

LEGISLATIVE COUNCIL BRIEF

Public Revenue Protection Ordinance
(Chapter 120)

Motor Vehicles (First Registration Tax) Ordinance
(Chapter 330)

Road Traffic (Registration and Licensing of Vehicles) Regulations
(Chapter 374E)

**PUBLIC REVENUE PROTECTION (REVENUE)
ORDER 2021**

**REVENUE (FIRST REGISTRATION TAX AND LICENCE FEES FOR
MOTOR VEHICLES) BILL 2021**

INTRODUCTION

A At the meeting of the Executive Council on 24 February 2021, the Council **ADVISED** and the Chief Executive **ORDERED** that the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Bill 2021 (“the Bill”) at Annex A should be introduced into the Legislative Council (“LegCo”) to give full effect to the proposals of increasing the first registration tax (“FRT”) rates for private cars (“PCs”) by 15% and the vehicle licence fee (“VLF”) levels for PCs by 30% as tabulated in paragraph 2 below, and that the Public Revenue Protection (Revenue) Order 2021 (“the Order”) at Annex B should be made under section 2 of the Public Revenue Protection Ordinance (Cap. 120) to effect the proposals from 11 a.m. on 24 February 2021.

PROPOSALS

2. We propose –

(i) to increase the FRT rates for PCs by 15% as tabulated below -

FRT Tax Bands	Original FRT Rates	Proposed FRT Rates
On the first \$150,000 of taxable value	40%	46%
On the next \$150,000 of	75%	86%

taxable value		
On the next \$200,000 of taxable value	100%	115%
On the remainder of taxable value	115%	132%

- (ii) to increase the VLF levels for petrol and diesel PCs by 30% as tabulated below -

Cylinder Capacity of Engine	Original Annual Licence Fee (“ALF”) ¹	Proposed ALF
	for Petrol / Diesel PCs	
Not exceeding 1 500 cubic centimetres (“c.c.”)	\$3,815 / \$5,275	\$4,960 / \$6,858
Exceeding 1 500 c.c. but not exceeding 2 500 c.c.	\$5,680 / \$7,140	\$7,384 / \$9,282
Exceeding 2 500 c.c. but not exceeding 3 500 c.c.	\$7,550 / \$9,010	\$9,815 / \$11,713
Exceeding 3 500 c.c. but not exceeding 4 500 c.c.	\$9,420 / \$10,880	\$12,246 / \$14,144
Exceeding 4 500 c.c.	\$11,215 / \$12,675	\$14,580 / \$16,478

- (iii) to increase the VLF levels for electric PCs by 30% as tabulated below -

Electric PCs	Original ALF	Proposed ALF
Not exceeding one tonne unladen weight; and	\$440	\$572
An additional fee for each 250 kg unladen weight or part thereof	\$95	\$124

3. The Chief Executive has made the Order under section 2 of the Public Revenue Protection Ordinance (Cap. 120) so as to enable the proposed increases in FRT rates and VLF levels for PCs to have come into effect from 11 a.m. on 24 February 2021 upon announcement of the 2021-22 Budget. In other words, all PCs not first registered or licensed before 11 a.m. on 24 February 2021 are subject to the revised FRT rates and VLF levels, subject to arrangements detailed in paragraph 9 below.

¹ According to regulation 21 of the Road Traffic (Registration and Licensing of Vehicles) Regulations, the fee for a licence for four months is equal to 35% of ALF and an additional fee of \$30.

JUSTIFICATIONS

Proposed Increase of FRT Rates and VLF Levels for PCs

4. Given that Hong Kong is a small and densely-populated city, the Government has been encouraging the public to take public transport instead of driving PCs for commuting to ensure the efficient use of limited road space. To this end, the Government has been expanding the accessibility of public transport. Over the past ten years, the railway network has grown to 264 km long, representing about 6% increase in coverage. Upon completion of the Shatin-to-Central Link project, the railway network will cover areas inhabited by more than 70% of the local population. During the same ten-year period, franchised bus routes have grown to 650, representing about 15% increase. Nonetheless, traffic conditions, especially in urban areas, have been deteriorating in the past decade. The average car journey speed in urban areas during the weekday morning peak hours was about 21 km/hour in 2020². The worsening traffic congestion does not only result in longer journey time of road users, but also undermines our city's economy, air quality and liveability.

5. A major contributor to the worsening traffic congestion is the enormous size and continuous growth of PCs, which account for a significant portion of the total vehicle fleet size (around 71% in 2020). The number of licensed PCs grew by about 38% from 415 000 in 2010 to 573 000 in 2020. The total kilometres travelled by PCs, which is an indicator of PC usage, also recorded a 41% increase from 2009 to 2019.

