

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 1921/02-03  
(These minutes have been seen  
by the Administration)

Ref: CB1/BC/7/02/2

**Bills Committee on Revenue Bill 2003**

**Minutes of fourth meeting  
held on Friday, 23 May 2003, at 8:00 am  
in Conference Room B of the Legislative Council Building**

**Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)  
Dr Hon David CHU Yu-lin, JP  
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

**Member absent** : Hon Cyd HO Sau-lan

**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

**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

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**I Meeting with the Administration**

- (LC Paper No. CB(1) 1749/02-03(01) -- List of follow-up actions arising from the discussion on 20 May 2003
- LC Paper No. CB(1) 1749/02-03(02) -- Administration's response to CB(1) 1749/02-03(01)
- LC Paper No. CB(1) 1749/02-03(03) -- President's past ruling regarding charging effect
- LC Paper No. CB(1) 1749/02-03(04) -- Latest draft Committee Stage amendments prepared by the Assistant Legal Adviser 4
- LC Paper No. CB(1) 1749/02-03(05) -- Further submission from the Motor Traders Association of Hong Kong )

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

2. The Administration was requested to -

- (a) advise the basis and assumptions which the Administration had adopted in determining that the first registration tax (FRT) payable under the counter-proposal was lower than the original tax system;

- (b) confirm whether the revised marginal tax rates proposed by the Administration would result in reduction of FRT payable for any model of cars;
- (c) advise the estimated amount of tax payable if FRT rates maintained at the levels before 5 March 2003;
- (d) explain why a registered distributor who authorized his employees or agents to make a declaration under section 4D(3) was held liable for failure to deliver such a declaration under new section 4I(1)(ea) while the same offence was not applicable to the employees and agents concerned; and
- (e) re-consider the propriety of imposing imprisonment sentence on persons who failed to keep a record under new section 4I(1A) with reference to similar offences under other legislation.

3. On the marginal tax rates, Ms Miriam LAU, Mrs Selina CHOW, Mr MA Fung-kiok, Mr SIN Chung-kai (representing the Democratic Party), and Mr HUI Cheung-ching (representing the Hong Kong Progressive Alliance) indicated that they would support the trade's proposal of reducing the marginal rates for private cars for the four tax bands to 35%, 55%, 75% and 95% (the trade's counter-proposal). Mr Andrew WONG said that he would also support the trade's counter-proposal, and that he might consider moving Committee Stage amendment (CSAs) to postpone the commencement date for the FRT increases to the date of enactment of the Revenue Ordinance 2003. Mr CHAN Kam-lam remarked that Members of the Democratic Alliance for Betterment of Hong Kong would support Government's revised proposal of setting the marginal tax rates for private cars for the four tax bands to 35%, 70%, 85% and 105%. Ms Emily LAU said that that she would not support any forms of tax increase amid the economic slump and would be moving CSAs accordingly.

4. As the majority of members supported the trade's counter-proposal, it was agreed that the Bills Committee would move CSAs to the Schedule to the Bill as follows -

- (a) revise the marginal rates for the four tax bands under item 1 for private cars to 35%, 55%, 75% and 95%;
- (b) revise the rates under item 6 for motorcycles to 35%; and
- (c) revise the marginal rates for the three tax bands under item 8(b) for van-type light goods vehicle not exceeding 1.9 tonnes permitted gross vehicle weight to 35%, 55% and 75%.

5. The Bills Committee had also considered the option of granting exemption to cars for which orders have been placed and deposits paid before the Public Revenue Protection (Revenue) Order 2003 took effect. After consultation with the trade,

members agreed that the exemption would not be further pursued since most of the transactions had already been completed, and any change at this stage might cause undue inconvenience to the trade and further complicate the matter.

6. Members agreed that the need for the fifth meeting tentatively scheduled for Friday, 30 May 2003, at 10:45am would be decided after receipt of the Administration's response and the relevant CSAs.

