Inland Revenue Department
Hong Kong Special Administrative Region

1/4/2006 - 31/3/2007

Serve with devotion
Strive for perfection

Annual Report on Performance Pledge

www.ird.gov.hk

五天工作周
5 day week

Vision

We aim to be an excellent tax administration that plays an important part in promoting Hong Kong's prosperity and stability.

Mission

We are committed to -

- collecting revenue efficiently and cost-effectively;
- providing courteous and effective service to the taxpaying public;
- promoting compliance through rigorous enforcement of law, education and publicity programmes; and
- enabling staff to acquire the necessary knowledge, skills and attitude so that they can contribute their best to the achievement of our vision.

Values

Our core values are -

- **P**rofessionalism
- **E**fficiency
- **R**esponsiveness
- **F**airness
- **E**ffectiveness
- **C**ourtesy
- **T**eamwork

Slogan

Serve with devotion   Strive for perfection

Contents

1 Message from the Commissioner

I am pleased to report that the Inland Revenue Department has achieved the targets in most of its performance pledges in the year ended 31 March 2007. It has also excelled in some of the targeted performances. These results are particularly encouraging in the light of the compressed pledged time for delivering our services under a 5-day week.

It is the Department's on-going commitment to make tax compliance easier for taxpayers. There are continuous enhancements to the e-filing service, including addition of more user-friendly features such as pre-filled data, interactive instructions and instant tax computation. To encourage e-filing, automatic extension of one month is granted to last year's e-filers. Other e-filers are also granted a two-week extension. We are pleased to note the growing popularity of e-filing service.

Within the Department, we also make the best use of information technology to achieve service improvement and cost effectiveness. The launch of the Document Management System and Workflow Management System allows colleagues to gain concurrent access to a tax file that further improves the one-stop service we provide to the public.

Our accomplishment in relation to the Performance Pledge is entirely attributable to the dedicated efforts of IRD colleagues. In recognition of the exemplary service of our frontline officers, 33 awards had been presented in the mid year to those officers voted by the public as the "Outstanding Customer Service Staff".

Taking this opportunity, I must express my gratitude to the taxpaying public for the support and encouragement. I would also thank the members of the Users' Committee who have offered valuable advice on our services and useful suggestions for improvement. The support will continue to be the key driving force for the Department to perfect the performance in the coming year.

LAU MAK Yee-ming, Alice, J.P.
Commissioner of Inland Revenue

2 Users' Committee

An independent Users' Committee monitors the Department's performance in relation to matters covered by the pledge.

The Committee meets quarterly to review the actual achievement of the Department and to make suggestions for improving the Department's services. Members also visited the Enquiry Service Centre, the Business Registration Office and the Deregistration Section during the year, and sought views of front-line staff on the relevant pledges.

To ensure broad representation, the membership includes tax practitioners, professionals and academics. Members of the Committee are as follows:

Mr TAM Kuen-chong (Chairman)	Dr Eric LI Ka-cheung
Ms Agnes CHAN Sui-kuen	Mr Tim LUI Tim-leung
Dr Daniel CHEUNG	Mr Michael A OLESNICKY
Mr Peter C W CHOY	Mr Brian RENWICK
Mr Patrick HO Kin-wai	Ms Samantha SUEN
Ms Katy LAM	Mr TAI Hay-yuen
Mr K C LAW	Mr Leonard WONG Ching-ping
Mr Louis LEUNG Kent-ning	Ms Stella YAU Mun-wah (Secretary)

3 Service Standards Committee

A Departmental Service Standards Committee is established and tasked to provide the Users' Committee with quarterly statistical reports on the Performance Pledge and to formulate plans to improve the Department's services. A sub-committee is formed each year to organize the Outstanding Customer Service Awards Competition. Members of the Committee, who represent different operating units and sections, are as follows:

Mr TAM Kuen-chong (Chairman)	Ms Yvonne FAN Kit-fong
Mrs CHU TSANG Hin-ngor	Ms TSE Woon-ping
Mr John George Austin GRADY	Mr WONG Kai-keung
Ms HO Man-li	Ms Stella YAU Mun-wah
Mrs LAI CHI Lai-ming	Mrs Ellen LAU MA Ching-suen (Secretary)
Mrs LEE HO Wing-man	

4 Executive Summary

From April 2006 onwards, the Department has enhanced the standard in processing written enquiries. The time required for processing enquiries on simple matters was shortened.

