,500, if the amount is more than \$1,500.

REVENUE (REDUCTION OF BUSINESS REGISTRATION FEES) ORDER 2009

(Made by the Chief Executive under section 39A(a) of the Public Finance Ordinance (Cap. 2) after consultation with the Executive Council)

1. Commencement

This Order comes into operation on 1 August 2009.

2. Reduction of business registration fees

(1) This section applies to fees payable in respect of business registration certificates and branch registration certificates that commence on or after 1 August 2009 but before 1 August 2010.

(2) The prescribed business registration fee payable under item 1(l)(i) or (ii) of Schedule 1 to the Ordinance is reduced by a sum of \$2,000.

(3) The prescribed branch registration fee payable under item 2(a) or (b) of Schedule 2 to the Ordinance is reduced by a sum of \$73.

(4) In this section –

“branch registration certificate” (分行登記證) means a branch registration certificate issued under section 6 of the Ordinance;

“business registration certificate” (商業登記證) means a business registration certificate issued under section 6 of the Ordinance;

“Ordinance” (《條例》) means the Business Registration Ordinance (Cap. 310);

“prescribed branch registration fee” (訂明的分行登記費) has the meaning assigned to it in section 2 of the Ordinance;

“prescribed business registration fee” (訂明的商業登記費) has the meaning assigned to it in section 2 of the Ordinance.

Chief Executive

2009

Explanatory Note

This Order reduces the fees payable in respect of business registration certificates and branch registration certificates that commence on or after 1 August 2009 but before 1 August 2010.

TRAVEL AGENTS (FEE CONCESSIONS) REGULATION 2009

(Made by the Chief Executive in Council under section 50(2) of the Travel Agents Ordinance (Cap. 218) and section 29 of the Interpretation and General Clauses Ordinance (Cap. 1))

1. Commencement

This Regulation comes into operation on 1 July 2009.

2. Interpretation

In this Regulation –

“concession period” (寬免期) means the period 1 July 2009 to 30 June 2010 (both dates inclusive);

“principal Regulations” (《主體規例》) means the Travel Agents Regulations (Cap. 218 sub. leg. A);

“term of the licence” (牌照有效期) –

- (a) in relation to a licence, means the period of validity of the licence; and
- (b) in relation to a renewal of a licence, means the period of validity of the renewed licence.

3. Concessions on fees payable under principal Regulations

(1) The fees payable under regulation 8(1) of the principal Regulations are subject to the concessions provided for in this Regulation.

(2) The fee specified in item 1 of the First Schedule to the principal Regulations is waived in respect of an application for a licence made within the concession period.

(3) Subject to subsection (4), the fee specified in item 2 of the First Schedule to the principal Regulations is waived in respect of a licence or a

renewal of a licence if the term of the licence begins within the concession period.

(4) The total amount of fees that is waived under subsection (3) in respect of—

- (a) a licence and any renewal of the licence; or
- (b) a renewal of a licence and any further renewal of the licence,

is subject to a maximum amount of \$5,820.

(5) The fee specified in item 5 of the First Schedule to the principal Regulations is waived in respect of a duplicate of a licence if the duplicate is issued within the concession period and the fee specified in item 2 of that Schedule is waived in respect of that licence or a renewal of that licence under subsection (3), even if the second-mentioned fee is only partly waived under that subsection because of the operation of subsection (4).

Clerk to the Executive Council

COUNCIL CHAMBER

2009

Explanatory Note

This Regulation provides for concessions on certain fees payable in respect of a travel agent's licence under the Travel Agents Regulations (Cap. 218 sub. leg. A) within the period 1 July 2009 to 30 June 2010.

**KARAOKE ESTABLISHMENTS (FEE CONCESSIONS)
REGULATION 2009**

(Made by the Chief Executive in Council under section 21 of the
Karaoke Establishments Ordinance (Cap. 573) and
section 29 of the Interpretation and General
Clauses Ordinance (Cap. 1))

1. Commencement

This Regulation comes into operation on 1 July 2009.

2. Interpretation

In this Regulation –

“concession period” (寬免期) means the period 1 July 2009 to 30 June 2010
(both dates inclusive);

“Fees Regulation” (《費用規例》) means the Karaoke Establishments (Fees)
Regulation (Cap. 573 sub. leg. B);

“specified fee” (指明費用), in relation to an item of the Schedule to the Fees
Regulation, means the fee specified for that item in column 3 of that
Schedule.

**3. Fees charged under Fees Regulation
subject to concessions**

The fees to be charged under section 3 of the Fees Regulation are subject to
the concessions provided for in this Regulation.