6. The existing PC fleet size is not sustainable and its continued rise is expected to further aggravate road traffic congestion. The total length of public roads only grew at a modest rate of 0.4% on average from 2010 to 2020. Car parking spaces for PCs³ in Hong Kong also only increased at an average rate of about 0.8% per annum in the same period. Notwithstanding the Government's effort in developing new infrastructure and increasing the provision of parking spaces, relevant measures take time to materialise and scarce land resources remain a huge constraint.

7. In order to address the road traffic congestion at root, there will be continued, if not mounting, pressure on the Government to contemplate specific measures to curb PC growth or even to downsize the PC fleet⁴.

² The average car journey speed survey mainly covers major roads in Hong Kong while local roads are not included.

³ Car parking spaces for PCs include those for PCs and van-type light goods vehicles.

⁴ Since electric vehicles ("EVs") emit no air pollutants and have less carbon emissions than conventional vehicles, the Government has been striving to promote uptake of EVs without stimulating growth of the

C Indeed, it was suggested in the Transport Advisory Committee (“TAC”)’s Report on Study of Road Traffic Congestion in Hong Kong published in December 2014 that the Government should raise the FRT rates and VLF levels for PCs as one of the short- and medium-term measures to relieve road traffic congestion. A summary of the measures suggested in TAC’s Report and the progress of implementation is at Annex C. While it is true that relying on such short- and medium-term measures alone cannot solve the problem for long, yet any long-term measures such as electronic road pricing would not be sustainable should there be no timely measure to maintain the effect of fiscal disincentives such as FRT or VLF so as to control the PC growth rate. With the current PC fleet of 573 000 in 2020, even a 2% annual growth rate (which is the average from 2017 to 2019) would mean adding another 11 500 PCs to the pool every year. Should car growth hit the record high of an annual 4% to 5% growth rate (as it was back throughout the period from 2010 to 2015), the PC fleet size could expand exponentially by adding some 34 000 each year. No matter how fast or extensive the Government builds roads or car parking spaces, it will not be sustainable for the development of Hong Kong.

8. During the past 30 years (i.e. from 1990 to 2020), although the increases of FRT rates and VLF levels have been proven to lead to reduction in growth of PCs, FRT rates and VLF levels were only increased on a few occasions⁵. The FRT rates for PCs were last increased in 2011, whereas the VLF levels for PCs have been frozen since 1991. Since then, the Composite Consumer Price Index increased by 28% and 113% respectively; whereas the median monthly income of economically active households increased by 46% and 218% respectively. To partly catch up with the inflation and taking into account such factors as public acceptability, we **propose** increasing the FRT rates and VLF levels for PCs by 15% and 30% respectively as fiscal disincentives to curb car growth.

9. For PCs on order before the coming into effect of the Order, their buyers could not anticipate the proposed increase in the FRT rates at the time

number of PCs. For instance, the Government is providing FRT concessions capped at \$250,000 for buyers of electric PCs who are also scrapping their old PCs under the “One-for-One Replacement” Scheme until 31 March 2024. To lessen the impact of the proposed FRT increase on the growing EV market, thus reassuring the general public that the Government is determined in promoting wider adoption of EVs, the Environment Bureau/Environmental Protection Department (“ENB/EPD”) will raise the FRT concession cap under the Scheme by 15% correspondingly to \$287,500. Like the existing FRT concession cap, ENB/EPD will implement the new cap administratively in tandem with the implementation of the proposed FRT rates.

⁵ During the past 30 years, the FRT rates were increased thrice (in 1990, 1991 and 2011) whereas the FRT rates were adjusted in 1994 and 2003 in tandem with changes to the FRT system and tax bands. The VLF levels were increased twice (in 1990 and 1991).

of purchase. We **propose** that if the relevant registered distributors or registered importers prove to the satisfaction of the Commissioner for Transport that before 11 a.m. on 24 February 2021, a person has entered into a contract, or made an offer, for purchasing a PC, and has paid in whole or in part the price of the PC, the original FRT rates will continue to apply to the PC concerned. For PCs imported for personal use, if they have been arranged for shipment to Hong Kong before 11 a.m. on 24 February 2021, we also **propose** continuing to apply the original FRT rates to them. As regards vehicle licences (be they four-month or annual ones) eligible for renewal on or before 24 February 2021 (i.e. vehicles that are registered at the time of renewal and with the last day of the effective period of the licence falling on or before 23 June 2021)⁶, we **propose** allowing such licences to be renewed at the original VLF levels at any time up to and including 23 June 2021.

