

For information

**Paper for Bills Committee on
the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011**

Purpose

This paper provides the information requested by Members at the meeting of the Bills Committee on 24 May 2011 in relation to the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011 (the Bill) .

Calculation of vehicle journey speed

2. TD conducts annual vehicle journey time surveys on a total of 60 routes throughout the territory, the results of which will be used to derive the regional and overall average vehicle journey speed of Hong Kong.

3. Some Members enquired about how the regional or overall vehicle journey speeds can be derived from the vehicle journey time of the relevant routes. Regional or overall vehicle journey speed is calculated by dividing the total distance of surveyed routes in the region by the total journey time, i.e.:

$$\text{Regional or overall vehicle journey speed} = \frac{\text{Total distance of surveyed routes in the region}}{\text{Total journey time of surveyed routes in the region}}$$

4. In other words, the weightings of individual surveyed routes in the respective regional / overall vehicle journey speed will vary in accordance with their lengths. The above calculation is in line with the practice of other major cities.

Implement the proposed adjustments by administrative means

5. In our previous paper submitted to the Bills Committee¹, we proposed to exercise the power to remit and refund first registration tax (FRT) payable vested in the Chief Executive by sections 5(5) and 6(3) of the Motor Vehicles (First Registration Tax) Ordinance (Cap.330) to implement administratively the proposed adjustments, i.e. to exempt the private cars on order before the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 came into effect from paying FRT under the new tax rates, and to enhance the concession rate and cap for environment-friendly petrol private cars from 30% and \$50,000 to 45% and \$75,000 respectively.

6. In response to doubts expressed of some Members on how the proposed adjustments are to be implemented, we would like to reiterate that the proposed mechanism is in compliance with the requirements of the laws. In fact, the Administration has all along exercised such power to implement various policies effectively. Some examples are at **Annex** for reference.

**Transport and Housing Bureau
June 2011**

¹ Reference No: CB(1)2251/10-11(01)

Examples of previous policies where sections 5(5) and 6(3) of the Motor Vehicles (First Registration Tax) Ordinance (Cap.330) were invoked to remit and refund FRT payable

Year	Policies implemented
1996	<ul style="list-style-type: none">▪ Provide FRT concessions to those who replaced their scrapped private cars of 10 or more years old or without catalytic converters with a brand new private car with petrol engine
2002	<ul style="list-style-type: none">▪ Exempt the FRT of liquefied petroleum gas private light buses that were for replacement of scrapped and deregistered diesel private light buses
2007	<ul style="list-style-type: none">▪ Provide FRT concessions for environment-friendly petrol private cars
2008	<ul style="list-style-type: none">▪ Provide FRT concessions for environment-friendly commercial vehicles