**4. Concessions on fees for permits and
provisional permits**

(1) Subject to subsection (5), the specified fee for item 1 of the
Schedule to the Fees Regulation is reduced in respect of the grant of a permit by
an amount equal to half of that fee if the application for that grant is made within
the concession period.

(2) Subject to subsections (5) and (6), the specified fee for item 3 of the Schedule to the Fees Regulation is reduced in respect of a renewal of a permit by an amount equal to half of that fee if the term of that renewal begins within the concession period.

(3) The specified fee for item 4 of the Schedule to the Fees Regulation is waived in respect of the grant of a provisional permit if the application for that grant is made within the concession period.

(4) The specified fee for item 6 of the Schedule to the Fees Regulation is waived in respect of a renewal of a provisional permit if the term of that renewal begins within the concession period.

(5) The total amount of fees that is reduced under subsections (1) and (2) in respect of the grant of a permit specified in item 1 of the Schedule to the Fees Regulation and any renewal of that permit is subject to a maximum amount equal to half of the specified fee for that item.

(6) The total amount of fees that is reduced under subsection (2) in respect of a renewal of a permit specified in item 3 of the Schedule to the Fees Regulation and any further renewal of that permit is subject to a maximum amount equal to half of the specified fee for that item.

5. Concessions on fees for licences and provisional licences

(1) Subject to subsection (5), the specified fee for each of item 7(a) to item 7(e) of the Schedule to the Fees Regulation is reduced in respect of the issue of a licence specified opposite to that fee in column 2 of that Schedule by an amount equal to half of that fee if the application for that issue is made within the concession period.

(2) Subject to subsections (5) and (6), the specified fee for each of item 9(a) to item 9(e) of the Schedule to the Fees Regulation is reduced in respect of a renewal of a licence specified opposite to that fee in column 2 of that

Schedule by an amount equal to half of that fee if the term of that renewal begins within the concession period.

(3) The specified fee for item 10 of the Schedule to the Fees Regulation is waived in respect of the issue of a provisional licence if the application for that issue is made within the concession period.

(4) The specified fee for item 12 of the Schedule to the Fees Regulation is waived in respect of a renewal of a provisional licence if the term of that renewal begins within the concession period.

(5) The total amount of fees that is reduced under subsections (1) and (2) in respect of the issue of a licence specified in any of item 7(a) to item 7(e) of the Schedule to the Fees Regulation and any renewal of that licence is subject to a maximum amount equal to half of the specified fee for that item.

(6) The total amount of fees that is reduced under subsection (2) in respect of a renewal of a licence specified in any of item 9(a) to item 9(e) of the Schedule to the Fees Regulation and any further renewal of that licence is subject to a maximum amount equal to half of the specified fee for that item.

Clerk to the Executive Council

COUNCIL CHAMBER

2009

Explanatory Note

This Regulation provides for concessions on certain fees payable in respect of the operation of a karaoke establishment under the Karaoke Establishments (Fees) Regulation (Cap. 573 sub. leg. B) within the period 1 July 2009 to 30 June 2010.

**ROAD TRAFFIC (MOTOR VEHICLE
LICENCE FEE CONCESSIONS) REGULATION 2009**

(Made by the Chief Executive in Council under section 6(2) of the
Road Traffic Ordinance (Cap. 374))

1. Commencement

This Regulation comes into operation on 1 July 2009.

2. Interpretation

In this Regulation –

“concession period” (寬免期) means the period 1 July 2009 to 30 June 2010
(both dates inclusive);

“effective date” (生效日期), in relation to a licence, means the date from which
the licence takes effect;

“principal Regulations” (《主體規例》) means the Road Traffic (Registration
and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E);

“specified fee” (指明費用), in relation to an item under the subheading “Annual
Licence Fees” of Schedule 2 to the principal Regulations, means the fee
specified for that item in column 3 under that subheading.

**3. Fees payable under principal Regulations
subject to concessions**

Except for the additional fee mentioned in regulation 21(7) of the principal
Regulations, the fees payable under regulations 21, 23, 23A and 38 of the
principal Regulations are subject to the concessions provided for in this
Regulation.

4. Concessions on certain vehicle licence fees

(1) Subject to subsections (2) to (5), the specified fee for each of items
1, 2, 3, 4, 8, 11 and 12 under the subheading “Annual Licence Fees” of Schedule

2 to the principal Regulations is waived in respect of a licence for a motor vehicle specified opposite to that fee in column 2 under that subheading if the effective date of the licence falls within the concession period.

