

LEGISLATIVE COUNCIL BRIEF

DUTIABLE COMMODITIES ORDINANCE (CAP. 109) INLAND REVENUE ORDINANCE (CAP. 112) BUSINESS REGISTRATION ORDINANCE (CAP. 310)

DUTIABLE COMMODITIES (FEE REVISION) REGULATION 2006 INLAND REVENUE ORDINANCE (AMENDMENT OF SCHEDULES 5 AND 11 – FEE REVISION) ORDER 2006 BUSINESS REGISTRATION (FEE REDUCTION) REGULATION 2006

INTRODUCTION

Section 29A of the Interpretation and General Clauses Ordinance (Cap.1) empowers the Financial Secretary (which means also the Secretary for the Financial Services and the Treasury (SFST) by virtue of section 3 of Cap.1) to vary fees which have previously been fixed by subsidiary legislation made by the Chief Executive in Council.

2. Also, section 69(1A) and 88B(3) of the Inland Revenue Ordinance (Cap. 112) ('IRO') empower SFST to amend by order the amount specified in Part II of Schedule 5 and Schedule 11 of IRO.

3. In exercise of these powers, SFST has made the Dutiable Commodities (Fee Revision) Regulation 2006, Inland Revenue Ordinance (Amendment of Schedules 5 and 11-Fee Revision) Order 2006 and Business Registration (Fee Reduction) Regulation 2006 to revise certain fees specified in the Dutiable Commodities Ordinance (Cap. 109) ('DCO'), IRO and Business Registration Ordinance (Cap. 310) ('BRO') respectively.

BACKGROUND AND ARGUMENT

4. In line with the "user pays" principle, it is Government's policy that fees should in general be set at levels sufficient to recover the full cost of providing the services. However, the Government has frozen most fees and charges since 1998 as an exceptional measure to alleviate the financial burden on the public in times of economic difficulty. In both the 2000-01 and 2004-05 Budget Speeches, the Financial Secretary indicated the need to resume the revision of government fees and charges.

Fees to be revised

5. Against this background, it is proposed that regulations/order are made to revise the following fee items under the purview of the Treasury Branch of the Financial Services and the Treasury Bureau, which relate to:-

- a. the issue of licences of traders of dutiable commodities and various certificates, storage for dutiable commodities and supervision of bonded warehouse under the DCO;
- b. applications requiring the Board of Review to state a case under IRO;
- c. the issue of notice of no-objection in respect of an application to deregister a private company under the Companies Ordinance (Cap. 32) in accordance with IRO; and
- d. the issue of certified copies of Business Registration Certificate (BRC) and branch registration certificate, certified and uncertified extracts of information on the Business Register, duplicate BRC and duplicate branch registration certificate under the BRO.

6. Most of the fees covered were last revised in August 2000. For those which are not at full cost-recovery level, their cost-recovery levels range from 3% to 94% at 2005-06 prices. The fee revision would increase the fees by amounts within a range of 7% to 20% with a view to achieving full-cost recovery within a period ranging from one to seven years.

7. The opportunity is also taken to reduce four fees for certain services provided by the Inland Revenue Department to the full cost level in one go.

THE REGULATIONS/ORDER

8. The Regulations/Order are at **Annex A to C**. They seek to revise various fees as set out at **Annex D**.

LEGISLATIVE TIMETABLE

9. The legislative timetable is as follows –

Publication of the Regulations/Order in the Gazette
Tabling of the Regulations/Order at the LegCo

6 January 2006
11 January 2006

We propose that the new fees should come into effect in accordance with the following schedule, which has taken into account the lead time required by departments concerned for the necessary preparation work:

| Fees items (number as shown in <i>Annex D</i>) | Commencement dates |
|--|--------------------|
| 24,25 | 6 March 2006 |
| 26-28 | 3 April 2006 |
| 1-23 | 3 May 2006 |

EFFICIENCY INITIATIVES

10. We have been taking measures to reduce or contain costs through implementing efficiency initiatives, reprioritizing service provision and streamlining procedures. For instance, substantial savings have been achieved for certain services including the issue of duplicate business registration certificates or duplicate branch registration certificates due to efforts to streamline work procedures and enhance the use of information technology. Over the years, these efforts have resulted in substantial lowering of the cost of providing such services and have created room for reduction of the related fees.