The Department has implemented a five-day week with effect from 1 July 2006. To safeguard the overall level and efficiency of our services following the switch to a five-day week, the target processing time for delivering existing services has been shortened by one working day for every six working days pledged before July 2006 to ensure that service is delivered within the same calendar period as that before July 2006.

The results achieved in the year under review were all within target.

	SERVICE	PERFORMANCE TARGET	ACTUAL ACHIEVEMENT 2006-07	ACTUAL ACHIEVEMENT 2005-06
1	**COUNTER ENQUIRIES**			
	• attended to within 10 minutes (in peak times)	95%	98.4%	98.7%
2	**TELEPHONE ENQUIRIES**			
	• answered within 3 minutes (in peak period)	80%	86.8%	89.1%
3	**WRITTEN ENQUIRIES - SIMPLE MATTERS**			
	• replied within 8 working days (before July 2006)	95%*	99.8%	100%#
	• replied within 7 working days (from July 2006 onwards)		99.9%	-
	Full Year		99.9%	100%#
4	**WRITTEN ENQUIRIES - TECHNICAL MATTERS**			
	• replied within 25 working days (before July 2006)	98%	99.9%	99.9%
	• replied within 21 working days (from July 2006 onwards)		99.9%	-
	Full Year		99.9%	99.9%
5	**RETURNS PROCESSING**			
	Profits tax returns • assessed within 9 months	80%	86.5%	86.5%
	Property tax returns • assessed within 9 months	96%	98%	98.5%
	Composite tax returns • assessed within 9 months	96%	99%	99.2%

** The 2006-07 enhanced target.*
 # The 2005-06 target was to complete 99% "within 10 working days".

SERVICE	PERFORMANCE TARGET	ACTUAL ACHIEVEMENT 2006-07	ACTUAL ACHIEVEMENT 2005-06
6 TAX RETURNS FOR FIRST-TIME TAXPAYERS			
Profits tax • issued within 3 months	98%	100%	100%
Salaries tax • issued within 5 months	98%	100%	100%
7 REQUEST FOR ISSUANCE OF NOTICE OF NO OBJECTION FOR COMPANY DEREGISTRATION			
• processed within 25 working days (before July 2006)	98%	100%	100%
• processed within 21 working days (from July 2006 onwards)		100%	-
Full Year		100%	100%
8 TAX RESERVE CERTIFICATE TRANSACTIONS			
• processed within 14 working days in peak period (before July 2006)	98%	100%	100%
• processed within 12 working days in peak period (from July 2006 onwards)		100%	-
Full Year (in peak period)		100%	100%
9 ACKNOWLEDGEMENTS OF OBJECTION			
• processed within 21 working days in peak period (before July 2006)	98%	99.9%	99.8%
• processed within 18 working days in peak period (from July 2006 onwards)		99.9%	-
Full Year (in peak period)		99.9%	99.8%
10 PROCESSING OF OBJECTIONS			
• processed within 4 months	98%	99.8%	99.9%
11 APPLICATIONS FOR HOLDOVER OF PROVISIONAL TAX			
• processed within 14 working days (before July 2006)	98%	99.7%	100%
• processed within 12 working days (from July 2006 onwards)		99.9%	-
Full Year		99.9%	100%
12 ISSUE RECEIPTS FOR TAX PAYMENTS MADE BY ELECTRONIC MEANS			
• issued within 7 working days (before July 2006)	98%	100%	100%
• issued within 6 working days (from July 2006 onwards)		100%	-
Full Year		100%	100%