(2) The waiver under subsection (1) of the specified fee for item 2 under the subheading “Annual Licence Fees” of Schedule 2 to the principal Regulations does not apply to a public bus operated under a franchise granted under the Public Bus Services Ordinance (Cap. 230).

(3) The waiver under subsection (1) of the specified fee for item 3 under the subheading “Annual Licence Fees” of Schedule 2 to the principal Regulations applies only to a private bus used for operating a student service described in section 27(5)(a) of the Ordinance.

(4) The waiver under subsection (1) of the specified fee for item 12 under the subheading “Annual Licence Fees” of Schedule 2 to the principal Regulations applies only to a school private light bus.

(5) If 2 or more licences, each with an effective date that falls within the concession period, are issued in respect of the same motor vehicle, and the aggregate period of those licences exceeds 12 months, then the amount of fee that is waived in respect of the last of those licences under subsection (1) is reduced by an amount equal to the fee that would, apart from this Regulation, have been payable for that licence under the principal Regulations for the period by which that aggregate period exceeds 12 months.

5. Concessions on certain additional fees

The additional fee mentioned in each of regulation 21(1)(b)(ii), paragraph (b) of the proviso to regulation 23(2) and paragraph (b) of the proviso to regulation 23A(2) of the principal Regulations is waived in respect of a licence for 4 months if the specified fee is waived in respect of that licence under section 4(1), even if that specified fee is only partly waived under that section because of the operation of section 4(5).

Clerk to the Executive Council

COUNCIL CHAMBER

2009

Explanatory Note

This Regulation provides for concessions on the fees payable in respect of certain vehicle licences under the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) within the period 1 July 2009 to 30 June 2010.

Waiver of Licensing Fees

Types of Licence	Description of Fees to be waived	Number of licences	Relief Period
<u>Tourism</u>			
Travel agents licence	Fees for application for a licence, and new issue, renewal and duplicate of a licence as a travel agent	1,500	One year
Hotel and guesthouse licence	Fees for the new issue and renewal of a licence for operating a hotel or guesthouse	1,300	One year
<u>Entertainment</u>			
Karaoke establishment licence and permit	Fees payable for the new issue and renewal of a permit, provisional permit, licence and provisional licence for operating a karaoke establishment	100	One year
Cinema	Fees for new issue or renewal of a licence and provisional licence for a cinema under the Places of Public Entertainment Regulations	below 100	One year
<u>Catering</u>			
Restaurant licence	Fees for new issue or renewal of a licence or provisional licence for a general and marine restaurant or a light refreshments restaurant	11,500	One year
Liquor licence	Fees for new issue or renewal of a liquor licence, but excluding the fee payable for those temporary licences issued for an individual event	5,500	One year
Restricted food permit	Fees for new issue or renewal of a restricted food permit	5,800	One year

Types of Licence	Description of Fees to be waived	Number of licences	Relief Period
<u>Others</u>			
Hawker licences	Fees for new issue or renewal of a licence for fixed pitch hawker and itinerant hawker licence and fees for the allocation and use of fixed pitches, but excluding the fee payable for those temporary licences issued for an individual event	7,100	One year
Vehicle Licence			
<ul style="list-style-type: none"> - Goods vehicle (including van-type light goods vehicle) - Taxi - Non-franchised public bus - Public light bus - Private bus for student service - School private light bus - Trailer 	Fees payable for the new issue or renewal of a vehicle licence in respect of these types of vehicles. The levies payable under the Traffic Accident Victims (Assistance Fund) Ordinance (Cap. 229), which are paid together with the vehicle licence fee, will not however be waived as these are collected as a contribution towards the fund for assisting traffic accident victims and their dependants.	160,000	One year
Passenger Service Licence and Passenger Service Licence Certificate			
<ul style="list-style-type: none"> Student service vehicles licences - public buses for student service - private buses for student service - school private light buses 	Fees payable for the new issue or renewal of Passenger Service Licence and Passenger Service Licence Certificate in respect of these types of vehicles.	1,700	One year
<ul style="list-style-type: none"> Public light bus licences - red public light buses - green public light buses 		900	One year
<ul style="list-style-type: none"> Non-franchised public buses licences (excluding public buses for student service) 		500	One year

Types of Licence	Description of Fees to be waived	Number of licences	Relief Period
Vessel licences for Class I, II, III and IV	Fees payable in respect of an application for the issue or renewal of a full licence, or a temporary licence, or for the grant of permission for a laid-up vessel, in respect of a local vessel that is a Class I, II or III vessel or is a Class IV vessel with a certificate of inspection or a certificate or survey.	7,800	One year