

立法會
Legislative Council

LC Paper No. CB(1) 2205/01-02
(These minutes have been seen
by the Administration)

Ref: CB1/BC/8/01/2

**Bills Committee on
Revenue Bill 2002 and Revenue (No. 2) Bill 2002**

**Minutes of meeting
held on Thursday, 16 May 2002, at 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Margaret NG, (Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon HUI Cheung-ching, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, JP
Hon Tommy CHEUNG Yu-yan, JP
- Members absent** : Hon CHAN Kam-lam
Hon CHOY So-yuk
- Public officers attending** : Mr Martin GLASS
Deputy Secretary for the Treasury
- Mr Edward MAK
Assistant Secretary for the Treasury
- Mr Simon WONG
Assistant Commissioner of Customs and Excise
- Miss Miranda NG
Senior Assistant Law Draftsman

- Attendance by invitation** : Representatives from the industry
- Mr James PATON
Managing Director, Jardine Caldbeck Ltd.
(representative of Hong Kong Wine Industry Coalition)
- Mr Frederic DUFOUR
Managing Director, Riche Monde Ltd. (representative of
Hong Kong Wine Industry Coalition)
- Ms Karin JOFFE
Group Managing Director, Lan Kwai Fong Holdings
Limited
- Mr Ben MAN
Executive Director, Lan Kwai Fong Holdings Limited
- Mr Richard FELDMAN
Chairman, Lan Kwai Fong Association
- Mr Nimal JAYAWARDENA
Chairman, Soho Association Ltd.
- Clerk in attendance** : Ms Connie SZETO
Chief Assistant Secretary (1)4
- Staff in attendance** : Ms Bernice WONG
Assistant Legal Adviser 1
- Mr S C TSANG
Senior Assistant Secretary (1)7

I Meeting with deputations

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| LC Paper No. CB(3) 543/01-02 | -- The Revenue Bill 2002 and Revenue (No. 2) Bill 2002 |
| Ref: FIN CR 2/7/2201/01 and
FIN CR 6/7/2201/01 | -- The Legislative Council Brief issued by
the Finance Bureau |
| LC Paper Nos. LS 78 and 79/01-02 | -- The Legal Service Division Reports |
| LC Paper No. CB(1) 1661/01-02(02) | -- Marked-up copy of the Revenue Bill
2002 |
| LC Paper No. CB(1) 1661/01-02(03) | -- Marked-up copy of the Revenue (No. 2)
Bill 2002 |
| LC Paper No. CB(1) 1661/01-02(04) | -- Submission from the Hong Kong Wine
Industry Coalition dated 24 April 2002 |

- LC Paper No. CB(1) 1734/01-02(01) -- Presentation materials provided by the Hong Kong Wine Industry Coalition
- LC Paper No. CB(1) 1734/01-02(02) -- Submission from Lan Kwai Fong Holdings Ltd. dated 9 May 2002
- LC Paper No. CB(1) 1771/01-02(02) -- Submission from Lan Kwai Fong Association dated 12 May 2002
- LC Paper No. CB(1) 1734/01-02(03) -- Submission from Hong Kong Hotels Association dated 13 May 2002
- LC Paper No. CB(1) 1743/01-02(01) -- Submission from Soho Association Ltd dated 13 May 2002
- LC Paper No. CB(1) 1734/01-02(04) -- Views from two Sai Kung District Council members
- LC Paper No. CB(1) 1734/01-02(05) -- Views from a Central & Western District Council member
- LC Paper No. CB(1) 1771/01-02(03) -- Submission from the Australian Consulate-General dated 16 May 2002
- LC Paper No. CB(1) 1771/01-02(04) -- Submission from the New Zealand Consulate-General dated 15 May 2002
- LC Paper No. CB(1) 1771/01-02(05) -- Submission from Topsy Trading Company Ltd. dated 12 April 2002
- LC Paper No. CB(1) 1771/01-02(06) -- Submission from the owner of a wine company called "Tiffany" dated 16 May 2002
- LC Paper No. CB(1) 1661/01-02(05) -- Administration's response to the submission from the Hong Kong Wine Industry Coalition
- LC Paper No. CB(1) 1743/01-02(02) -- Administration's response to the submissions from the Lan Kwai Fong Holdings Ltd. and from two Sai Kung District Council members
- LC Paper No. CB(1) 1771/01-02(01) -- Administration's response to submissions from the Hong Kong Hotels Association, Soho Association Ltd. and a Central & Western District Council member

The Bills Committee deliberated (Index of proceedings attached at the **Annex**).

2. The Bills Committee received representations from the following organizations:

- (a) Hong Kong Wine Industry Coalition;
- (b) Lan Kwai Fong Holdings Ltd.;
- (c) Lan Kwai Fong Association; and
- (d) Soho Association Ltd..