THE ORDER AND THE BILL

The Order

10. The provisions of the Order are as follows –
- (a) **section 1** provides that the Order comes into force at 11 a.m. on 24 February 2021;
 - (b) **section 2** states that the Bill set out in the Schedule has the full force and effect of law so long as the Order remains in force; and
 - (c) the **Schedule** sets out the Bill.

The Bill

11. The main provisions of the Bill are as follows -
- (a) **Clause 1** sets out the short title and provides that the Bill, if enacted, is deemed to have come into operation at 11 a.m. on 24 February 2021;
 - (b) **Clause 3** adds a new section 12 to the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) (“the Ordinance”) to provide for transitional matters relating to the amendments to the Schedule to the Ordinance;

⁶ Vehicle licences are eligible for renewal within four months prior to their expiry.

- (c) **Clause 4** amends the Schedule to the Ordinance to increase the rates of FRT for PCs;
- (d) **Clause 5** adds a new regulation 62A to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E) (“the Regulations”) to provide for transitional matters relating to the amendments to Schedule 2 to the Regulations; and
- (e) **Clause 6** amends Schedule 2 to the Regulations to increase the ALF for PCs and electrically powered passenger vehicles.

LEGISLATIVE TIMETABLE

12. The Order was gazetted on 24 February 2021, and will be tabled at LegCo on 17 March 2021 for negative vetting.

13. The legislative timetable of the Bill will be -

Publication in the Gazette	5 March 2021
First Reading and commencement of Second Reading debate	17 March 2021
Resumption of Second Reading debate, committee stage and Third Reading	To be notified

IMPLICATIONS OF THE PROPOSALS

14. The proposals are in conformity with the Basic Law, including the provisions concerning human rights, and will not affect the current binding effect of the existing provisions of the respective ordinances and their subsidiary legislation.

15. The proposals are not intended to serve revenue-raising purpose. Depending on the actual response of prospective PC buyers and existing PC owners to the measures, it is expected that there may be additional revenue for the Government in 2021-22.

PUBLIC CONSULTATION

16. Owing to the confidentiality of the Budget, no formal consultation has been carried out specifically for the proposed measures in paragraph 2 above. However, we have formulated these proposals after taking into account views received from legislators and other parties during the Budget consultation process and in other relevant context.

PUBLICITY

17. The proposed measures were announced in the 2021-22 Budget on 24 February 2021. Relevant press releases were issued by TD on the same date. A spokesperson will be available to handle media enquiries.

ENQUIRIES

18. Any enquiries on this brief can be addressed to Ms Vivien Li, Principal Assistant Secretary for Transport and Housing (Transport), at 3509 8192.

Transport and Housing Bureau
24 February 2021

A BILL

To

Amend the Motor Vehicles (First Registration Tax) Ordinance and the Road Traffic (Registration and Licensing of Vehicles) Regulations to give effect to proposals concerning first registration tax and licence fees for motor vehicles in the Budget introduced by the Government for the 2021–2022 financial year; and to make a consequential amendment.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title and commencement

- (1) This Ordinance may be cited as the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021.
- (2) This Ordinance is deemed to have come into operation at 11 a.m. on 24 February 2021.

2. Enactments amended

The enactments specified in Parts 2, 3 and 4 are amended as set out in those Parts.

Part 2

Amendments to Motor Vehicles (First Registration Tax) Ordinance (Cap. 330)

3. Section 12 added

After section 11—

Add

“12. Transitional provisions for Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021

(1) In this section—

commencement time (生效時間) means 11 a.m. on 24 February 2021.

(2) Subsection (4) applies if—

(a) first registration tax for a private car is payable under section 4F(1)(a) by the registered distributor or registered importer who is selling the private car; and

(b) the registered distributor or registered importer proves to the Commissioner’s satisfaction that before the commencement time—

(i) a person—

(A) has entered into a contract with the registered distributor or registered importer for purchasing the private car; or

(B) has made an offer to the registered distributor or registered importer for purchasing the private car; and

- (ii) the person has paid in whole or in part the price of the private car to the registered distributor or registered importer.
- (3) Subsection (4) also applies if—
 - (a) first registration tax for a private car is payable under section 4F(1)(b) by the person who is applying for first registration; and
 - (b) the person proves to the Commissioner's satisfaction that before the commencement time, the person has made an arrangement for the shipment for importing the private car into Hong Kong.
- (4) For the purpose of calculating the first registration tax for the private car, the Schedule as in force immediately before the commencement time continues to apply as if the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021 (of 2021) had not been enacted.
- (5) A person who proves a matter under subsection (2)(b) or (3)(b) must—
 - (a) make and deliver to the Commissioner a declaration, in the form approved by the Commissioner, as to that matter; and
 - (b) attach to the declaration documentary evidence that the Commissioner may reasonably require to support the proof of that matter.”.

