

**立法會**  
*Legislative Council*

LC Paper No. CB(1)2983/10-11  
(These minutes have been seen  
by the Administration)

Ref : CB1/SS/11/10

**Subcommittee on Public Revenue Protection  
(Motor Vehicles First Registration Tax) Order 2011**

**Minutes of the third meeting held on  
Monday, 11 April 2011, at 10:45 am  
in the Chamber of the Legislative Council Building**

**Members present** : Hon WONG Ting-kwong, BBS, JP (Chairman)  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon CHAN Hak-kan  
Hon CHAN Kin-por, JP  
Hon WONG Sing-chi  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip

**Members absent** : Hon James TO Kun-sun  
Hon Audrey EU Yuet-mee, SC, JP  
Hon KAM Nai-wai, MH  
Hon IP Kwok-him, GBS, JP

**Public Officers attending** : **Agenda item I**  
Mr YAU Shing-mu, JP  
Under Secretary for Transport and Housing

Miss Erica NG  
Acting Deputy Secretary for Transport and  
Housing (Transport)

Miss Petty LAI  
Principle Assistant Secretary for Transport and  
Housing (Transport)

Mr Anthony LOO, JP  
Assistant Commissioner for Transport (Planning)  
Transport Department

Ms Yolanda LEE  
Principle Executive Officer (VALID & Licensing)  
Transport Department

**Clerk in attendance :** Ms Joanne MAK  
Chief Council Secretary (1)2

**Staff in attendance :** Ms Clara TAM  
Assistant Legal Adviser 9

Ms Anki NG  
Council Secretary (SC)1

Ms Emily LIU  
Legislative Assistant (1)2

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Action

- I Meeting with the Administration**
- (LC Paper No. CB(1)1827/10-11(01) - The Administration's response to the list of follow-up actions arising from the meeting on 4 April 2011
- LC Paper No. CB(1)1827/10-11(02) - List of follow-up actions arising from meeting on 4 April 2011
- LC Paper No. CB(1)1827/10-11(03) - Supplementary information provided by Motor Traders Association of Hong Kong

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|-----------------------------------|--|
| LC Paper No. LS 45/10-11          | - Paper entitled “Legislative Council's power to amend the Order” (prepared by the Legal Service Division)   |
| LC Paper No. CB(1)1683/10-11      | - Paper provided by the Administration for the meeting on 24 March 2011  |
| LC Paper No. CB(1) 1780/10-11(01) | - The Administration's response to the list of follow-up actions arising from the discussion at the meeting on 24 March 2011                               |
| L.N. 33 of 2011                   | - Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011   |
| LC Paper No. LS 33/10-11          | - Legal Service Division Report on subsidiary legislation gazetted on 23 February 2011   |
| LC Paper No. CB(1)1680/10-11      | - Paper on Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 prepared by the Legislative Council Secretariat (background brief) |

The Subcommittee deliberated (index of proceedings attached at **Annex**).

Admin 2. Subcommittee members made the following suggestions and requested the Administration to provide written response -

- (a) the Administration should make reference to the experience of Singapore and consider introducing a new category of vehicle licence for restricted use only during non-peak hours (e.g. on weekends) in order to ease traffic congestion of Hong Kong;
- (b) the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011 (the Bill) to be introduced should include the following proposals -

Action

- (i) tax rebate would be granted to buyers of newly registered private cars if they have their old private cars scrapped;
  - (ii) buyers of newly registered environment-friendly petrol private cars as approved by the Environmental Protection Department (EPD) be exempted from the proposed First Registration Tax (FRT) increase;
  - (iii) private cars which had been pre-ordered before the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 (the Order) took effect be exempted from the increase in FRT, subject to documentary proof of the specific date of the transaction or payment of deposit; and
- (c) the existing FRT concessions for environment-friendly petrol private cars as approved by EPD should be increased.