3. The Bills Committee also noted the written submissions from the following parties which had not attended the meeting:

- (a) Hong Kong Hotels Association;
- (b) two Sai Kung District Council members;
- (c) one Central and Western District Council member;
- (d) Australian Consulate-General;
- (e) New Zealand Consulate-General;
- (f) Topsy Trading Company Ltd.; and
- (g) the owner of a wine company called "Tiffany".

II Meeting with the Administration

Admin

4. The Administration undertook to take follow-up actions as follows:

- (a) to provide information on the duty-paid quantity, duty collected and changes in duty rate in respect of each type of liquor listed in Schedule 1 to the Dutiable Commodities Ordinance for the period from 1992 to 2001;
- (b) to provide information on the duty-paid quantity, duty collected in 2000, 2001 and 2002 in respect of beer to illustrate the possible implication of duty increase in 2001 on the consumption of beers of different price ranges;
- (c) to check if information on profit tax collected from catering, hospitality and entertainment sectors in recent years could illustrate the possible impact on revenue due to increases in liquor duty;
- (d) to provide information on retail prices on wine in the local market and comparable overseas markets; and
- (e) to provide a paper explaining the practices and legal bases for levying wine duty with particular reference to the mechanism for determining the relevant ex-factory price and prevailing market price.

III Any other business

5. Members agreed to hold the next meeting on **Thursday, 23 May 2002 from 2:00 pm to 4:00 pm.**
6. There being no other business, the meeting ended at 6:30 pm.

Legislative Council Secretariat
4 July 2002

**Proceedings of the meeting of the
Bills Committee on Revenue Bill 2002 and Revenue (No. 2) Bill 2002
on Thursday, 16 May 2002 at 4:30 pm
in Conference Room A of the Legislative Council Building**

Time	Speaker	Subject(s)	Action required
000000 - 000335	Chairman	Opening remarks	
000335 - 000923	Hong Kong Wine Industry Coalition (HKWIC)	Presentation of views	
000923 - 000928	Chairman	ditto	
000928 - 000935	HKWIC	ditto	
000935 - 000942	Chairman	ditto	
000942 - 001205	Lan Kwai Fong Holdings Limited (LKFH)	Presentation of views	
001205 - 001224	Chairman	ditto	
001224 - 001540	Lan Kwai Fong Association (LKFA)	Presentation of views	
001540 - 001549	Chairman	ditto	
001549 - 001747	Soho Association Limited (SA)	Presentation of views	
001747 - 001931	Chairman	Written submissions tabled at the meeting	
001931 - 001941	Administration	ditto	
001941 - 002000	Chairman	ditto	
002000 - 002613	Administration	Responses to submissions from deputations	
002613 - 002635	Chairman	ditto	
002635 - 002911	Administration	Briefing on the survey done by the Customs and Excise Department (CED) on 21 popular brands of wine (LC Paper No. CB(1) 1661/01-02(05))	
002911 - 002918	Chairman	ditto	
002918 - 002944	Mrs Selina CHOW	Concern about the impact of changes in duty rate on government revenue	
002944 - 003023	Chairman	ditto	
003023 - 003152	Administration	ditto	
003152 - 003200	Chairman	ditto	
003200 - 003304	Mrs Selina CHOW	ditto	

Time	Speaker	Subject(s)	Action required
003304 - 003334	Administration	ditto	
003334 - 003337	Chairman	ditto	
003337 - 003348	Administration	ditto	
003348 - 003548	Mr James TIEN	Concern about the practices and legal bases for duty assessment by CED	
003548 - 003558	Chairman	ditto	
003558 - 003920	Administration	ditto	
003920 - 004021	Mr James TIEN	Issues relating to invoice price and prevailing market price	
004021 - 004028	Chairman	ditto	
004028 - 004100	Mr James TIEN	ditto	
004100 - 004230	Administration	Explanation on Section 26A of the Dutiable Commodities Ordinance (Cap.109) - value of goods and assessment of ad valorem duty	
004230 - 004335	Mr James TIEN	ditto	
004335 - 004508	Administration	ditto	
004508 - 004558	Mr James TIEN	ditto	
004558 - 004654	Administration	ditto	
004654 - 004739	Chairman	Clarification on definition of "relevant time" under Section 26A of the Dutiable Commodities Ordinance (Cap.109)	
004739 - 004813	Administration	ditto	
004813 - 004846	Chairman	ditto	
004846 - 004902	Administration	ditto	
004902 - 004942	Chairman	ditto	
004942 - 004950	Administration	ditto	
004950 - 005033	Mr James TIEN	ditto	
005033 - 005127	Administration	ditto	
005127 - 005155	Chairman	Request for information on the practices and legal bases on duty assessment of wine by CED	Admin
005155 - 005209	Administration	ditto	
005209 - 005346	Mrs Selina CHOW	ditto	
005346 - 005541	Mr Tommy CHEUNG	Enquiry on methodology and sampling adopted in CED's wine survey	
005541 - 005640	Administration	ditto	
005640 - 005651	Chairman	ditto	