SERVICE	PERFORMANCE TARGET	ACTUAL ACHIEVEMENT 2006-07	ACTUAL ACHIEVEMENT 2005-06
13 REFUNDS ARISING FROM OVERPAYMENT OF TAX			
• made within 25 working days (before July 2006)	98%	99.9%	99.8%
• made within 21 working days (from July 2006 onwards)		99.9%	-
Full Year		99.9%	99.8%
14 REFUNDS ARISING FROM REVISION OF ASSESSMENT			
• made within 25 working days (before July 2006)	98%	100%	100%
• made within 21 working days (from July 2006 onwards)		100%	-
Full Year		100%	100%
15 TAX AUDIT AND INVESTIGATION			
• processed within 2 years	80%	89.8%	86.9%
16 ASSIGNMENTS / SALE AND PURCHASE AGREEMENTS AND APPLICATION FOR DEFERRED PAYMENT OF STAMP DUTY ON AGREEMENTS FOR SALE OF RESIDENTIAL PROPERTY			
• stamped / processed within 6 working days (before July 2006)	98%	99.5%	99.3%
• stamped / processed within 5 working days (from July 2006 onwards)		99.6%	-
Full Year		99.6%	99.3%
17 CONTRACT NOTES AND LEASE AGREEMENTS			
• stamped on the same day	98%	99.9%	99.9%
18 CLAIMS FOR EXEMPTION (FOR TRANSFERS BETWEEN GROUP COMPANIES)			
• processed within 3 months	85%	91.7%	93%
19 NEW BUSINESS REGISTRATION CERTIFICATES			
• Application over the counter issued within 30 minutes	99%	100%	100%
• Application by post or through the Electronic Service Delivery Scheme issued within 2 working days	99%	100%	100%
20 CERTIFIED EXTRACTS OF INFORMATION ON BUSINESS REGISTER			
• issued within the next working day	99%	100%	100%
21 CHANGE OF BUSINESS REGISTRATION PARTICULARS			
Notifications over the counter • to be updated within 30 minutes	97%	100%	100%
Notifications by post or through the Electronic Service Delivery Scheme • updated within 6 working days (before July 2006)	99%	100%	100%
• updated within 5 working days (from July 2006 onwards)		100%	-
Full Year		100%	100%

5 Work Plan for 2007-08

It is our ongoing commitment to make the return-filing process easier. Over the years, the Department has continued to enhance the electronic filing service to make it more user-friendly. This year, the Department has re-designed the 2007-08 promotion and information leaflet to present the steps and tips of using the electronic filing service in a simpler and more comprehensive way. The Department has further enhanced the interactive instructions and guidance notes of the Internet filing function so as to make the whole filing process smoother and more comprehensible. For taxpayers who had filed their tax returns electronically last year, the Department will automatically grant them a 1-month extension for filing their tax returns for the year of assessment 2006-07.

As part of our strategic improvement plan, the Department will launch a "Taxpayer Portal" in early 2008 for providing more comprehensive and enhanced electronic services. Apart from access to all current Internet services through the portal, taxpayers may choose to receive electronic tax returns and electronic tax assessments which are more environmental-friendly, as well as view these electronic documents as and when they wish. Taxpayers will also be reminded of tax return filing deadline and payment due date to avoid penalty by timely electronic alerts sent by the Department.

From April 2007 onwards, the Department has introduced 3 enhanced pledges. The relevant details are set out below:

		ENHANCED TARGET	EXISTING TARGET
RETURNS PROCESSING			
Assessments made from the date of issue of tax returns			
1. Property tax returns 2. Composite tax returns	first 6 months	85%	80%
	next 3 months	11%	16%
	next 3 months	4%	4%
RECEIPTS FOR TAX PAYMENTS MADE BY ELECTRONIC MEANS			
July to November • Issued within	4 working days	99%	98%
December to June • Issued within	6 working days	99%	98%

6 Enquiry Service

Description of Service

The Enquiry Service Centre situates at the first and second floors of the Revenue Tower and handles general counter and telephone enquiries. The Centre, equipped with a computer network linked to the Department's Knowledge Database, aims at providing an immediate "one-stop" service as far as possible.

For the convenience of callers, the Centre has installed an electronic queuing system to enable taxpayers requiring counter services to be served according to tag numbers in sequence.

