

立法會
Legislative Council

LC Paper No. LS88/02-03

**Paper for the House Committee Meeting
on 11 April 2003**

**Legal Service Division Report on
Revenue Bill 2003**

I. SUMMARY

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| 1. Object of the Bill | To—
(a) cancel the exemption from motor vehicles first registration tax now given in respect of certain accessories and warranties (the fitting of any accessory to, or the obtaining of any taxable warranty for, a motor vehicle within six months after its first registration will also be subject to first registration tax);
(b) increase the bandwidths and introduce a marginal tax system for certain motor vehicles;
(c) make adjustment to tax rates for different classes of motor vehicles; and
(d) make other miscellaneous amendments. |
| 2. Comments | To implement the revenue proposal in the 2003-04 Budget relating to motor vehicles first registration tax. |
| 3. Public Consultation | Public consultation conducted by the Administration after the Budget announcement shows that there are views for and against the proposals. |
| 4. Consultation with LegCo Panel | The Bill has not been referred to any Panel for discussion. |
| 5. Conclusion | There have been various concerns raised by the public and the motor vehicle trade on the proposals in the Bill. Members may wish to form a Bills Committee to consider the proposals in detail. |

II. REPORT

Object of the Bill

To amend the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) ("the Ordinance ") to—

- (a) cancel the exemption from motor vehicles first registration tax now given in respect of certain accessories and warranties (the fitting of any accessory to, or the obtaining of any taxable warranty for, a motor vehicle within six months after its first registration will also be subject to first registration tax);
- (b) increase the bandwidths and introduce a marginal tax system for certain motor vehicles;
- (c) make adjustment to tax rates for different classes of motor vehicles; and
- (d) make other miscellaneous amendments.

LegCo Brief Reference

2. FIN CR 7/2201/02 issued by the Financial Services and the Treasury Bureau in March 2003.

Date of First Reading

3. 9 April 2003.

Comments

4. The Bill implements the revenue proposal in the 2003-04 Budget relating to motor vehicles first registration tax.

5. The Bill proposes that the exemption for three vehicle accessories, namely air-conditioners, audio equipment and anti-theft devices, and warranties provided by vehicle distributors, be abolished.

6. Apart from abolition of exemption, the Bill proposes to widen the tax bandwidths for private cars and van-type light goods vehicles not exceeding 1.9 tonnes. At the same time, the Bill also proposes to adjust rates of first registration tax applicable to different classes of motor vehicles, and introduce a marginal tax system for private cars and van-type light goods vehicles not exceeding 1.9 tonnes. Members may refer to the table in Annex B to the LegCo Brief for a comparison of the current and proposed tax bandwidths and rates.

7. The Bill further proposes to include a requirement for the registered vehicle owner and registered distributor of a motor vehicle to declare to the Transport Department the value of any accessory fitted or taxable warranty obtained or provided within six months (instead of three months as previously prescribed) after its first registration. It is an offence punishable with a fine of \$500,000 and imprisonment for 12 months if the registered distributor or the registered owner fails to make the declaration. The registered distributor, the associated person (defined under section 2(1) of the Ordinance) and the registered owner are required to keep records of the distribution, sale and purchase of a vehicle and any fitted accessories and taxable warranties obtained or provided within the first six months of first registration for 30 months from the date of first registration for inspection when required. Contravention of the record-keeping requirement is an offence punishable with a fine of \$10,000 and imprisonment for six months.

Public Consultation

8. Details of the public consultation conducted by the Administration are set out in paragraphs 21 to 23 of the LegCo Brief. There are views for and against the proposals.

Consultation with LegCo Panel

9. The Bill has not been referred to any Panel for discussion.

Conclusion

10. The Legal Service Division is still scrutinizing the legal and drafting aspects of the Bill. There have been various concerns raised by the public and the motor vehicle trade on the proposals in the Bill. Members may wish to form a Bills Committee to consider the proposals in detail.

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9 April 2003