Time	Speaker	Subject(s)	Action required
005651 - 005701	Administration	ditto	
005701 - 010054	Mr Tommy CHEUNG	Concern about the impact of duty increase on consumption of beers of different price ranges	
010054 - 010101	Chairman	ditto	
010101 - 010128	Mr Tommy CHEUNG	ditto	
010128 - 010228	Administration	ditto	
010228 - 010232	Chairman	ditto	
010232 - 010241	Mr Tommy CHEUNG	ditto	
010241 - 010322	Chairman	ditto	
010322 - 010341	Administration	ditto	
010341 - 010412	Mr Tommy CHEUNG	ditto	
010412 - 010420	Administration	ditto	
010420 - 010441	Chairman	ditto	
010441 - 010551	Mr SIN Chung-kai	Request for information on the duty-paid quantity, duty collected and changes in duty rate in respect of each type of liquor listed in Schedule 1 to the Dutiable Commodities Ordinance for the period from 1992 to 2001	Admin
010551 - 010553	Chairman	ditto	
010553 - 010653	Mr SIN Chung-kai	ditto	
010653 - 010658	Administration	ditto	
010658 - 010921	LKFA	Concern about the impact of duty increase in wine on the profit margin of catering sector	
010921 - 010942	Chairman	ditto	
010942 - 011047	Administration	ditto	
011047 - 011152	SA	ditto	
011152 - 011203	Chairman	ditto	
011203 - 011236	Administration	ditto	
011236 - 011531	HKWIC	ditto	
011531 - 011533	Chairman	ditto	
011533 - 011735	LKFH	Concern about the impact of duty increase in wine on tourism industry	
011735 - 011738	Chairman	ditto	
011738 - 011801	Administration	ditto	
011801 - 011840	Mrs Selina CHOW	The impact of changes in duty rate on government revenue	

Time	Speaker	Subject(s)	Action required
011840 - 011957	Administration	ditto	
011957 - 012036	Mrs Selina CHOW	ditto	
012036 - 012124	Administration	ditto	
012124 - 012140	Chairman	ditto	
012140 - 012318	Mr Andrew WONG	Ad valorem duty system versus specific duty system	
012318 - 012416	Administration	ditto	
012416 - 012518	Chairman	Clarification on definition of "ex-factory price"	
012518 - 012541	Mr Andrew WONG	ditto	
012541 - 012552	Administration	ditto	
012552 - 012554	Chairman	ditto	
012554 - 012844	Mr Tommy CHEUNG	Concern on the ripple effect of duty increase in wine	
012844 - 012959	Administration	ditto	
012959 - 013157	Mr Tommy CHEUNG	ditto	
013157 - 013214	Administration	ditto	
013214 - 013559	Mrs Selina CHOW	ditto	
013559 - 013631	Chairman	ditto	
013631 - 013650	Mrs Selina CHOW	ditto	
013650 - 013733	Administration	ditto	
013733 - 013742	Mrs Selina CHOW	ditto	
013742 - 013846	Administration	ditto	
013846 - 014106	Mrs Selina CHOW	ditto	
014106 - 014110	Chairman	ditto	
014110 - 014142	Administration	ditto	
014142 - 014518	Mr Tommy CHEUNG	Request for information on the duty-paid quantity, duty collected in 2000, 2001 and 2002 in respect of beers of different price ranges	Admin
014518 - 014528	Chairman	ditto	
014528 - 014614	Mr Tommy CHEUNG	ditto	
014614 - 014626	Administration	ditto	
014626 - 014637	Chairman	ditto	
014637 - 014958	LKFH	Concern about the impact of duty increase in wine on the profit margin of catering sector	
014958 - 015057	Chairman	Request for information on profit tax collected from catering, hospitality and entertainment sectors in recent years to illustrate	Admin

Time	Speaker	Subject(s)	Action required
		the possible impact on revenue due to increases in liquor duty	
015057 - 015108	Administration	ditto	
015108 - 015120	Chairman	ditto	
015120 - 015123	Administration	ditto	
015123 - 015126	Chairman	ditto	
015126 - 015210	Administration	ditto	
015210 - 015226	Mrs Selina CHOW	Request for information on retail prices on wine in the local market and comparable overseas markets	Admin
015226 - 015306	Administration	ditto	
015306 - 015412	Mr Howard YOUNG	ditto	
015412 - 015525	Administration	ditto	
015525 - 015639	Mr Andrew WONG	ditto	
015639 - 015730	Chairman	ditto	
015730 - 015844	Administration	Follow-up actions	
015844 - 015853	Mrs Selina CHOW	ditto	
015853 - 015919	Mr Howard YOUNG	ditto	
015919 - 015946	Chairman	ditto	

Note : The audio records of the above proceedings are kept at the Legislative Council Library.

Legislative Council Secretariat
4 July 2002