

立法會
Legislative Council

LC Paper No. CB(1) 1754/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/7/02/2

Bills Committee on Revenue Bill 2003

**Minutes of second meeting
held on Friday, 16 May 2003, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon HUI Cheung-ching, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Miriam LAU Kin-ye, JP
Hon Emily LAU Wai-hing, JP
Hon MA Fung-kwok, JP

Public officers attending : Financial Services and the Treasury Bureau

Mr Martin GLASS
Deputy Secretary

Miss Erica NG
Principal Assistant Secretary

Mr Edward MAK
Assistant Secretary

Department of Justice

Ms Monica LAW
Senior Assistant Law Draftsman

Customs and Excise Department

Mr CHOW Kwong
Assistant Commissioner

Mr HO Pei-lok
Staff Officer

Transport Department

Ms Amy CHOW
Principal Executive Officer

**Attendance by
invitation**

: The Motor Traders Association of Hong Kong

Mr Michael LEE
Chairman

Motor Alliance

Mr Paul LAW
Convener

Hong Kong Right Hand Drive Motors Association

Mr Jackson LAU
Chairman

Hong Kong Vehicle Repair Merchants Association Ltd

Mr LEE Yiu-pui
Chairman

Hong Kong Motorcycle Commercial Chamber

Mr YAM Chi-kwan
Secretary

Hong Kong Motorcycle Association

Mr WONG Man-yin
Temporary Secretary/Convener

Hong Kong Small and Medium Enterprises Association

Mr SHI Kai-biu
Chairman

Individual

Mr DIK Kong-sang

Clerk in attendance : Miss Becky YU
Chief Assistant Secretary (1)1

Staff in attendance : Mr Stephen LAM
Assistant Legal Adviser 4

Mrs Mary TANG
Senior Assistant Secretary (1)2

Miss Mandy POON
Legislative Assistant 4

I Confirmation of minutes
(LC Paper No. CB(1) 1638/02-03 -- Minutes of the meeting held on
24 April 2003)

The minutes of meeting held on 24 April 2003 were confirmed.

II Meeting with deputations and the Administration

Meeting with deputations

- (a) *The Motor Traders Association of Hong Kong*
(LC Paper No. CB(1) 1667/02-03(01) -- Submission from the
Association)
- (b) *Motor Alliance*
- (c) *Hong Kong Right Hand Drive Motors Association Ltd*
(LC Paper No. CB(1) 1667/02-03(02) -- Submission from the
Association)
- (d) *Hong Kong Vehicle Repair Merchants Association Ltd*
(LC Paper No. CB(1) 1667/02-03(03) -- Submission from the
Association)

- (e) *Hong Kong Motorcycle Commercial Chamber*
(LC Paper No. CB(1) 1667/02-03(04) -- Submission from the Commercial Chamber)
- (f) *Hong Kong Motorcycle Association*
- (g) *Motorcycle Alliance*
(LC Paper No. CB(1) 1667/02-03(05) -- Joint submission from the Hong Kong Motorcycle Association and Motorcycle Alliance)
- (h) *Mr DIK Kong-sang*
- (i) *Hong Kong Small and Medium Enterprises Association*

Meeting with the Administration

- (LC Paper No. CB(1) 166702-03(09) -- List of follow-up actions arising from the discussion on 24 April 2003
- LC Paper No. CB(1) 1667/02-03(10) -- Administration's response to CB(1) 1667/02-03(09)
- LC Paper No. LS 110/02-03 -- Note from Assistant Legal Adviser 4)