4. **Schedule amended (classes of motor vehicles and rate of tax)**

- (1) The Schedule—
 - Repeal**
 - “[s. 4E]”
 - Substitute**

- “[ss. 4E & 12]”.
- (2) The Schedule, item 1, paragraph (a)—
 - Repeal**
 - “40”
 - Substitute**
 - “46”.
- (3) The Schedule, item 1, paragraph (b)—
 - Repeal**
 - “75”
 - Substitute**
 - “86”.
- (4) The Schedule, item 1, paragraph (c)—
 - Repeal**
 - “100”
 - Substitute**
 - “115”.
- (5) The Schedule, item 1, paragraph (d)—
 - Repeal**
 - “115”
 - Substitute**
 - “132”.

Part 3

Amendments to Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E)

5. Regulation 62A added

Part IX, after regulation 62—

Add

“62A. Transitional provisions for Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021

(1) In this section—

amended Schedule 2 (經修訂附表 2) means Schedule 2 as amended by the Amendment Ordinance;

Amendment Ordinance (《修訂條例》) means the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021 (of 2021);

pre-amended Schedule 2 (原有附表 2) means Schedule 2 as in force immediately before 11 a.m. on 24 February 2021.

(2) If—

- (a) the last day on which the licence for a motor vehicle specified in item 5 or 6 under the heading “Annual Licence Fees” of the pre-amended Schedule 2 has effect falls on or before 23 June 2021;
- (b) the vehicle licence is not surrendered before it expires; and
- (c) the Commissioner receives an application on or before 23 June 2021 for licensing the motor vehicle for a further period under regulation 21(5) or (6) (*licence renewal*),

then in relation to payment of any fee under regulation 21 (as read together with regulation 64) for the licence renewal, the pre-amended Schedule 2 continues to apply as if the Amendment Ordinance had not been enacted.

- (3) Subregulation (4) applies if—
 - (a) the last day on which the licence for a motor vehicle specified in item 5 or 6 under the heading “Annual Licence Fees” of the pre-amended Schedule 2 has effect falls on or before 23 June 2021; and
 - (b) the Commissioner receives an application after 23 June 2021 for licensing the motor vehicle for a further period under regulation 21(6).
- (4) Regulation 21(7) (as read together with regulation 64(3)) (*that regulation*) has effect as if a reference in that regulation to the appropriate annual licence fee were—
 - (a) in relation to each day of the unlicensed period referred to in that regulation that falls on or before 24 February 2021—a reference to the appropriate annual licence fee prescribed in the pre-amended Schedule 2; and
 - (b) in relation to each day of the unlicensed period referred to in that regulation that falls after 24 February 2021—a reference to the appropriate annual licence fee prescribed in the amended Schedule 2.
- (5) Subregulations (2), (3) and (4) have effect with respect to regulations 21(9), 23 and 23A and, accordingly, a reference to regulation 21 in regulations 21(9), 23(4) and 23A(4) is a reference to regulation 21 as read together with those subregulations.”.

6. **Schedule 2 amended (fees)**

- (1) Schedule 2—
Repeal
“59 & 64]”
Substitute
“59, 62A & 64]”.
- (2) Schedule 2, under heading “Annual Licence Fees”, item 5(a)—
Repeal
“3,815”
Substitute
“4,960”.
- (3) Schedule 2, under heading “Annual Licence Fees”, item 5(b)—
Repeal
“5,680”
Substitute
“7,384”.
- (4) Schedule 2, under heading “Annual Licence Fees”, item 5(c)—
Repeal
“7,550”
Substitute
“9,815”.
- (5) Schedule 2, under heading “Annual Licence Fees”, item 5(d)—
Repeal
“9,420”
Substitute
“12,246”.

- (6) Schedule 2, under heading “Annual Licence Fees”, item 5(e)—
Repeal
“11,215”
Substitute
“14,580”.
- (7) Schedule 2, under heading “Annual Licence Fees”, item 5—
Repeal
“1,460”
Substitute
“1,898”.
- (8) Schedule 2, under heading “Annual Licence Fees”, item 6(a)—
Repeal
“440”
Substitute
“572”.
- (9) Schedule 2, under heading “Annual Licence Fees”, item 6(b)—
Repeal
“95”
Substitute
“124”.

