

Head 4 — MOTOR VEHICLE TAXES

Details of Revenue

Sub-head (Code)	Actual revenue 2002–03	Original estimate 2003–04	Revised estimate 2003–04	Estimate 2004–05
	\$'000	\$'000	\$'000	\$'000
010 First registration.....	2,510,037	3,182,281	2,712,292	2,895,901
Total	<u>2,510,037</u>	<u>3,182,281</u>	<u>2,712,292</u>	<u>2,895,901</u>

Description of Revenue Source

To this revenue head are credited the taxes for the registration of motor vehicles under the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330). Motor vehicle taxes are imposed on the first registration of certain classes of motor vehicles set out in the Schedule to the Motor Vehicles (First Registration Tax) Ordinance, including private cars, motor cycles, motor tricycles, goods vehicles, taxis, buses, light buses and special purpose vehicles. The tax rate is expressed as a percentage of the value of the vehicle and varies according to the class of motor vehicle specified in the Schedule.

Revenue from motor vehicle taxes generated 0.9% of general revenue in 2003–04.

Underlying Changes in Revenue Yield

The **2003–04** revised estimate of \$2,712,292,000 is a decrease of \$469,989,000 (14.8%) against the original estimate, mainly due to the lower first registration tax rates passed by the Legislative Council on 25 June 2003 vis-à-vis those proposed in the 2003–04 Budget and the lower than expected number of vehicles subject to first registration.

The **2004–05** estimate of \$2,895,901,000 is an increase of \$183,609,000 (6.8%) over the revised estimate for 2003–04.