FINANCIAL IMPLICATIONS

11. If the proposed fees and charges adjustments are implemented, there will be a net decrease of revenue of about \$5.5 million in the first year.

PUBLIC CONSULTATION

12. We consulted the LegCo Panel on Financial Affairs on 6 June 2005 regarding the revision of fees and charges as outlined in paragraph 5. Members of the Panel did not raise objection to the proposal.

PUBLICITY

13. A Legislative Council Brief and a press release will be issued. A spokesman will be available to handle media enquiries.

ENQUIRIES

14. For enquiries, please contact Mr Tony Chan, Assistant Secretary for the Financial Services and the Treasury (Revenue) 1 of the Financial Services and the Treasury Bureau at 2810 2400.

Financial Services and the Treasury Bureau (Treasury Branch)
January 2006

**DUTIABLE COMMODITIES (FEE REVISION)
REGULATION 2006**

(Made by the Secretary for Financial Services and the Treasury
under section 29A of the Interpretation and General Clauses
Ordinance (Cap. 1) by virtue of section 6 of the
Dutiable Commodities Ordinance (Cap. 109))

1. Commencement

This Regulation shall come into operation on 3 May 2006.

2. Licences and fees

- (1) Part I of the Schedule to the Dutiable Commodities Regulations (Cap. 109 sub. leg. A) is amended –
- (a) in item 1, by repealing “17,500” and substituting “19,250”;
 - (b) in item 2(a), by repealing “17,500” and substituting “19,250”;
 - (c) in item 2(b), by repealing “17,500” and substituting “19,250”.
- (2) Part II is amended –
- (a) in item 1, by repealing “16,300” and substituting “17,950”;
 - (b) in item 2, by repealing “16,300” and substituting “17,950”;
 - (c) in item 4, by repealing “16,300” and substituting “17,950”.
- (3) Part III is amended in item 2, by repealing “16,300” and substituting “17,950”.
- (4) Part VII is amended –
- (a) in item 1, by repealing “300” and substituting “360”;
 - (b) in item 2, by repealing “300” and substituting “360”;
 - (c) in item 4, by repealing “130” and substituting “150”;
 - (d) in item 5, by repealing “1.20” and substituting “1.40”;
 - (e) in item 6, by repealing everything after “another –” and substituting –

| | “Per hour or part of an hour \$ | Per 8-hour day \$ | Per month \$ |
|---------------------------------|--|-------------------------|-----------------|
| Inspector | 430 | 3,220 | 78,200 |
| Chief Customs Officer | 325 | 2,440 | 60,200 |
| Senior Customs Officer | 260 | 1,940 | 47,100 |
| Customs Officer | 170 | 1,270 | 30,700”. |



Secretary for Financial Services and
the Treasury

3 January 2006

Explanatory Note

This Regulation amends the Schedule to the Dutiable Commodities Regulations (Cap. 109 sub. leg. A) (“the Regulations”) to increase certain licence fees and other miscellaneous fees payable under the Regulations.

2. The fees that are increased are fees payable for –
- (a) warehouse licences;
 - (b) liquor licences;
 - (c) a manufacturer’s licence for tobacco;
 - (d) the transfer, substitution or amendment of a licence;
 - (e) landing certificates, certificates of shortages or breakages of cargo and certificates of accuracy;
 - (f) storage of goods in a Customs and Excise warehouse;

- (g) attendance of a member of the Customs and Excise Service at a warehouse or any other place or for certain purposes.

**INLAND REVENUE ORDINANCE (AMENDMENT OF
SCHEDULES 5 AND 11 – FEE REVISION) ORDER 2006**

(Made by the Secretary for Financial Services and the
Treasury under sections 69(1A) and 88B(3) of
the Inland Revenue Ordinance
(Cap. 112))

1. Commencement

This Order shall come into operation on 6 March 2006.

2. Schedule 5 amended

Schedule 5 to the Inland Revenue Ordinance (Cap. 112) is amended, in item 1 of Part II, by repealing "\$640" and substituting "\$770".

**3. Fee payable on request for notice under
section 88B**

Schedule 11 is amended by repealing "\$350" and substituting "\$270".