7. There being no other business, the meeting ended at 10:15 am.

Council Business Division 1  
Legislative Council Secretariat  
10 June 2003

**Proceedings of the meeting of the  
Bills Committee on Revenue Bill 2003  
Meeting on Friday, 23 May 2003, at 8:00 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>
000000 - 000509	Chairman Ms Miriam LAU	Welcoming remarks and the Administration's response to the concerns raised at the meeting on 20 May 2003; Bills Committee's decision not to pursue with the proposed exemption from new first registration tax (FRT) rates for vehicles of which deposits had been paid before the Budget Day after consultation with the trade	
000510 - 001356	Ms Miriam LAU Administration Chairman	Effect of the trade's counter-proposal on revenue	The Administration to advise the basis and assumptions which the Administration had adopted in determining that the FRT payable under the counter-proposal was lower than the original tax system
001357 - 001400	Mr CHAN Kam-lam	Democratic Alliance for Betterment of Hong Kong's acceptance of Government's revised proposal to reduce the marginal tax rates for the four tax bands to 35%, 70%, 85% and 105% respectively	
001401 - 002038	Mr Andrew WONG Chairman Administration Mrs Selina CHOW	Charging effect of trade's counter-proposal	The Administration to confirm whether the revised marginal tax rates proposed by the Administration would result in reduction of FRT payable for any model of cars

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
002039 - 002520	Mr MA Fung-kwok Administration Ms Miriam LAU	Difference between Administration's revised proposal and trade's counter-proposal in terms of revenue gain	
002521 - 003238	Ms Miriam LAU Chairman Mrs Selina CHOW Mr SIN Chung-kai Mr HUI Cheung-ching	Members' stance on the marginal tax rates	
003239 - 004000	Ms Emily LAU Administration Chairman Mrs Selina CHOW Mr MA Fung- kwok Mr Andrew WONG	Impact of Severe Acute Respiratory Syndrome (SARS) on the economy, in particular on the motor trade; comparison between the effective rates of Government's revised proposal and trade's counter-proposal; and need to strike a balance between interest of trades and fiscal deficits	The Administration to advise the estimated amount of tax payable if FRT rates maintained at the levels before 5 March 2003
004001 - 004010	Mr Andrew WONG Administration Chairman	Charging effect of the trade's counter-proposal	
004011 - 004841	Mr CHAN Kam-lam	Support for Government's revised proposal which was a compromise between the original proposal and the trade's counter-proposal	
004842 - 005246	Mrs Selina CHOW Chairman	Letter from the Motor Trade Association of Hong Kong (MTA) expressing keen support for the trade's counter-proposal; and the slump in car sales as a result of poor economy and SARS outbreak	
005247 - 005543	Mr MA Fung-kwok Chairman Administration	The loss in revenue resulting from reduction in profit tax due to lowered profit margin on the part of the motor trade	

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005544 - 005622	Mrs Selina CHOW	MTA's concern about FRT increases beyond 105%	
005623 - 005834	Chairman Mr Andrew WONG Mr MA Fung-kwok Ms Emily LAU	The Bills Committee's decision to move CSAs to reduce marginal tax rates for private cars to 35%, 55%, 75% and 95% in line with trade's counter-proposal	
005835 - 010254	Mr Andrew WONG Chairman Mrs Selina CHOW Administration ALA4	The Bills Committee's decision to move CSAs to reduce marginal tax rates for van-type light goods vehicles to 35%, 55%, and 75% in line with trade's counter-proposal	
010255 - 011055	Chairman Administration Ms Emily LAU	Liability of reinstalled vehicle accessories to FRT; and need for trade to be consulted on CSAs	
011056 - 011636	Chairman CAS(1)1 Administration Mrs Selina CHOW Ms Emily LAU	Legislative time table and date of next meeting	
011637 - 012012	Mr Andrew WONG Chairman Mrs Selina CHOW	Exemption from new FRT rates for vehicles of which deposits had been paid before the commencement of the Revenue Ordinance 2003	
012013 - 015506	Chairman Administration Mrs Selina CHOW Ms Emily LAU ALA4	Clause-by-clause examination of the English version of the Bill	The Administration to explain why a registered distributor who authorized his employees or agents to make a declaration under section 4D(3) was held liable for failure to deliver such a declaration under new section 4I(1)(ea) while the same offence was not applicable to the

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			employees and agents concerned and to re-consider the propriety of imposing imprisonment sentence on persons who failed to keep a record under new section 4I(1A) with reference to similar offences under other legislation
015507 - 020341	Chairman Ms Emily LAU Administration Mrs Selina CHOW Mr Andrew WONG	Schedule - CSAs to be moved by the Bills Committee to reduce FRT rates for motorcycles to 35%	
020342 - 020750	Chairman	Clause-by-clause examination of the Chinese version of the Bill	
020751 - 020902	Chairman Administration Mrs Selina CHOW Ms Emily LAU	Legislative timetable	