The Centre makes use of an Interactive Telephone Enquiry System with 120 telephone lines. The general enquiry hotline is 187 8088. Callers can speak to operators during office hours or, on a 24-hour basis, gain access to a wide range of tax information by listening to recorded messages or obtaining facsimile copies of the information and forms. Leave-and-call-back facility and fax-in enquiry service are also available.

To provide more tax information to the public, many information leaflets are written on topics of common interest and made available on the two form stands installed on the ground and first floors of the Revenue Tower. In addition, the public can get tax information and download forms from the Department's web site at <www.ird.gov.hk>.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1 COUNTER ENQUIRIES			
Performance evaluation		*Achieved*	*Achieved*
Peak Times (10:30 am to 4:30 pm) • Waiting time within 10 minutes	95%	98.4%	98.7%
Outside Peak Times • Waiting time within 10 minutes	99%	99.8%	100%
Number of counter enquiries		393,728	401,593
2 TELEPHONE ENQUIRIES			
Performance evaluation		*Achieved*	*Achieved*
July to April • Connected telephone calls answered by staff within 3 minutes	90%	96.1%	97.2%
• Connected telephone calls answered by staff within 4 minutes	95%	99.6%	99.7%
• Number of telephone calls answered by staff		471,645	511,061
May and June • Connected telephone calls answered by staff within 3 minutes	80%	86.8%	89.1%
• Connected telephone calls answered by staff within 4 minutes	90%	99.1%	99.4%
• Number of telephone calls answered by staff		182,531	193,647
Full year • Average waiting time		1.1 minute	1 minute
• Number of telephone calls - answered by system - answered by staff		 615,692 654,176	 570,372 704,708
• Number of fax requests		8,592	8,481
• Number of leave-and-call-back requests		58,055	67,118

Terms Used

In this report, performance achievements have been classified using the following terms:

- "Achieved" - result meets or exceeds target
- "Substantially Achieved" - result falls short of target by not more than 2%

7 Written Enquiries

Description of Service

Enquiries are classified as enquiries on "simple matters" or "technical matters" depending on the level of complexity. Enquiries on simple matters can usually be handled without reference to specific files as in most cases the information is available from the Department's database. These enquiries include questions related to the lodgement of returns, requests for duplicate returns or copies of notices of assessment, eligibility for personal assessment and tax payment status. All other enquiries are classified as technical matters.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1 ENQUIRIES - SIMPLE MATTERS			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006			
• Replied within 8 working days	95%*	99.8%	-
• Replied within 10 working days	99%	99.9%	100%
From July 2006 onwards			
• Replied within 7 working days	95%*	99.9%	-
• Replied within 9 working days	99%	100%	-
• Number of replies		214,133	211,510
2 ENQUIRIES - TECHNICAL MATTERS			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006			
• Replied within 25 working days	98%	99.9%	99.9%
• Replied within 50 working days	99%	100%	100%
From July 2006 onwards			
• Replied within 21 working days	98%	99.9%	-
• Replied within 42 working days	99%	100%	-
• Number of replies		244,531	249,182

** The 2006-07 enhanced target.*

8 Returns Processing

Description of Service

Composite tax returns are issued annually to individuals in bulk in May whereas profits tax returns (corporations and partnership businesses) and property tax returns (jointly-owned properties) are issued in bulk in April. Apart from these issues, returns are also issued periodically as and when necessary.

Following lodgement and processing of returns, notices of assessment are issued. Cases assessed per return in the first instance may be selected for audit later. For others, further information is sometimes requested before assessments are made. If returns are not submitted within the prescribed time, officers may estimate the amount of assessable profit or income of the taxpayers.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1 PROFITS TAX RETURNS (CORPORATIONS AND PARTNERSHIP BUSINESSES)			
Performance evaluation		*Achieved*	*Achieved*
• From the date of issue of tax returns, assessments made within:			
- 9 months	80%	86.5%	86.5%
- 12 months	95%	99.3%	99.3%
- 15 months	100%	100%	100%
• Number of tax returns issued during April 2005 to June 2006		346,397	346,846
2 PROPERTY TAX RETURNS (JOINTLY-OWNED PROPERTIES)			
Performance evaluation		*Substantially Achieved*	*Substantially Achieved*
• From the date of issue of tax returns, assessments made within:			
- 6 months	80%	91.8%	91.5%
- 9 months	96%	98%	98.5%
- 12 months	100%	99.7%	99.8%
• Number of tax returns issued during April 2005 to September 2006		295,246	298,660
3 COMPOSITE TAX RETURNS			
Performance evaluation		*Substantially Achieved*	*Substantially Achieved*
• From the date of issue of tax returns, assessments made within:			
- 6 months	80%	93.6%	93.8%
- 9 months	96%	99%	99.2%
- 12 months	100%	99.9%	99.9%
• Number of tax returns issued during April 2005 to September 2006		4,173,363	4,110,489

