

Revenue

In 2005, Hong Kong's economy continued to expand rapidly. IRD collections reached a new high. There was an increase of \$15 billion in Earnings and Profits Tax collections, representing a growth of 15.6% as compared with the previous year (**Figure 1, Schedules 1 and 2**). The active stock market in the year also brought about a 13% increase in total stamp duty collections to \$17.9 billion.



Figure 1 Revenue collected by tax type

Type of tax	2002-03 (\$m)	2003-04 (\$m)	2004-05 (\$m)	2005-06 (\$m)
Profits Tax-				
Corporations	33,692.9	43,666.3	52,562.2	65,586.1
Unincorporated Businesses	5,106.6	5,103.7	6,077.5	4,210.4
Salaries Tax	29,733.1	27,976.9	33,990.5	37,493.9
Property Tax	1,180.1	983.0	1,115.6	1,267.1
Personal Assessment	3,315.9	2,744.4	2,963.4	3,193.9
Total Earnings & Profits Tax	73,028.6	80,474.3	96,709.2	111,751.4
Estate Duty	1,402.7	1,455.3	1,468.4	1,675.7
Stamp Duty	7,458.2	11,245.4	15,851.4	17,867.2
Betting Duty	10,920.7	11,635.9	12,057.2	11,938.1
Business Registration Fees	127.7	1,233.3	1,348.7	1,478.8
Hotel Accommodation Tax	201.0	155.6	247.4	310.0
Total revenue collected	<u>93,138.9</u>	<u>106,199.8</u>	<u>127,682.3</u>	<u>145,021.2</u>
% change over previous year	-8.1%	14.0%	20.2%	13.6%

Overall, revenue collected by the Department during 2005-06 totalled \$145 billion (about 70% of the Government General Revenue, see **Figure 2**). This represents an increase of \$17.3 billion or 13.6%, from that collected in the previous year. The major part of the revenue collected came from Profits Tax and Salaries Tax, which together contributed 74% (**Figure 3**).

Figure 2 Government General Revenue

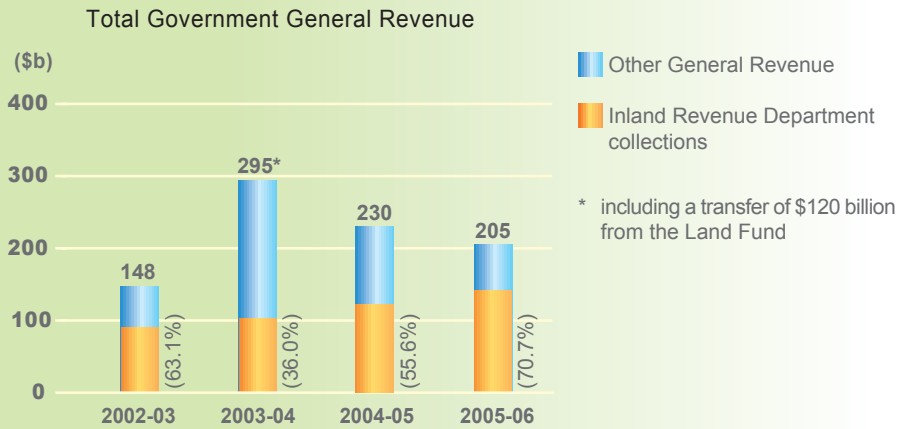
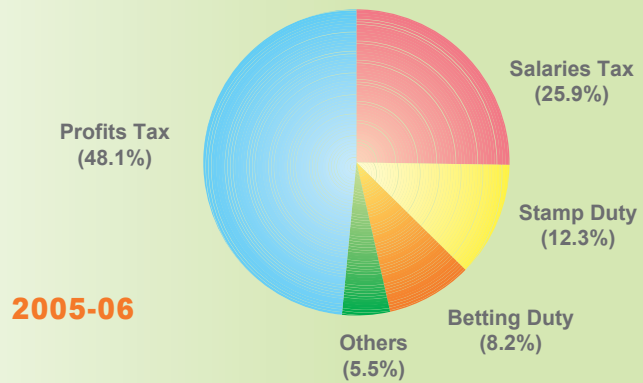


Figure 3 Composition of the revenue collection



With material productivity savings and an increase in revenue collections during the year, the cost of collection of revenue decreased from 0.86% to 0.74% (Figure 4).

Figure 4 Cost of collection