Admin 3. The Administration was also requested to provide detailed information on the following issues -

- (a) information and data on the seriousness of traffic congestion of Hong Kong;
- (b) reasons for the large increase in the number of imported used private cars in the past few years and information on the exporting countries of these vehicles;
- (c) the numbers of imported used private cars, home-delivery private cars and brand new private cars newly registered for the past few years;
- (d) distribution of the imported used private cars and home-delivery private cars in terms of taxable values;
- (e) the increases in the numbers of franchised buses and trucks in the past 10 years;
- (f) whether the "importer" in paragraph 8 of the Administration's paper [LC Paper No. CB(1)1827/10-11(01)] referred to a natural person or a legal person; and

Action

- (g) whether the "6 057 cases" referred to by the Motor Traders Association of Hong Kong in its email to the Subcommittee [CB(1)1827/10-11(03)] had included the 4 917 private cars in Annex VII to the Administration's paper [CB(1)1780/10-11(01)].

4. The Subcommittee completed scrutiny of the Order.

Motion

5. Mr WONG Sing-chi moved the following motion on behalf of Mr KAM Nai-wai, who was unable to attend the meeting due to other urgent commitments –

"本小組委員會要求廢除《2011年公共收入保障(汽車首次登記稅)令》。"

(Translation)

"This Subcommittee requests to repeal the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011."

6. The Chairman put the motion to vote. The motion was negatived, with one member voted for the motion, seven members voted against the motion and one member abstained from voting.

Legislative timetable

Clerk

7. The Subcommittee agreed to report its deliberations to the House Committee on 15 April 2011. The Chairman requested members to note that the scrutiny period of the Order would expire on 4 May 2011, and the deadline for giving notice of motion to repeal the Order was 26 April 2011. Members also noted that Mr KAM Nai-wai had given notice to move a motion to repeal the Order at the Council meeting of 4 May 2011.

8. Members noted that the Bill would be introduced into LegCo on 13 April 2011 and the House Committee would consider whether a Bills Committee should be formed at its meeting on 15 April 2011 to study the Bill.

Action

**II Any other business**

9. There being no other business, the meeting ended at 12:20 pm.

Council Business Division 1  
Legislative Council Secretariat  
19 September 2011

**Subcommittee on Public Revenue Protection  
(Motor Vehicles First Registration Tax) Order 2011**

**Proceedings of the third meeting  
on Monday, 11 April 2011, at 10:45 am  
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<b>Agenda item I – Meeting with the Administration</b>			
000302 – 001010	Chairman Administration	Opening Remarks.  Briefing on the Administration's paper (LC Paper No. CB(1)1827/10-11(01)) which responded to the letter from the Clerk to the Subcommittee dated 6 April 2011.	
001011– 001333	Chairman Mr CHAN Kin-por Administration	Mr CHAN Kin-por's suggestion of granting tax exemption from first registration tax (FRT) increase to private cars owners who had placed orders for purchase of private cars before the Order took effect.  The Administration made reference to previous discussion on the same issue in 2003 and maintained its position that such proposal could be vulnerable to abuse as it could be difficult to verify the specific date when the transaction or deposit was made.	
001334 – 001835	Chairman Mr WONG Sing-chi	Mr WONG Sing-chi's views and suggestions-  (a) suggestion of granting tax exemption from the proposed FRT increase to private cars owners who had placed orders for purchase of private cars before the Order took effect; and  (b) the proposed increase in FRT for private cars was unjustified and was unfair to residents of remote areas with a genuine need for use of private cars.  Request for moving a motion on behalf of Mr KAM Nai-wai to repeal the Order. The Chairman agreed to allow Mr WONG to move the motion on behalf of Mr KAM Nai-wai later.	
001836 – 002611	Chairman Ms Miriam LAU Administration	Ms Miriam LAU's enquiries and views-  (a) disagreed that traffic congestion was	

