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Subcommittee on Public Revenue Protection
(Motor Vehicles First Registration Tax) Order 2011
Legislative Council Secretariat
3rd floor Citibank Tower
3 Garden Road
Central, Hong Kong
Fax: 2121 0420

RE: Submission of comments on Motor Vehicles First Registration Tax Order 2011

The current tax on Motor Vehicles' first registration is at 100% over the purchase price for \$500,000 amount. It is considered one of the highest in the world. Although that at the lower brackets is at a lower tax rate; the tax ranges from 35% for the first \$150,000, 65% for the second \$150,000, 85% for \$300,000 to \$500,000 still private vehicles a luxury items in Hong Kong.

While the purpose of the high first registration tax maybe to discourage usage of vehicles, the increase of vehicles in Hong Kong and the increase in traffic jam seems to proven that the system is not working too well, and further increase may only serve to have a short term effect on buyers until they are de-sensitized with the price increase of vehicles.

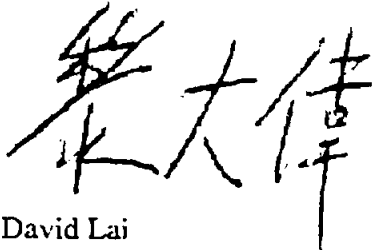
The main issue is not to make it more expensive for citizens of Hong Kong buy less vehicles but to offer solution to traffic congestions. As a lot of vehicles owners are only using their vehicles during the weekend only, by increasing the tax for first registration would only discourage buying new vehicles but not offering any traffic solution. Owners can still use their existing vehicles or buy vehicles which have already been registered in Hong Kong.

To solve traffic congestion, the government should consider road toll for traffic black spots, discourage drivers going into certain streets. For example, to ease the traffic jam on Gloucester Road, the solution is to equalize the toll of the 3 Cross Harbour Tunnels or by adding a road toll on Gloucester Road, setting a disincentive for vehicles traveling from Western Districts in Hong Kong to West Kowloon from using the Central Cross Harbour Tunnels.

Decrease usage to the traffic black spot is the key to the traffic solution and that can be achieved by

Road Toll, equalization of the tolls on the 3 tunnels, or have the annual registration fee be related to usage. Vehicles used less will be paying a smaller annual registration fee while vehicles with high usage can pay a higher fee. This can be easily measured and reported when the vehicle license fee is renewal each year.

I encourage the government to look into the real issues to lessen traffic, not by penalizing purchase by increasing the tax of first registration.

Handwritten signature in black ink, consisting of the Chinese characters '賴大偉' (Lai David) written in a cursive style.

David Lai

Wan Chai District Councillor