Secretary for Financial Services and
the Treasury

3 January 2006

Explanatory Note

This Order amends Schedules 5 and 11 to the Inland Revenue Ordinance (Cap. 112) to –

- (a) increase the fee payable for an application requiring the Board of Review to state a case (section 2);

- (b) reduce the fee payable in respect of a request for a notice of no objection for the deregistration of a private company under the Companies Ordinance (Cap. 32) (section 3).

**BUSINESS REGISTRATION (FEE REDUCTION)
REGULATION 2006**

(Made by the Secretary for Financial Services and the Treasury
under section 29A of the Interpretation and General Clauses
Ordinance (Cap. 1) by virtue of section 14 of the
Business Registration Ordinance (Cap. 310))

1. Commencement

This Regulation shall come into operation on 3 April 2006.

2. Fees

The Business Registration Regulations (Cap. 310 sub. leg. A) is amended –

- (a) in regulation 7(1), by repealing "\$45" and substituting "\$27";
- (b) in regulation 7(2), by repealing "\$36" and substituting "\$20";
- (c) in regulation 7(3), by repealing "\$45" and substituting "\$27".



Secretary for Financial Services and
the Treasury

3 January 2006

Explanatory Note

This Regulation amends the Business Registration Regulations (Cap. 310 sub. leg. A) to reduce the fees payable for –

- (a) the issue of a certified copy of a valid business registration certificate or a valid branch registration certificate or an extract of any information on the register of businesses (section 2(a));
- (b) the issue of a duplicate business registration certificate or a duplicate branch registration certificate (section 2(b));
- (c) the issue of an extract of any information on the register of businesses in uncertified form (section 2(c)).

| <i>Item</i> | <i>Description of Fee</i> | <i>Last revision</i> | <i>Existing Rate (\$)</i> | <i>Updated Cost Recovery Level at 2005-06 Price Level</i> | <i>Proposed fee level for the first year (\$)</i> | <i>Proposed amount of increase/ decrease (\$)</i> | <i>Proposed percentage increase/ decrease</i> |
|--|--|----------------------|---------------------------|---|---|---|---|
| Part I of the Schedule to the Dutiable Commodities Regulations (Cap. 109 sub. Leg. A) | | | | | | | |
| 1 | General bonded warehouse or public warehouse licence | Aug 2000 | \$17,500 | 80% | \$19,250 | \$1,750 | 10% |
| 2 | Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (with manufacturer's licence) | Aug 2000 | \$17,500 | 80% | \$19,250 | \$1,750 | 10% |
| 3 | Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (without manufacturer's licence) | Aug 2000 | \$17,500 | 80% | \$19,250 | \$1,750 | 10% |
| 4 | Liquors - manufacturer's licence | Aug 2000 | \$16,300 | 71% | \$17,950 | \$1,650 | 10% |
| 5 | Liquors - distillery licence | Aug 2000 | \$16,300 | 71% | \$17,950 | \$1,650 | 10% |
| 6 | Liquors - brewery licence | Aug 2000 | \$16,300 | 71% | \$17,950 | \$1,650 | 10% |
| 7 | Tobacco - manufacturer's licence | Aug 2000 | \$16,300 | 71% | \$17,950 | \$1,650 | 10% |
| 8 | For every transfer of or substitution or amendment in any licence, not otherwise specified, except a transfer from one person to another (per case) | Aug 2000 | \$300 | 32% | \$360 | \$60 | 20% |
| 9 | For every transfer of any licence from one person to another, not otherwise specified (per case) | Aug 2000 | \$300 | 32% | \$360 | \$60 | 20% |
| 10 | For every landing certificate, certificate of shortages or breakages of cargo found damaged or short in bond, endorsement, certificate of accuracy or copy of extract from official record, any other certificates on which statistics has been given, etc | Aug 2000 | \$130 | 68% | \$150 | \$20 | 15% |
| 11 | Fee for storage of dutiable commodities by Customs & Excise Department with the permission of the Commissioner (per package per day or part of a day, after the first 48 hours) | Aug 2000 | \$1.2 | 63% | \$1.4 | \$0.2 | 15% |
| 12 | Bonded Warehouse Supervision Charges - attendance of an Inspector (per hour or part of an hour) | Aug 2000 | \$390 | 84% | \$430 | \$40 | 10% |

