

Tax Incentives Scheme for Environment-friendly Petrol Private Cars

Vehicular emissions are the major source of roadside air pollution in Hong Kong. Reducing emissions from vehicles can improve our roadside air quality. To encourage the use of environment-friendly petrol private cars with low emissions and high fuel efficiency, **starting from 1 April 2007**, reduction in the First Registration Tax (FRT) will be offered to buyers of newly registered environment-friendly petrol private cars. The latest revision of the FRT reduction rate has been raised from 30% to 45%, subject to a cap which has been increased from HK\$50,000 to HK\$75,000 per car.

Environment-friendly petrol private cars emit about 50% less hydrocarbons (HCs) and nitrogen oxides (NO_x) and consume about 40% less fuel than conventional petrol Euro IV private cars. Owing to their higher fuel efficiency, they also emit about 40% less carbon dioxide (CO₂), a key greenhouse gas contributing to global warming. Promoting the use of environment-friendly petrol private cars can bring substantial environmental benefits.

Qualifying Standards for Environment-friendly Petrol Private Cars

The qualifying standards for environment-friendly petrol private cars are set out below -

- a. hydrocarbons (HCs) and nitrogen oxides (NO_x) emissions not exceeding 50% of the limits in the Euro IV emission standards or the Japan 2005 emission standards;
AND
- b. fuel efficiency (measured by the mileage traveled with a litre of fuel) being at least 40% better than the average fuel efficiency in the corresponding private car class according to vehicle weight.

The Environmental Protection Department (EPD) will review the qualifying standards annually in the light of technological advancement to restrict the tax incentive to vehicles of truly outstanding emission and fuel efficiency performance. If tightened, the new qualifying standards are to be effective on 1 April each year and petrol private cars meeting only the previous standards will not be eligible for the FRT reduction. The qualifying standards for environment-friendly petrol private cars will be published in the following Environmental Protection Department website:

http://www.epd.gov.hk/epd/english/environmentinhk/air/prob_solutions/environment_friendly_private_cars.html

How to know if the car purchased is in compliance with the qualifying standards for environment-friendly petrol private cars?

Environment-friendly petrol private cars can be imported either by dealers authorized by car manufacturers (i.e. authorized car dealers), parallel importers or individuals. Details are as below:

(a) Environment-friendly petrol private cars imported by authorized car dealers and type-approved by EPD. Car manufacturers have provided sufficient information to prove to the satisfaction of EPD the compliance of these vehicle models with the environment-friendly petrol private car qualifying standards. As a result, EPD has issued to each of the car models an "Environment-friendly Private Car Certificate" such that cars of the same model imported by the relevant car manufacturer via his authorized car dealer are also environment-friendly petrol private cars (i.e. type-approved to be compliant with the environment-friendly petrol private car qualifying standards).

A car buyer in consideration of buying an environment-friendly petrol private car should ask the authorized car dealer for the "Environment-friendly Private Car Certificate" issued by EPD for the car model.

(b) Environment-friendly Petrol Private Cars imported by parallel importers or individuals Cars manufactured for different places may be designed to meet different emission standards and have different options for purchase which can affect their emission and fuel efficiency performance. Either a parallel importer or an individual of such cars will have to provide evidence to prove to the satisfaction of EPD that the cars can comply with the environment-friendly petrol private car qualifying standards. Since these cars are imported on an individual basis, EPD will issue an "Environment-friendly Private Car Certificate" to each of them. Unless a car imported by a parallel importer or an individual has a valid "Environment-friendly Private Car Certificate" issued by EPD, it will not be eligible for the FRT reduction. A car buyer in consideration of buying such a car should ask for the valid "Environment-friendly Private Car Certificate" issued by EPD for the car. The Certificate will bear details of the car including engine number, chassis identification number and vehicle model and the validity period of the certificate.

A prospective buyer are advised to take note that any private car without a valid “Environment-friendly Private Car Certificate” issued by the EPD will not be eligible for the FRT reduction for Environment-friendly petrol private car, irrespective of whether the car is imported by an authorized car dealer, a parallel importer or an individual.

Eligible Environment-friendly petrol private car models in compliance with the qualifying standards will be published on the EPD website as below. EPD will update the information of environment-friendly petrol private car models on the website regularly.

http://www.epd.gov.hk/epd/english/environmentinhk/air/prob_solutions/environment_friendly_private_cars.html

How to apply for first registration tax concession for Environment-friendly Petrol Private Cars?

Vehicle owner applies with the Transport Department (TD) for first registration of his private car which is compliant with the qualifying standards for environment-friendly petrol private cars and have a valid "Environment-friendly Private Car Certificate" will have the FRT reduced by 45%, subject to a cap of HK\$75,000 per car.

(a) Environment-friendly petrol private cars imported by authorized car dealers and type-approved by EPD.

Authorized car dealers submit the first registration application for a new car of a specific vehicle model to TD shall produce the valid “Environment-friendly Private Car Certificate” for that type approved vehicle model issued by EPD.

(b) Environment-friendly Petrol Private Cars imported by parallel importers or individuals

Vehicle owners submit the first registration application for his new car to Transport Department shall produce the original copy of the valid “Environment-friendly Private Car Certificate” of that vehicle issued by EPD.

Note: In addition to the above procedures, car dealers or owners shall also complete all the established procedures for vehicle first registration and produce necessary documents to the departments concerned.

Validity of “Environment-friendly Private Car Certificate”

Since EPD will review the environment-friendly petrol private car qualifying standards annually for tightening them in the light of technological advancement, "Environment-friendly Private Car Certificate" has a validity period. If expired and the cars concerned cannot comply with the new qualifying standards at that time, they will lose their eligibility for the FRT concession. Thus, vehicle owners or car vendors should submit the first registration application to Transport Department during the validity period of the relevant "Environment-friendly Private Car Certificate" to benefit from the FRT concession.

Enquiry

For enquiries about the environment-friendly petrol private car models and the tax concession, please contact the following departments:

EPD (for enquires about the environment-friendly petrol private car models and details of the scheme)

Tel: 2594 6392 Address: Room 4518, 45/F, Revenue Tower, Wanchai, Hong Kong
Environmental Protection Department Mobile Source Control Group.

TD (for enquiries about the FRT reduction) Tel: 2804 2600 Address: Hong Kong Licensing Office, Transport Department, 3/F, United Centre, 95 Queensway, Hong Kong. Webpage: <http://www.td.gov.hk/home/index.htm>

June 2011

Environmental Protection Department