2. The Committee deliberated (Index of proceedings attached at **Annex A**).
3. The Administration was requested to -
 - (a) re-consider the practicability of requiring a person who fitted an taxable accessory to a motor vehicle within six months after the first registration of the vehicle to make and deliver to the Commissioner for Transport a declaration setting out details, including the value, of the accessory. Such a requirement was not only hard to enforce but also created an undue burden on the person concerned;
 - (b) advise how double taxation could be avoided if reinstallation of the three vehicle accessories, namely air-conditioners, audio equipment and anti-theft devices, was required due to breakdown or the need to ensure compatibility as in the case of anti-theft device within the prescribed six-month period;
 - (c) provide details of revenue generated from first registration tax (FRT) of motor vehicles, including both private cars and motorcycles, for the periods before and after the Budget 2003-04 announcement as opposed to the same period last year. To also advise the models of these vehicles; and

- (d) compare, in terms of tax income, the existing FRT regime, the proposal in the Bill (i.e. a marginal tax system with marginal rates of 35%, 75%, 105% and 150%) and the one put forward by the trade (i.e. with marginal rates of 35%, 55%, 75% and 95%).

4. Members agreed that the third and fourth meetings of the Bills Committee would be held as follows -

- (a) Tuesday, 20 May 2003, at 10:45 am; and
- (b) Friday, 23 May 2003, at 8:30 am.

5. There being no other business, the meeting ended at 12:50 pm.

Council Business Division 1
Legislative Council Secretariat
23 May 2003

**Proceedings of the meeting of the
Bills Committee on Revenue Bill 2003
Meeting on Friday, 16 May 2003, at 10:45 am
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000258	Chairman	Confirmation of minutes of meeting held on 24 April 2003 (LC Paper No. CB(1) 1638/02-03)	
000259 – 000452	Chairman Mr SIN Chung-kai	Amendments put forward by Members of the Democratic Party (DP) to lower the proposed marginal tax rates for the four tax bandwidths for private cars to 35%, 55%, 75% and 95% and tax rates for motorcycles to 35%	
000453 – 000904	Mr Michael LEE The Motor Traders Association of Hong Kong (MTA)	Expression of views as set out in LC Paper No. CB(1) 1667/02-03(01)	
000905 – 001145	Mr Paul LAW Motor Alliance (MA)	Expression of views	
001146 – 001649	Mr Jackson LAU Hong Kong Right Hand Drive Motors Association (HKRHDMA)	Expression of views as set out in LC Paper No. CB(1) 1667/02-03(02)	
001650 – 002211	Mr LEE Yiu-pui Hong Kong Vehicle Repair Merchants Association Ltd (HKVRMA)	Expression of views as set out in LC Paper No. CB(1) 1667/02-03(03)	
002212 – 002756	Mr DIK Kong-sang	Expression of views	

Time marker	Speaker	Subject(s)	Action required
002757 – 003254	Mr YAM Chi-kwan Hong Kong Motorcycle Commercial Chamber (HKMCC)	Expression of views as set out in LC Paper No. CB(1) 1667/02-03(04)	
003255 – 003618	Mr WONG Man-yin Hong Kong Motorcycle Association (HKMA)	Expression of views as set out in LC Paper No. CB(1) 1667/02-03(05)	
003619 - 003736	Mr SHI Kai-biu Hong Kong Small and Medium Enterprises Association (HKSMEA)	Expression of views	
003737 – 003822	Chairman Administration	Submissions from organization not attending the meeting	
003823 - 004900	Chairman Ms Emily LAU Mr Michael LEE/MTA Mr Jackson LAU/ HKRHDMA Mr SHI Kai-biu/ HKSMEA	Statistics on first registrations of private cars and motorcycles before and after Budget as set out at LC Paper No. CB(1) 1667/02-03(10); and levels of first registration tax (FRT) increase and their impact on revenue	
004901 - 005305	Chairman Mrs Selina CHOW Mr Michael LEE/MTA Mr Jackson LAU/ HKRHDMA	Acceptability of DP'S proposed reduction of marginal rates	
005306 - 005729	Chairman Mrs Selina CHOW Mr YAM Chi-kwan/ HKMCC	Proposed tax rates for FRT for motorcycles	
005730 –010510	Chairman Ms Cyd HO Mr DIK Kong-sang Mr Jackson LAU/ HKRHDMA Mr Paul LAW/MA	Disparity in retail prices of cars in Hong Kong and the Mainland after the proposed FRT increases	

