

**Subcommittee on Public Revenue Protection
(Motor Vehicles First Registration Tax) Order 2011**

**List of follow-up actions arising from
the meeting on 24 March 2011**

The Administration is requested to -

- (a) provide the following information for the past 3 years :
 - (i) a breakdown by years of the number of newly registered private cars;
 - (ii) a breakdown by years of the number of private cars which have been written off;
 - (iii) percentages of the newly registered private cars which are environmental-friendly petrol private car models that have been type-approved by EPD, and a breakdown by number of these environmental-friendly petrol private car models;
 - (iv) information on the social groups to which the owners of newly registered private cars belong; and
 - (v) the number and models of the newly registered private cars purchased by the Administration;
- (b) provide information on the increase in road surface and in the number of private cars in Hong Kong;
- (c) explain the mechanism for the offer of a 30% reduction in the First Registration Tax (FRT) to buyers of newly registered environmental-friendly petrol private cars, subject to a cap of \$50,000 per car;
- (d) explain whether it is the Administration's plan that buyers of newly registered environmental-friendly petrol private cars would first be subject to the 15% increase in FRT before receiving the above 30% reduction offer. If these buyers would be exempted from the tax increase, please explain whether such an exemption would be provided by administrative or legislative means;
- (e) provide response to a suggestion that exemption from the 15% increase in FRT (or a tax refund) should be granted to a private car

buyer if he/she writes off his/her old car when buying a new car;

- (f) address some members' concern that if the above suggested tax refund is not granted, private car owners might be deterred from replacing their old cars with new ones with lower emission. If this is the case, air quality would be affected and the price of old private cars may also rise due to reduced supply;
- (g) the number of Euro I or II private cars out of the existing car fleet;
- (h) the estimated effect of the current proposal in curbing the growth of private cars, and the anticipated environmental impact as result of more people expected to buy old cars instead of new ones after the tax increase;
- (i) provide information on the effect of the introduction of tax increase on private cars in 2003 (i) in curbing the increase of private cars, and when the number of private car registrations started to pick up again and rose back to its previous level before the tax increase and (ii) in easing traffic congestion;
- (j) provide information on the areas/roads where serious traffic congestion is found and how serious the situation is, and to explain why alternative measures such as those set out below are not considered for tackling the congestion of these areas/roads -
 - (i) deploying specified route buses or buses of smaller capacity with lower emission during non-busy hours;
 - (ii) introducing park-and-ride;
 - (iii) restricting number of vehicles driving to busy areas e.g. Central;
 - (iv) buying back the Western Harbour Crossing and the Eastern Harbour Crossing;
 - (v) imposing a "congestion tax" on drivers driving on the road in a busy district; and

explain why the Administration has now only proposed to increase FRT on private cars and no any other long-term effective measure for tackling traffic congestion problem;

- (k) provide response to a suggestion that private car purchase orders placed before the Order took place should be exempted;
- (l) information on the daily number of new registrations of private cars since announcement of the current proposal at 11:00 am on 23 February 2011, and the expected number of people who would be affected since then up to the passage of the relevant Bill (contained in the Schedule to the Order); and
- (m) information on the rates of FRT on private cars and tax relief measures adopted in neighbouring places such as Singapore.

Council Business Division 1
Legislative Council Secretariat
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