9 Tax Returns for First-time Taxpayers

Description of Service

Profits Tax

Notifications of chargeability to profits tax are received from new businesses from time to time. Profits tax returns will be issued within 3 months upon receipt of such notifications.

Salaries Tax

Notifications of chargeability to tax for first-time salaries taxpayers are normally given to the Department either by the employees in a letter or by the employers on a specified form (I.R.56E).

Responses to the notifications include:

- the issue of a return for provisional or final tax to the employee if he is liable to tax;
- the issue of a reply to the employee advising that a tax return will be issued to him in the next annual bulk issue if the date of notification is close to the bulk issue date;
- the issue of a reply to the employee advising that a tax return will not be issued to him as he is not liable to tax.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT	
		2006-07	2005-06
1 PROFITS TAX			
Performance evaluation		*Achieved*	*Achieved*
• After receiving notifications of chargeability from taxpayers, replies made within 3 months	98%	100%	100%
• Number of replies made		54	145
2 SALARIES TAX			
Non-Taxable Cases			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006			
• After receiving notifications of employment from employees, replies made within 25 working days	98%	100%	100%
From July 2006 onwards			
• After receiving notifications of employment from employees, replies made within 21 working days	98%	100%	-
• Number of replies made		2	7
Taxable Cases			
Performance evaluation		*Achieved*	*Achieved*
April to November			
• In response to notifications, tax returns issued within 3 months	98%	100%	100%
December to March			
• In response to notifications, tax returns issued within 5 months	98%	100%	100%
• Number of tax returns issued		14,178	11,676

10 Company Deregistration

Description of Service

Section 88B of Inland Revenue Ordinance (Cap.112) provides that in response to a request made by a person who is entitled to apply for the deregistration of a private company under the Companies Ordinance, the Commissioner of Inland Revenue may issue a written notice stating that he has no objection to the company being deregistered.

The Commissioner of Inland Revenue will issue a notice of no objection to a company applying for deregistration if the company has no outstanding tax matters or liabilities. Otherwise, the Commissioner will issue a notification to the company stating the matters or liabilities that are outstanding. Upon clearance of all outstanding matters or liabilities, the applicant can re-submit the request by completing the lower portion of the notification. No further fee is payable on the re-submission.

The applicant can expect to receive a notification within 21 working days from the date of lodgement of a valid application and the payment of the prescribed fee.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT	
		2006-07	2005-06
1 PROCESSING OF REQUESTS FOR ISSUANCE OF NOTICE OF NO OBJECTION FOR COMPANY DEREGISTRATION			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006 • Processed within 25 working days	98%	100%	100%
From July 2006 onwards • Processed within 21 working days	98%	100%	-
• Number of requests processed		33,404	31,155

11 Tax Reserve Certificates

Description of Service

Taxpayers may purchase tax reserve certificates to save fund for paying their tax liability in future. Upon lodging objection against their assessments, taxpayers may be required to purchase tax reserve certificates to cover, in whole or in part, the tax in dispute. Interest is payable on tax reserve certificates when they are redeemed to pay tax and, for objection cases, payable if the taxpayer's objection is successful.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1 PURCHASE & REDEMPTIONS			
Performance evaluation		*Achieved*	*Achieved*
July to December			
Before July 2006 • Processed within 10 working days	98%	-	100%
From July 2006 onwards • Processed within 9 working days	98%	100%	-
• Number of transactions		45,520	45,585
January to June			
Before July 2006 • Processed within 14 working days	98%	100%	100%
From July 2006 onwards • Processed within 12 working days	98%	100%	-
• Number of transactions		131,863	132,642

12 Notices of Objection

Description of Service

Any taxpayer aggrieved by an assessment can exercise his right of objection by giving a written notice of objection to the Commissioner of Inland Revenue within one month of the date of the notice of assessment.

