

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2184/09-10  
(These minutes have been seen by  
the Administration)

Ref : CB1/BC/8/09

**Bills Committee on  
Inland Revenue (Amendment) Bill 2010**

**Minutes of the first meeting  
held on Tuesday, 25 May 2010, at 10:45 am  
in Conference Room B of the Legislative Council Building**

**Members present** : Hon CHAN Kam-lam, SBS, JP (Chairman)  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon KAM Nai-wai, MH  
Hon Alan LEONG Kah-kit, SC

**Public Officers attending** : Agenda Item II

Mr Clement LEUNG, JP  
Deputy Secretary for Financial Services and the Treasury  
(Treasury)

Ms Shirley KWAN  
Principal Assistant Secretary for Financial Services and  
the Treasury (Treasury)

Mr WONG Kuen-fai  
Deputy Commissioner of Inland Revenue (Technical)

Ms Judy YIP  
Senior Assessor (Special Duties)  
Inland Revenue Department

Mr Edmond HO  
Principal Environmental Protection Officer (Mobile  
Source)  
Environmental Protection Department

Mr Sunny CHAN  
Senior Assistant Law Draftsman  
Department of Justice

**Clerk in attendance :** Ms Debbie YAU  
Chief Council Secretary (1)6

**Staff in attendance :** Mr YICK Wing-kin  
Assistant Legal Adviser 8

Ms Angel SHEK  
Senior Council Secretary (1)1

Ms Michelle NIEN  
Legislative Assistant (1)9

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Action

**I Election of Chairman**

Mr CHAN Kam-lam was elected Chairman of the Bills Committee.

**II Application for late membership**

(LC Paper No. CB(1)2028/09-10(01) -- Letter from Hon Alan LEONG dated 24 May 2010 (Chinese version only))

2. The Bills Committee accepted the application for late membership by Mr Alan LEONG.

**III Meeting with the Administration**

(LC Paper No. CB(3)647/09-10 -- The Bill

File Ref: FIN CR 1/7/2201/09 -- Legislative Council Brief issued by the Financial Services and the Treasury Bureau

LC Paper No. LS64/09-10 -- Legal Service Division Report

LC Paper No. CB(1)1988/09-10(01) -- Marked-up copy of the Bill prepared by the Legal Service Division

LC Paper No. CB(1)1988/09-10(02) -- Background brief prepared by the Legislative Council Secretariat)

3. The Bills Committee deliberated (Index of proceedings attached at **Appendix**).

Follow-up actions required to be taken by the Administration

4. The Bills Committee requested the Administration to: -

- (a) provide detailed information in respect of emission performance and fuel efficiency etc for each category of environment-friendly vehicles stated in the new Part 3 of Schedule 17 to the Inland Revenue Ordinance (Cap. 112) (IRO), and advise whether the relevant standards would be reviewed from time to time; and
- (b) consider improving the drafting of proposed paragraph 1 of the new Part 3 of Schedule 17 to IRO by adding "in whole or in part" after "remission of first registration tax", in order to achieve consistency with the empowering provision in the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) and for the avoidance of a misunderstanding that "remission" in the proposed paragraph 1 meant total exemption of the first registration tax in respect of the qualified vehicles under the two current tax incentive schemes administered by the Environment Protection Department.

Way forward

5. The Chairman concluded that the Bills Committee had completed examination of the Bill and would report its deliberations to the House Committee on 28 May 2010. The Bills Committee noted that the Administration would resume the Second Reading debate on the Bill at the Council meeting on 9 June 2010, and the deadline for giving notice for moving Committee Stage amendments to the Bill would be 31 May 2010.

**IV Any other business**

6. There being no other business, the meeting ended at 11:40 am.

**Proceedings of the first meeting of  
Bills Committee on Inland Revenue (Amendment) Bill 2010  
on Tuesday, 25 May 2010, at 10:45 am  
in Conference Room B of the Legislative Council Building**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
000241 – 000340	Mr CHAN Kam-lam Mr WONG Ting-kwong Mr Tommy CHEUNG	(a) Election of Chairman  (b) Application for late membership	
000341 – 001555	Chairman Mr KAM Nai-wai Mr WONG Ting-kwong Mr Tommy CHEUNG Administration	Discussion on the need to invite public views and meet with deputations to gather opinions on the wider use of environment-friendly vehicles. The Administration advised that as the proposed one-off tax reduction for 2009-2010 would be reflected in the taxpayer's final tax payable for 2009-2010, the Inland Revenue Department's assessing programme would need to commence, the latest, by July/August 2010. The Bill should preferably be passed early in order not to hinder the issuance of assessments.  Members agreed to request the relevant Panel(s) to invite public views on wider use of environment-friendly vehicles.	
001556 – 001826	Chairman Administration	Briefing by Administration (LegCo Brief (Ref.: FIN CR 1/7/2201/09)).	
001827 – 002252	Chairman Mr KAM Nai-wai Administration	Discussion on the types of environment-friendly vehicles eligible for the proposed concessionary measure under the Bill.	
002253 – 002410	Chairman Mr WONG Ting-kwong Administration	In response to Mr WONG Ting-kwong's concern, the Administration clarified that the proposed accelerated profits tax deduction for capital expenditure on environment-friendly commercial vehicles was independent of the reduction of first registration tax for these vehicles.	
002411 – 002449	Chairman Administration	<u>Clause-by-clause examination of the Bill</u> (LC Paper Nos. CB(3)647/09-10 and CB(1)1988/09-10 (01))  <u>Clause 1 – Short title</u>  <u>Clause 2 – Ascertainment of chargeable profits</u>  Members did not raise any query.	
002450 – 002726	Chairman Administration Mr WONG Ting-kwong	<u>Clause 3 – Definitions and general provisions applicable to this section and sections 16I, 16J and 16K</u>  Members did not raise any query.	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
002727 – 002743	Chairman Administration	<u>Clause 4 – Deductions for specified capital expenditure incurred in relation to environmental protection facilities</u>  Members did not raise any query.	
002744 – 003943	Chairman Administration Mr Tommy CHEUNG Mr WONG Ting-kwong	<u>Clause 5 – Proceeds of sale of environmental protection facilities to be treated as trading receipts</u>  In response to members' enquiries, the Administration advised that: -  (a) the proceeds of sale of an environment-friendly vehicle, in respect of which a 100% deduction had been made in accordance with the Bill, if enacted, would be treated as trading receipts subject to profits tax even though it had been in use for about 10 years; and  (b) the existing anti-avoidance provisions under the Inland Revenue Ordinance (Cap. 112) (IRO) would tackle those cases where the environment-friendly vehicle in question had been sold at a price far below the market value or had been gifted away without commercial justification.	
003944 – 004048	Chairman Administration	<u>Clause 6 – Environmental protection facilities owned as at commencement date</u>  <u>Clause 7 – Section 92 added</u>  Members did not raise any query.	
004049 – 004708	Chairman Administration Mr WONG Ting-kwong Assistant Legal Adviser	<u>Clause 8 – Environmental protection facilities</u>  Discussion on the drafting of proposed paragraph 1 of the new Part 3 of Schedule 17 to IRO.  <u>Clause 9 – Schedule 20 added</u>  Members did not raise any query.	
004709 – 005014	Chairman	Dates of reporting to the House Committee and resumption of Second Reading debate on the Bill.	