Time marker	Speaker	Subject(s)	Action required
		<p>attributable to growth in private cars;</p> <p>(b) request for more detailed information on the seriousness of traffic congestion of Hong Kong, including places facing serious traffic congestion and relevant information and data;</p> <p>(c) the Administration should make reference to the experience of Singapore and introducing a new category of vehicle licence for restricted use during non-peak hours (e.g. on weekends) to ease traffic congestion of Hong Kong; and</p> <p>(d) suggestion of granting exemption from the FRT increase to environment-friendly petrol private cars and increasing the FRT concessions for these cars.</p> <p>The Administration's response that the decrease in average vehicle journey speed indicated that if no measures were taken, traffic conditions would continue to deteriorate. Apart from the proposed increase in FRT, other measures were adopted to contain traffic congestion. The Administration would continue to listen to Members' views on concession for electric vehicles and environment-friendly petrol private cars at meetings of the Bills Committee.</p>	<p>Admin to provide information (para. 3 of the minutes)</p> <p>Admin to provide response (para. 2 of the minutes)</p>
002612 – 003217	Chairman Miss Tanya CHAN Administration	<p>Miss Tanya CHAN's concerns about the effectiveness of increase in FRT to ease traffic congestion and suggestion of granting further tax concessions to owners of environment-friendly petrol private cars.</p> <p>She requested the Administration to provide information accounting for the large increase in the number of imported used private cars in the past few years and information on the exporting countries of these vehicles.</p> <p>The Administration's agreement to obtain more information from the trade concerned and that the Administration would continue to listen to Members' views on enhancing tax concessions for environment-friendly petrol</p>	Admin to provide information (para. 3 of the minutes)



Time marker	Speaker	Subject(s)	Action required
		private cars at meetings of the Bills Committee.	
003218– 003857	Chairman Mr CHAN Hak-kan Administration	<p>Mr CHAN Hak-kan's concerns and views-</p> <p>(a) the FRT increase for private cars in 2003 had been ineffective in curbing the growth of private cars;</p> <p>(b) the decrease in average vehicle journey speed on major roads could be due to construction works and not the growth in private car fleet; and</p> <p>(c) suggestion of granting tax exemption from the proposed FRT increase to private cars owners who had placed orders for purchase of private cars before the Order took effect (around 6 057 vehicles involved according to information from the trade).</p> <p>The Administration's response that in 2003, the increase in FRT resulted in a 25% decrease in the number of first registered private cars when compared with 2002 and the annual growth rates of private car fleet for the following 2 years were maintained at below 1.8%. The average vehicle journey speed was determined after excluding anomalous survey results involving traffic accidents or road construction works. The Administration would continue to listen to Members' views on the suggestion of granting exemption for vehicles pre-ordered before the Order took effect at meetings of the Bills Committee.</p>	
003858 – 004459	Chairman Mr CHEUNG Hok-ming Administration	<p>Mr CHEUNG Hok-ming's enquiry on alternative measures for easing traffic congestion.</p> <p>The Administration's response that increase in FRT to curb the growth of private cars would help to contain traffic congestion before any significant increase in road surface with completion of new roads from 2016/2017 onwards.</p>	
004500 – 004812	Chairman Dr Philip WONG	Dr Philip WONG's enquiry on the applicability of depreciation rates in	