An acknowledgement letter will be issued.

After examining the objection, the Assessing Officer will issue a "notice of settlement of objection" or a "notice of decision by Assessing Officer".

"Notice of settlement of objection" includes:
- notice of revised assessment,
- notification of refund, and
- letter notifying the settlement of objection.

"Notice of decision by Assessing Officer" will advise the taxpayer that the objection cannot be settled and at the same time will:
- seek further information,
- propose a basis of settlement of objection,
- advise the withdrawal of objection, or
- notify the submission of the case for the Commissioner's determination.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1 ACKNOWLEDGEMENTS OF OBJECTION			
Performance evaluation		*Achieved*	*Achieved*
May to August			
Before July 2006			
• Issued within 14 working days	98%	99.8%	99.8%
• Issued within 21 working days	99%	99.9%	99.9%
From July 2006 onwards			
• Issued within 12 working days	98%	99.2%	-
• Issued within 18 working days	99%	99.6%	-
• Number of acknowledgements		16,107	14,528
September to April			
Before July 2006			
• Issued within 21 working days	98%	99.9%	99.8%
• Issued within 28 working days	99%	100%	99.9%
From July 2006 onwards			
• Issued within 18 working days	98%	99.9%	-
• Issued within 24 working days	99%	99.9%	-
• Number of acknowledgements		60,491	58,227
2 PROCESSING OF OBJECTIONS			
Performance evaluation		*Achieved*	*Achieved*
• Processed within 4 months	98%	99.8%	99.9%
• Number of acknowledgements		78,202	71,937

13 Tax Holdover Claims

Description of Service

Taxpayers can apply in writing to have the whole or part of their provisional tax held over for specified reasons stipulated in the Inland Revenue Ordinance. The application must be lodged not later than 28 days before the date on which the provisional tax is due to be paid or 14 days after the date of the notice for payment of provisional tax, whichever is the later.

After examining the validity of each application, a reply is given by :

- confirming the amount of provisional tax to be held over; or
- requesting for further information.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

		TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1	TAX HOLDOVER CLAIMS			
	Performance evaluation		*Achieved*	*Achieved*
	Before July 2006			
	• Replied within 14 working days	98%	99.7%	100%
	• Replied within 21 working days	99%	99.9%	100%
	From July 2006 onwards			
	• Replied within 12 working days	98%	99.9%	-
	• Replied within 18 working days	99%	100%	-
	• Number of replies		47,558	52,655

14 Receipts for Tax Payments Made by Electronic Means

Description of Service

Tax can be paid by electronic means, by post or in person. Currently, we are offering three electronic payment channels to the public: the telephone, the bank automated teller machine and the Internet. Electronic payments are safe and convenient to taxpayers and cost-efficient to the Department. To promote the use of electronic payments, the Department issues an official receipt for each electronic payment received.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT	
		2006-07	2005-06
1 RECEIPTS FOR TAX PAYMENTS MADE BY ELECTRONIC MEANS			
Performance evaluation		*Achieved*	*Achieved*
July to November • Issued within 4 working days	98%	100%	100%
December to June Before July 2006 • Issued within 7 working days	98%	100%	100%
From July 2006 onwards • Issued within 6 working days	98%	100%	-
• Number of cases processed		1,339,172	1,344,474

15 Refunds of Tax

Description of Service

Any tax overpaid will be refunded to the taxpayer within 21 working days of the date of receipt of the overpayment.