Part 4

Consequential Amendment to Road Traffic (Registration and Licensing of Vehicles) (Amendment) (Fee Concessions) Regulation 2019 (L.N. 101 of 2019)

7. Section 6 substituted

Section 6—

Repeal the section

Substitute

“6. Schedule 2 amended (fees)

Schedule 2—

Repeal

“; 62A & 64]”

Substitute

“& 62A]”.”,

Explanatory Memorandum

The main object of this Bill is to amend the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) (*Ordinance*) and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) (*Regulations*) to give effect to proposals concerning first registration tax and licence fees for motor vehicles in the Budget introduced by the Government for the 2021–2022 financial year.

2. Clause 1 sets out the short title and provides that the Bill, if enacted, is deemed to have come into operation at 11 a.m. on 24 February 2021.
3. Clause 3 adds a new section 12 to the Ordinance to provide for transitional matters relating to the amendments to the Schedule to the Ordinance.
4. Clause 4 amends the Schedule to the Ordinance to increase the rates of first registration tax for private cars.
5. Clause 5 adds a new regulation 62A to the Regulations to provide for transitional matters relating to the amendments to Schedule 2 to the Regulations.
6. Clause 6 amends Schedule 2 to the Regulations to increase the annual licence fees for private cars and electrically powered passenger vehicles.
7. Clause 7 makes a consequential amendment to the Road Traffic (Registration and Licensing of Vehicles) (Amendment) (Fee Concessions) Regulation 2019 (L.N. 101 of 2019).

Public Revenue Protection (Revenue) Order 2021

Schedule

(Made by the Chief Executive under section 2 of the Public Revenue Protection Ordinance (Cap. 120) after consultation with the Executive Council)

[s. 2]

1. Commencement

This Order comes into force at 11 a.m. on 24 February 2021.

2. Operation of Scheduled Bill

The Bill set out in the Schedule has the full force and effect of law so long as this Order remains in force.

A BILL

To

Amend the Motor Vehicles (First Registration Tax) Ordinance and the Road Traffic (Registration and Licensing of Vehicles) Regulations to give effect to proposals concerning first registration tax and licence fees for motor vehicles in the Budget introduced by the Government for the 2021–2022 financial year; and to make a consequential amendment.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title and commencement

- (1) This Ordinance may be cited as the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021.
- (2) This Ordinance is deemed to have come into operation at 11 a.m. on 24 February 2021.

2. Enactments amended

The enactments specified in Parts 2, 3 and 4 are amended as set out in those Parts.

Part 2

Amendments to Motor Vehicles (First Registration Tax) Ordinance (Cap. 330)

3. Section 12 added

After section 11—

Add

“12. Transitional provisions for Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021

(1) In this section—

commencement time (生效時間) means 11 a.m. on 24 February 2021.

(2) Subsection (4) applies if—

- (a) first registration tax for a private car is payable under section 4F(1)(a) by the registered distributor or registered importer who is selling the private car; and
- (b) the registered distributor or registered importer proves to the Commissioner’s satisfaction that before the commencement time—
 - (i) a person—
 - (A) has entered into a contract with the registered distributor or registered importer for purchasing the private car; or
 - (B) has made an offer to the registered distributor or registered importer for purchasing the private car; and

(ii) the person has paid in whole or in part the price of the private car to the registered distributor or registered importer.

(3) Subsection (4) also applies if—

- (a) first registration tax for a private car is payable under section 4F(1)(b) by the person who is applying for first registration; and
- (b) the person proves to the Commissioner’s satisfaction that before the commencement time, the person has made an arrangement for the shipment for importing the private car into Hong Kong.

(4) For the purpose of calculating the first registration tax for the private car, the Schedule as in force immediately before the commencement time continues to apply as if the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021 (of 2021) had not been enacted.

(5) A person who proves a matter under subsection (2)(b) or (3)(b) must—

- (a) make and deliver to the Commissioner a declaration, in the form approved by the Commissioner, as to that matter; and
- (b) attach to the declaration documentary evidence that the Commissioner may reasonably require to support the proof of that matter.”

4. Schedule amended (classes of motor vehicles and rate of tax)

(1) The Schedule—

Repeal

“[s. 4E]”

Substitute

“[ss. 4E & 12]”.

- (2) The Schedule, item 1, paragraph (a)—

Repeal

“40”

Substitute

“46”.

- (3) The Schedule, item 1, paragraph (b)—

Repeal

“75”

Substitute

“86”.

- (4) The Schedule, item 1, paragraph (c)—

Repeal

“100”

Substitute

“115”.