Time marker	Speaker	Subject(s)	Action required
010511 - 010905	Chairman Ms Miriam LAU	Difficulty in complying with the requirement to declare taxable warranties and accessories within six months after first registration; exemption from new FRT rates for vehicles of which deposits had been paid before the Budget Day; impact of FRT proposals on motor vehicle trade; profit margin of car dealers and their ability to absorb FRT increases	
010906 - 011630	Chairman Mr Paul LAW/MA	Parallel imports of cars and their share of the market	
011631 - 012041	Mr Jackson LAU/ HKRHDMA Administration Chairman Ms Miriam LAU	Problem of double taxation if taxable accessories need to be replaced within six months after first registration; difficulty in complying with the proposed tax avoidance measures; request for exemption from new FRT for vehicles imported two months after Budget day; and the car sales market	The Administration to re-consider the practicability of requiring a person who fitted an taxable accessory to a motor vehicle within six months after the first registration of the vehicle to make and deliver to the Commissioner for Transport a declaration setting out details, including the value, of the accessory. Such a requirement was not only hard to enforce but also created an undue burden on the person concerned
012042 – 012237	Chairman Mr Paul LAW/MA Mr Michael LEE/MTA	Accessories to be taxed in accordance with the Published Retail Price of vehicles	

Time marker	Speaker	Subject(s)	Action required
012238 – 012359	Chairman Administration	Extension of requirement for payment of additional tax for accessories and warranties from three to six months	
012360 - 012856	Chairman Ms Miriam LAU Administration Mr WONG Man-yin/ HKMA	Problem of double taxation on accessories reinstalled within six months after first registration	The Administration to advise how double taxation could be avoided if reinstallation of the three vehicle accessories, namely air-conditioners, audio equipment and anti-theft devices, was required due to breakdown or the need to ensure compatibility as in the case of anti-theft device within the prescribed six-month period
012857 - 014541	Chairman Mr MA Fung-kwok Mr SHI Kai-biu/ HKSMEA Mr Paul LAW/MA Mr Michael LEE/MTA Mr YAM Chi-kwan/ HKMCC Mr DIK Kong-sang Mr Jackson LAU/ HKRHDMA Administration	Differential tax on the same accessories for different vehicles; the car sales market and the impact of FRT proposals on revenue	The Administration to provide details of revenue generated from FRT of motor vehicles, including both private cars and motorcycles, for the periods before and after the Budget 2003-04 announcement as opposed to the same period last year. To also advise the models of these vehicles
014542 - 014827	Chairman Mr HUI Cheung-ching Ms Emily LAU Mr Michael LEE/MTA	Impact of FRT proposals on the sales market and the sale of cars in stock	
014828 - 015614	Chairman Ms Miriam LAU Mr LEE Yiu-pui/ HKVRMA Mr Paul LAW/MA Mr SHI Kai-biu/ HKSMEA	Benefit to the vehicle repair industry should car owners hold on to their existing vehicles for a longer period after FRT increases and the consequential pollution problem	

Time marker	Speaker	Subject(s)	Action required
015615 - 020039	Chairman Ms Miriam LAU Administration Ms Emily LAU	Members' stance on the FRT proposals	
020040 - 020943	Chairman ALA4 Administration Ms Emily LAU Ms Cyd HO Mr CHAN Kam-lam	Charging effect of moving Committee Stage amendments to lower the proposed marginal rates and schedule of meetings	The Administration to compare, in terms of tax income, the existing FRT regime, the proposal in the Bill (i.e. a marginal tax system with marginal rates of 35%, 75%, 105% and 150%) and the one put forward by the trade (i.e. with marginal rates of 35%, 55%, 75% and 95%)

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23 May 2003