| <i>Item</i> | <i>Description of Fee</i> | <i>Last revision</i> | <i>Existing Rate (\$)</i> | <i>Updated Cost Recovery Level at 2005-06 Price Level</i> | <i>Proposed fee level for the first year (\$)</i> | <i>Proposed amount of increase/ decrease (\$)</i> | <i>Proposed percentage increase/ decrease</i> |
|--|---|------------------------|---------------------------|---|---|---|---|
| 13 | Bonded Warehouse Supervision Charges - attendance of an Inspector (per 8-hour day) | Aug 2000 | \$2,930 | 84% | \$3,220 | \$290 | 10% |
| 14 | Bonded Warehouse Supervision Charges - attendance of an Inspector (per month) | Aug 2000 | \$71,100 | 83% | \$78,200 | \$7,100 | 10% |
| 15 | Bonded Warehouse Supervision Charges - attendance of a Chief Customs Officer (per hour or part of an hour) | Aug 2000 | \$305 | 94% | \$325 | \$20 | 7% |
| 16 | Bonded Warehouse Supervision Charges - attendance of a Chief Customs Officer (per 8-hour day) | Aug 2000 | \$2,265 | 93% | \$2,440 | \$175 | 8% |
| 17 | Bonded Warehouse Supervision Charges - attendance of a Chief Customs Officer (per month) | Aug 2000 | \$54,900 | 91% | \$60,200 | \$5,300 | 10% |
| 18 | Bonded Warehouse Supervision Charges - attendance of a Senior Customs Officer (per hour or part of an hour) | Aug 2000 | \$235 | 85% | \$260 | \$25 | 10% |
| 19 | Bonded Warehouse Supervision Charges - attendance of a Senior Customs Officer (per 8-hour day) | Aug 2000 | \$1,760 | 84% | \$1,940 | \$180 | 10% |
| 20 | Bonded Warehouse Supervision Charges - attendance of a Senior Customs Officer (per month) | Aug 2000 | \$42,800 | 83% | \$47,100 | \$4,300 | 10% |
| 21 | Bonded Warehouse Supervision Charges - attendance of a Customs Officer (per hour or part of an hour) | Aug 2000 | \$155 | 81% | \$170 | \$15 | 10% |
| 22 | Bonded Warehouse Supervision Charges -attendance of a Customs Officer (per 8-hour day) | Aug 2000 | \$1,155 | 80% | \$1,270 | \$115 | 10% |
| 23 | Bonded Warehouse Supervision Charges - attendance of a Customs Officer (per month) | Aug 2000 | \$27,900 | 79% | \$30,700 | \$2,800 | 10% |
| Section 69(1) and 88B(2) of Inland Revenue Ordinance (Cap. 112) | | | | | | | |
| 24 | Application fee for requiring the Board of Review to state a case on a question of law for the opinion of the High Court | Jul 1993 | \$640 | 3% | \$770 | \$130 | 20% |
| 25 | Issue of notice of no objection in respect of an application to deregister a private company under s.291AA of Companies Ordinance | Introduced in Nov 1999 | \$350 | 129% | \$270 | -\$80 | -23% |

| <i>Item</i> | <i>Description of Fee</i> | <i>Last revision</i> | <i>Existing Rate (\$)</i> | <i>Updated Cost Recovery Level at 2005-06 Price Level</i> | <i>Proposed fee level for the first year (\$)</i> | <i>Proposed amount of increase/ decrease (\$)</i> | <i>Proposed percentage increase/ decrease</i> |
|--|--|------------------------|---------------------------|---|---|---|---|
| Section 7 of Business Registration Regulations (Cap. 310 sub. leg. A) | | | | | | | |
| 26 | Certified copy of a valid business registration certificate or a valid branch registration certificate; or an extract of any information on the register | Jan 1983 | \$45 | 167% | \$27 | -\$18 | -40% |
| 27 | Issue of an extract of information in uncertified form (per copy) | Introduced in Apr 1999 | \$45 | 167% | \$27 | -\$18 | -40% |
| 28 | Duplicate business registration certificate or a duplicate branch registration certificate | Apr 1995 | \$36 | 180% | \$20 | -\$16 | -44% |