

**For discussion
on 4 January 2010**

Legislative Council Panel on Financial Affairs

**Revision of Fees and Charges for Certain Public Services
under the Purview of the Customs and Excise Department**

PURPOSE

The Administration plans to revise 28 items of fees and charges for certain public services under the purview of the Customs and Excise Department (C&ED). These fees and charges do not directly affect people's livelihood or general business activities. This paper briefs Members on the proposal.

BACKGROUND

2. In line with the "user pays" principle, it is Government's policy that fees and charges for public services should in general be set at levels sufficient to recover the full cost of providing the services.

3. This paper covers 28 items of fees and charges. Most of them were last revised in 2006-07.

THE PROPOSAL

4. The 28 items proposed to be revised in this paper cover various fees and charges collected by the C&ED under the Dutiable Commodities Ordinance (Cap. 109) and the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330), including –

- (a) licence fees for traders of dutiable commodities;
- (b) charges for various certificates and permits for storage of dutiable commodities;
- (c) bonded warehouse supervision charges; and
- (d) registration fees for motor vehicle importer and/or distributor.

5. Costing review at the 2009-10 price level shows that the cost recovery level of these items ranges from 19% to 91%. We propose to revise these fees

and charges gradually to the full-cost recovery level in accordance with the general fee revision guidelines¹.

6. Based on the outcome of the costing review, we propose to increase these 28 items of fees and charges. The proposed rate of increase ranges from 10% to 20%. Details of the proposals are set out at the *Annex*. The impact of the revision on the overall operating costs of the persons or companies affected should not be significant. The Government will still be subsidizing the users of these services indirectly after this revision, as the costs of providing these services are not yet fully recovered.

EFFICIENCY IMPROVEMENT MEASURES

7. The Administration will continue to enhance efficiency and streamline procedures so as to contain the costs of providing these public services.

FINANCIAL IMPLICATIONS

8. If the proposed revision of fees and charges is implemented, Government revenue will increase by \$0.5 million a year.

WAY FORWARD

9. Members are invited to note the proposed revision of fees and charges as set out in paragraphs 4 to 6 above. We will proceed with the necessary legislative amendments to implement the revision.

Financial Services and the Treasury Bureau December 2009

¹ According to the revision guidelines, a fee should be increased by 20%, 15% and 10% if its cost recovery rate is less than 40%, 40 to 70%, or more than 70% respectively.

Fees and charges proposals under the purview of Customs and Excise Department

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)	Estimated number of persons or companies affected or number of cases last year
1	General bonded warehouse or public bonded warehouse licence (annual fee)	May 2006	\$19,250	62%	15%	\$22,150	\$2,900	37
2	Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (with manufacturer's licence) (annual fee)	May 2006	\$19,250	62%	15%	\$22,150	\$2,900	8
3	Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (without manufacturer's licence) (annual fee)	May 2006	\$19,250	62%	15%	\$22,150	\$2,900	23
4	Import and export licence of liquors, tobacco, hydrocarbon oil and methyl alcohol (annual fee)	December 2000	\$950	68%	15%	\$1,090	\$140	1,604
5	Special import licence (to keepers of licensed warehouses capable of storing not less than 500 kilolitres of hydrocarbon	December 2000	\$950	68%	15%	\$1,090	\$140	7

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)	Estimated number of persons or companies affected or number of cases last year
	oil) (annual fee)							
6	Liquors – manufacturer’s licence (annual fee)	May 2006	\$17,950	63%	15%	\$20,650	\$2,700	5
7	Liquors – distillery licence (annual fee)	May 2006	\$17,950	63%	15%	\$20,650	\$2,700	3
8	Tobacco – manufacturer’s licence (annual fee)	May 2006	\$17,950	63%	15%	\$20,650	\$2,700	2
9	Hydrocarbon oil – manufacturer’s licence (annual fee)	December 2000	\$22,400	78%	10%	\$24,650	\$2,250	4
10	For every transfer of or substitution or amendment in any licence, except a transfer from one person to another (per case)	May 2006	\$360	24%	20%	\$430	\$70	409 cases last year
11	For every transfer of any licence from one person to another (per case)	May 2006	\$360	24%	20%	\$430	\$70	No case last year
12	For every landing certificate, certificate of shortages or breakages of cargo found damaged or short in bond,	May 2006	\$150	60%	15%	\$175	\$25	18 cases last year

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) - (1)	Estimated number of persons or companies affected or number of cases last year
	endorsement, certificate of accuracy or copy of or extract from official records, any other certificates on which statistics has been given, etc.							
13	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)	May 2006	\$1.4	19%	20%	\$1.7	\$0.30	1 case last year
14	Bonded Warehouse Supervision Charges – attendance of an Inspector (per hour or part of an hour)	May 2006	\$430	81%	10%	\$475	\$45	No case last year
15	Bonded Warehouse Supervision Charges – attendance of an Inspector (per 8-hour day)	May 2006	\$3,220	76%	10%	\$3,540	\$320	No case last year
16	Bonded Warehouse Supervision Charges – attendance of an Inspector (per month)	May 2006	\$78,200	89%	10%	\$86,000	\$7,800	No case last year
17	Bonded Warehouse Supervision Charges – attendance of a Chief	May 2006	\$325	81%	10%	\$360	\$35	52 cases last year

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	Customs Officer (per hour or part of an hour)							
18	Bonded Warehouse Supervision Charges – attendance of a Chief Customs Officer (per 8-hour day)	May 2006	\$2,440	76%	10%	\$2,680	\$240	No case last year
19	Bonded Warehouse Supervision Charges – attendance of a Chief Customs Officer (per month)	May 2006	\$60,200	91%	10%	\$66,200	\$6,000	No case last year
20	Bonded Warehouse Supervision Charges – attendance of a Senior Customs Officer (per hour or part of an hour)	May 2006	\$260	76%	10%	\$285	\$25	No case last year
21	Bonded Warehouse Supervision Charges – attendance of a Senior Customs Officer (per 8-hour day)	May 2006	\$1,940	71%	10%	\$2,130	\$190	No case last year
22	Bonded Warehouse Supervision Charges – attendance of a Senior Customs Officer (per month)	May 2006	\$47,100	83%	10%	\$51,800	\$4,700	No case last year
23	Bonded Warehouse Supervision Charges – attendance of a	May 2006	\$170	76%	10%	\$185	\$15	1,156 cases last year

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	Customs Officer (per hour or part of an hour)							
24	Bonded Warehouse Supervision Charges – attendance of a Customs Officer (per 8-hour day)	May 2006	\$1,270	71%	10%	\$1,400	\$130	No case last year
25	Bonded Warehouse Supervision Charges – attendance of a Customs Officer (per month)	May 2006	\$30,700	83%	10%	\$33,750	\$3,050	No case last year
26	Registration as a distributor of motor vehicles (per case)	May 2006	\$450	40%	15%	\$520	\$70	No case last year
27	Registration as an importer of motor vehicles (per case)	May 2006	\$450	40%	15%	\$520	\$70	No case last year
28	Registration as an importer and a distributor of motor vehicles (per case)	May 2006	\$450	40%	15%	\$520	\$70	64 cases last year