- (5) The Schedule, item 1, paragraph (d)—

Repeal

“115”

Substitute

“132”.

Part 3

Amendments to Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E)

5. Regulation 62A added

Part IX, after regulation 62—

Add

“62A. Transitional provisions for Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021

(1) In this section—

amended Schedule 2 (經修訂附表 2) means Schedule 2 as amended by the Amendment Ordinance;

Amendment Ordinance (《修訂條例》) means the Revenue (First Registration Tax and Licence Fees for Motor Vehicles) Ordinance 2021 (of 2021);

pre-amended Schedule 2 (原有附表 2) means Schedule 2 as in force immediately before 11 a.m. on 24 February 2021.

(2) If—

(a) the last day on which the licence for a motor vehicle specified in item 5 or 6 under the heading “Annual Licence Fees” of the pre-amended Schedule 2 has effect falls on or before 23 June 2021;

(b) the vehicle licence is not surrendered before it expires; and

(c) the Commissioner receives an application on or before 23 June 2021 for licensing the motor vehicle for a further period under regulation 21(5) or (6) (*licence renewal*),

- then in relation to payment of any fee under regulation 21 (as read together with regulation 64) for the licence renewal, the pre-amended Schedule 2 continues to apply as if the Amendment Ordinance had not been enacted.
- (3) Subregulation (4) applies if—
- (a) the last day on which the licence for a motor vehicle specified in item 5 or 6 under the heading “Annual Licence Fees” of the pre-amended Schedule 2 has effect falls on or before 23 June 2021; and
 - (b) the Commissioner receives an application after 23 June 2021 for licensing the motor vehicle for a further period under regulation 21(6).
- (4) Regulation 21(7) (as read together with regulation 64(3)) (*that regulation*) has effect as if a reference in that regulation to the appropriate annual licence fee were—
- (a) in relation to each day of the unlicensed period referred to in that regulation that falls on or before 24 February 2021—a reference to the appropriate annual licence fee prescribed in the pre-amended Schedule 2; and
 - (b) in relation to each day of the unlicensed period referred to in that regulation that falls after 24 February 2021—a reference to the appropriate annual licence fee prescribed in the amended Schedule 2.
- (5) Subregulations (2), (3) and (4) have effect with respect to regulations 21(9), 23 and 23A and, accordingly, a reference to regulation 21 in regulations 21(9), 23(4) and 23A(4) is a reference to regulation 21 as read together with those subregulations.”.

6. Schedule 2 amended (fees)

- (1) Schedule 2—
- Repeal**
“59 & 64]”
- Substitute**
“59, 62A & 64]”.
- (2) Schedule 2, under heading “Annual Licence Fees”, item 5(a)—
- Repeal**
“3,815”
- Substitute**
“4,960”.
- (3) Schedule 2, under heading “Annual Licence Fees”, item 5(b)—
- Repeal**
“5,680”
- Substitute**
“7,384”.
- (4) Schedule 2, under heading “Annual Licence Fees”, item 5(c)—
- Repeal**
“7,550”
- Substitute**
“9,815”.
- (5) Schedule 2, under heading “Annual Licence Fees”, item 5(d)—
- Repeal**
“9,420”
- Substitute**
“12,246”.

- (6) Schedule 2, under heading “Annual Licence Fees”, item 5(e)—
Repeal
 “11,215”
Substitute
 “14,580”.
- (7) Schedule 2, under heading “Annual Licence Fees”, item 5—
Repeal
 “1,460”
Substitute
 “1,898”.
- (8) Schedule 2, under heading “Annual Licence Fees”, item 6(a)—
Repeal
 “440”
Substitute
 “572”.
- (9) Schedule 2, under heading “Annual Licence Fees”, item 6(b)—
Repeal
 “95”
Substitute
 “124”.
-

Part 4

Consequential Amendment to Road Traffic (Registration and Licensing of Vehicles) (Amendment) (Fee Concessions) Regulation 2019 (L.N. 101 of 2019)

7. **Section 6 substituted**
 Section 6—
Repeal the section
Substitute
- “6. **Schedule 2 amended (fees)**
 Schedule 2—
Repeal
 “, 62A & 64]”
Substitute
 “& 62A]”.”.
-

Explanatory Memorandum

The main object of this Bill is to amend the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330) (*Ordinance*) and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) (*Regulations*) to give effect to proposals concerning first registration tax and licence fees for motor vehicles in the Budget introduced by the Government for the 2021–2022 financial year.

