

## Extracted from 2008-09 Budget

### **Environmental Improvement**

124. A good environment is vital for a quality life. This can protect the public's health and is conducive to attracting talents from around the world, thereby enhancing the overall competitiveness of Hong Kong. In recent years, the Government has implemented a number of environmental protection measures. Members of the public, by participation in these efforts, have been leading a greener lifestyle. The Government is ready to explore measures to improve our environment. I will provide the resources required for implementing effective measures.

### **Cleaner Diesel**

125. From 1 December 2007, we have offered a concessionary duty rate of \$0.56 per litre for Euro V diesel for two years. The rate is 50 per cent lower than that for ultra low sulphur diesel. This concession will cost the Government about \$1.56 billion a year if calculated according to the normal duty rate of diesel. I believe that this concession is well worthwhile to help improve Hong Kong's air quality.

---

## Environment-friendly Commercial Vehicles

126. Last April we offered a reduction in the First Registration Tax for environment-friendly private cars to encourage people to choose these type of cars. I propose to introduce a similar concession for environment-friendly commercial vehicles to further reduce air pollution. Depending on the types of vehicles, a reduction of 30, 50 or 100 per cent in the First Registration Tax will be offered to buyers of commercial vehicles meeting the Euro V emissions standards. Details of the proposal will be announced by the Environmental Protection Department later. If 15 per cent of the commercial vehicles applying for first registration are converted to Euro V vehicles, it is estimated that the proposal will cost the Government \$26 million a year.

## Environment-friendly Facilities

127. I propose to provide a 100 per cent profits tax deduction for capital expenditure on environment-friendly machinery and equipment in the first year of purchase to encourage the business community to use such equipment. For environment-friendly installations mainly ancillary to buildings, I propose that the depreciation period be shortened from the usual 25 years to five years. The Inland Revenue Department and the Environmental Protection Department will announce the list of environment-friendly facilities that would qualify for the deduction.