Time marker	Speaker	Subject(s)	Action required
	Administration	<p>determining the amount of FRT payable for imported second-hand private cars.</p> <p>Request for explanation of whether the "importer" in paragraph 8 of the Administration's paper [LC Paper No. CB(1) 1827/10-11(01)] referred to a natural person or a legal person.</p> <p>The Administration's response that depreciation would only apply to home-delivery vehicles that were registered in the name of the importers before they were imported into Hong Kong in accordance with the Motor Vehicles (First Registration Tax) Ordinance (Cap.330).</p>	Admin to provide explanation (para. 3 of the minutes)
004813 – 005344	Chairman Mr Abraham SHEK Administration	<p>Mr Abraham SHEK's concerns-</p> <p>(a) whether tax increase was a common measure to ease traffic congestion; and</p> <p>(b) whether any study had been conducted on the relationship between traffic congestion and growth in private cars.</p> <p>Request for the Administration to consider the impact of increasing FRT on the trade business. Request for the Administration to provide information on the increase in the numbers of franchised buses and trucks in the past 10 years.</p> <p>The Administration's response that FRT increase was one of the common measures adopted for easing traffic congestion of Hong Kong and the prevailing objective was to curb the growth of private cars to contain traffic congestion. The growth of private cars reduced the overall efficiency of vehicles on roads and affected traffic condition.</p>	Admin to provide information (para. 3 of the minutes)
005345 – 005955	Chairman Mr Albert CHAN Administration	<p>Mr Albert CHAN's concerns and views-</p> <p>(a) the Administration had not provided detailed justifications to support the proposed increase in FRT for private cars;</p> <p>(b) suggestion for the Administration to consider other measures to ease traffic</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>congestion, such as park-and-ride facilities.</p> <p>The Administration's response that the Administration had all along adopted a multi-pronged approach in enhancing traffic conditions and various measures, including park-and-ride, were considered and implemented suitably for containing traffic congestion.</p>	
005956 – 010347	Chairman Ms Miriam LAU Administration	<p>Ms Miriam LAU's views-</p> <p>(a) the Administration should explore other measures for easing traffic congestion; and</p> <p>(b) the increase in number of imported second-hand private cars was significant.</p> <p>Request for the Administration to offer tax incentives to encourage private car owners to scrap their old private cars when purchasing new cars.</p> <p>The Administration's response that with the decrease in average vehicle journey speed on the major roads in 2010, traffic conditions would continue to worsen if no action was taken to contain the growth of private cars.</p>	
010348 – 010705	Chairman Mrs Sophie LEUNG Administration	<p>Mrs Sophie LEUNG's concerns and views-</p> <p>(a) increase in FRT would be a common measure to adopt in the coming years having regard to the limitation of land and population growth in Hong Kong; and</p> <p>(b) the policy initiative of curbing the growth of private cars would be in the interest of environmental protection.</p> <p>Request for the Administration to consider granting tax exemption from the proposed FRT increase to private cars owners who had placed orders before the Order took effect.</p> <p>The Administration's response that the Administration would continue to listen to</p>	

Time marker	Speaker	Subject(s)	Action required
		Members' views on granting of exemption for vehicles pre-ordered before the Order took effect at meetings of the Bills Committee.	
010706 – 011119	Chairman Miss Tanya CHAN	Miss Tanya CHAN's request for the Administration to provide information on the numbers of imported used private cars, home-delivery private cars and brand new private cars newly registered in the past few years, as well as distribution of the imported used private cars, home-delivery private cars in terms of taxable values.	Admin to provide information (para. 3 of the minutes)
011120 – 012715	Chairman Mr WONG Sing-chi Ms Miriam LAU Mr Albert CHAN Miss Tanya CHAN Assistant Legal Adviser 9 Mrs Sophie LEUNG	Discussion on the timetable and procedure for as well as consequences of repealing the Order.  Members noted that repealing the Order before the Bill was deliberated by LegCo or before the outcome of the Bill was known would invite speculation, cause confusion to the trade and vehicle buyers and pose operational difficulties.	
012716 – 013142	Chairman Miss Tanya CHAN	Miss Tanya CHAN's request for the Administration to provide information on whether the "6 057 cases" referred to by The Motor Traders Association of Hong Kong in its email to the Subcommittee [CB(1)1827/10-11(03)] had included the 4 917 private cars in Annex VII to the paper of the Administration [CB(1)1780/10-11(01)].  Discussion on the consequences of and timetable for repealing the Order. The Chairman advised that further meetings with the Administration would be held if a Bills Committee was formed pursuant to the decision of the House Committee on 15 April 2011 to study the relevant Bill to be introduced into LegCo on 13 April 2011.	Admin to provide information (para. 3 of the minutes)
013143 – 013442	Chairman	Voting on a motion.  The Subcommittee noted that Mr KAM Nai-wai had given notice to move a motion to repeal the Order at the LegCo meeting on 4 May 2011.	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
013443 – 013534	Chairman	The Chairman announced that the Subcommittee would submit its written report to the House Committee on 15 April 2011.	

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Legislative Council Secretariat  
19 September 2011