2. Clause 1 sets out the short title and provides that the Bill, if enacted, is deemed to have come into operation at 11 a.m. on 24 February 2021.
3. Clause 3 adds a new section 12 to the Ordinance to provide for transitional matters relating to the amendments to the Schedule to the Ordinance.
4. Clause 4 amends the Schedule to the Ordinance to increase the rates of first registration tax for private cars.
5. Clause 5 adds a new regulation 62A to the Regulations to provide for transitional matters relating to the amendments to Schedule 2 to the Regulations.
6. Clause 6 amends Schedule 2 to the Regulations to increase the annual licence fees for private cars and electrically powered passenger vehicles.
7. Clause 7 makes a consequential amendment to the Road Traffic (Registration and Licensing of Vehicles) (Amendment) (Fee Concessions) Regulation 2019 (L.N. 101 of 2019).

Chief Executive

2021

**Progress of Implementation of the Measures Recommended in the Transport
Advisory Committee’s Report on
Study of Road Traffic Congestion in Hong Kong**

Recommended measure	Latest implementation progress (as at end January 2021)
I. Short- and medium-term measures	
<u>Managing private car (“PC”) fleet size</u>	
1. Raise PC’s First Registration Tax (“FRT”) and Annual Licence Fee (“ALF”)	The Government has been closely monitoring the growth rate and size of PC fleet. It is now proposed that the FRT rates and ALF levels for PCs be increased by 15% and 30% respectively.
2. Tighten up standards for environmental-friendly petrol PCs for FRT concession	The Environmental Protection Department has already ceased the tax incentive scheme with effect from 1 April 2015 as the emission control technology of petrol PCs has advanced to a mature stage that further emission reduction is limited.
3. Raise “fuel levy” for diesel PCs	It is now proposed that the “fuel levy” as part of the ALF for diesel PCs be increased by the same magnitude, i.e. 30%.
<u>More efficient use of road space</u>	
4. Start planning for a congestion charging pilot scheme	<p>The Transport Department (“TD”) is developing a detailed proposal for the Electronic Road Pricing Pilot Scheme in Central (“ERP Pilot Scheme”). TD established and consulted an International Expert Panel in 2020, and will consider the way forward for the ERP Pilot Scheme with due regard to the latest social and economic situation of Hong Kong.</p> <p>Separately, in July 2019, TD embarked on a consultancy study on Congestion Charging to determine the levels of tolls for government tolled tunnels (including the Western Harbour Crossing and Tai Lam Tunnel to be taken over by the Government</p>

Recommended measure	Latest implementation progress (as at end January 2021)
	in August 2023 and May 2025 respectively) and the Tsing Sha Control Area, in a bid to change the commuting patterns of users of the tunnels and the Control Area at a territory-wide level. Recommended toll plans and toll adjustment mechanism will be formulated for public consultation in due course.
5. Increase metered parking charges	The maximum fee for metered parking has not been adjusted since 1994. Taking into account the views expressed by Members of the Legislative Council (“LegCo”) Panel on Transport at the meeting in January 2018 and the recent economic situation in Hong Kong, the Government has decided to withhold the previously proposed fee adjustment from \$2 to \$4 per 15 minutes.
<i>Raise the penalty charges and Strengthen enforcement of traffic offences</i>	
6. Enhance publicity and education efforts	The Police, TD and the Road Safety Council will continue to strengthen publicity and education to encourage the public to comply with traffic rules and regulations.
7. Raise the fixed penalty charges for congestion-related offences to restore the deterrent effect	<p>In February 2017, the Government proposed to increase the penalty charges for illegal parking under the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237) as well as six of the congestion-related offences under the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240) to restore the deterrent effect. Eventually, LegCo supported increasing the penalty for five of the offences under Cap. 240 only.</p> <p>The fixed penalty charges for five congestion-related traffic offences under Cap. 240 were increased with effect from 1 June 2018. Relevant traffic contraventions include (a) unlawfully entering box junction, (b) ‘U’ turn causing obstruction, (c) unauthorised stopping at bus stop/public light bus</p>

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	<p>stand/taxi stand/public light bus stopping place, (d) stopping public bus, public light bus or taxi longer than necessary when picking up/setting down passengers and (e) picking up/setting down passengers in restricted zone. The penalty charges of items (a) to (d) increased from \$320 to \$400 and the penalty charges of item (e) increased from \$450 to \$560.</p> <p>The Government will continue to closely monitor the illegal parking situation that causes traffic congestion.</p>
<p>8. Adopt a stricter approach and deploy more resources to enforce congestion-related offences by the Police</p>	<p>The Police all along pays much attention to the problem of illegal parking and takes violations that cause traffic congestion as one of the selected traffic enforcement priorities. On enforcement against illegal parking in accordance with the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237), the Police issued a total of almost 2.7 million fixed penalty notices (“FPNs”) against illegal parking in 2020 (provisional figure), representing an increase of 33% and 89% as compared with the numbers of FPNs issued in 2018 and 2019 respectively.</p>
<p>9. Make further use of information technology in enforcement</p>	<p>In order to further combat illegal parking, the Police has enhanced enforcement effectiveness of frontline enforcement officers with the aid of technology. Since April 2020, the Police has launched a pilot scheme on electronic FPNs in all police districts over the territory to assist frontline enforcement officers to process data on illegally parked vehicles via their mobile devices and instantly print out FPNs by portable printers in order to reduce human errors in issuing handwritten FPNs, thereby enhancing the overall enforcement accuracy. As of end December 2020, about 1 million electronic FPNs were issued for illegal parking. The Police is now exploring the expansion of the pilot scheme to cover traffic offences under the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240) as well such as illegal stopping of vehicles at bus stops and picking up/setting down</p>

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	<p>passengers or loading/unloading goods in restricted zone, etc.</p> <p>The Police will continue to make use of existing resources and equipment for traffic enforcement, including deploying frontline officers using handheld video cameras at traffic black spots to combat traffic contraventions.</p>
II. Complementary measures	
<p>10. Review parking policy and disseminate real-time information on parking vacancies</p>	<p>The Government is pursuing a host of short- and medium- to long-term measures to increase the provision of car parking spaces as appropriate.</p> <p><u>Public car parks</u> - TD is proactively exploring the incorporation of new public car parks in suitable “Government, Institution or Community” facilities and public open space projects in accordance with the “single site, multiple uses” principle. Subject to technical feasibility, it is expected that about 20 works projects currently planned will provide a total of around 5 100 parking spaces by batches. TD is also actively taking forward six automated parking system (“APS”) pilot projects. For the first pilot project in Tsuen Wan, it is expected that the APS thereat will be put into service by end 2021.</p> <p><u>Parking standards</u> - TD has substantially completed the review on parking standards under the Hong Kong Planning Standards and Guidelines. The revised parking standards will increase the provision of PC parking spaces in future private and subsidised housing developments as well as the provision of commercial vehicle parking spaces in subsidised housing developments. The revised parking standards will be promulgated as soon as possible after TD has duly considered relevant stakeholders’ views.</p> <p><u>Parking vacancy information</u> - TD has been</p>

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	<p>encouraging car park operators to provide real-time parking vacancy information for dissemination to the public through “HKeMobility” mobile application and “data.gov.hk”. TD has also introduced some practical technology solutions to car park operators since 2018 to facilitate their adoption of suitable options to collect and disseminate relevant data.</p> <p>As at end January 2021, parking vacancy information of about 420 government and commercial public car parks was disseminated to the public. Since June 2018, the Lands Department has included conditions in new short-term tenancy agreements of public car parks, requiring the tenants to provide real-time parking vacancy information to TD and “data.gov.hk”. The Government will also incorporate new clauses into suitable land leases in the territory, requiring private developers to provide parking vacancy information to TD after completion of relevant new developments.</p> <p><u>New parking meters</u> - TD is installing by phases about 12 000 new generation parking meters (including replacing 9 800 existing meters) for completion by mid-2022. The new parking meters will provide real-time vacancy information of on-street metered parking spaces via “HKeMeter” and “HKeMobility” mobile applications, as well as “data.gov.hk”. As at early February 2021, about 300 new parking meters were put into use.</p> <p>TD also plans to install sensors by phases by 2022 for disseminating real-time parking vacancy information of about 250 non-metered on-street parking spaces to the public via “HKeMobility” mobile application and “data.gov.hk”.</p>
11. Encourage on-street loading and unloading outside peak hours	The Government will continue to encourage loading and unloading activities during non-peak hours in its publicity and education activities.

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12. Provide more park-and-ride facilities	<p>The Government supports the provision of park-and-ride (“PnR”) facilities at or near suitable railway stations to encourage drivers to take the train after parking their vehicles, thus reducing the road traffic entering congested areas.</p> <p>The Government will continue to encourage different organisations (including the MTR Corporation Limited) to promote their existing PnR facilities, and explore the expansion of such facilities to car parks that have yet to provide PnR concessions.</p> <p>In taking forward individual railway projects, as well as urban renewal and new development projects, the Government will also consider introducing PnR facilities at suitable locations.</p>