Refund arising from a revision of assessment (as a result of allowing an objection, an appeal or a claim) will be made to the taxpayer within 21 working days from the date of notification to revise the assessment.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT	
		2006-07	2005-06
1 OVERPAYMENT OF TAX			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006 • Refunds issued within 25 working days	98%	99.9%	99.8%
From July 2006 onwards • Refunds issued within 21 working days	98%	99.9%	-
• Number of refunds issued		26,852	27,998
2 REVISION OF ASSESSMENT			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006 • Refunds issued within 25 working days	98%	100%	100%
From July 2006 onwards • Refunds issued within 21 working days	98%	100%	-
• Number of refunds issued		55,400	58,729

16 Tax Audit and Investigation

Description of Service

The Field Audit and Investigation Unit serves to promote voluntary compliance and to counter tax evasion and avoidance through tax audit and investigation.

Tax audit is conducted on Profits Tax, Salaries Tax and Property Tax cases to ensure the correctness of tax returns filed by taxpayers while tax investigation involves an in-depth inquiry into the affairs of taxpayers where tax evasion is suspected.

Depending on the complexity of each case, the time required for the completion of tax audit or investigation varies from one case to another.

With a view to improving taxpayers' service and increasing transparency in the conduct of field audit and investigation, the Department has published its penalty policy on the web site and through the Fax-A-Form service. Where penalty in the form of additional tax is imposed on a taxpayer, the notice of additional tax assessment shall disclose the basis for computing the penalty.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

		TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1	**FIELD AUDIT AND TAX INVESTIGATION**			
	Performance evaluation		*Achieved*	*Achieved*
	Processed within:			
	• 6 months	45%	77.7%	74.7%
	• 1 year	65%	83.3%	81.1%
	• 2 years	80%	89.8%	86.9%
	• 3 years	90%	93.4%	92.6%
	• Number of cases processed		1,875	1,873

17 Documents Stamping

Description of Service

Instruments chargeable with stamp duty (e.g. assignments, sale and purchase agreements of landed properties, contract notes and transfer deeds of Hong Kong stock, and lease agreements) are examined and assessed by the Stamp Office. Upon payment of stamp duty, the instruments will be stamped and returned to the applicants. Additional processing time is normally required if valuation of the property stated in the instruments has to be ascertained.

Transfers of landed properties and Hong Kong stocks between group companies are exempted from payment of stamp duty. Applications for such exemption have to be made to the Stamp Office by way of statutory declarations. The applicant will be notified of the result of the application in writing.

Duty payers can apply for a stamp certificate in respect of assignments, sale and purchase agreements of landed properties and lease agreements through the Internet under the ESD Scheme.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	TARGET	OUTPUT	
		2006-07	2005-06
1 ASSIGNMENTS AND SALE & PURCHASE AGREEMENTS / PROCESSING OF APPLICATIONS FOR DEFERRED PAYMENT OF STAMP DUTY ON AGREEMENTS FOR SALE OF RESIDENTIAL PROPERTY			
Performance evaluation		*Achieved*	*Achieved*
Before July 2006 • Stamped / processed within 6 working days	98%	99.5%	99.3%
From July 2006 onwards • Stamped / processed within 5 working days	98%	99.6%	-
• Number of documents / applications		115,219	163,263
2 CONTRACT NOTES AND LEASE AGREEMENTS			
Performance evaluation		*Achieved*	*Achieved*
• Stamped within the same day	98%	99.9%	99.9%
• Number of documents		1,249,124	1,009,356
3 CLAIMS FOR EXEMPTION (FOR TRANSFERS BETWEEN GROUP COMPANIES)			
Performance evaluation		*Achieved*	*Achieved*
• Processed within 3 months	85%	91.7%	93%
• Processed within 12 months	95%	99.3%	99.1%
• Number of claims processed		684	691

18 Business Registration

Description of Service

A person carrying on a business is required to apply to the Business Registration Office for the registration of that business within one month of its commencement. All applications for registration must be submitted together with the appropriate business registration fee. On completion of the registration procedures, a valid business registration certificate for the business will be issued.

Any person may, on payment of the prescribed fee, apply for supply of extracts of information on the Business Register in respect of a specified registered business.

Where there are any changes to the particulars of a registered business, such changes must be reported to the Business Registration Office within one month, whereupon the Business Register will be updated accordingly.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

		TARGET	OUTPUT 2006-07	OUTPUT 2005-06
1	**NEW CERTIFICATES**			
	Performance evaluation		*Achieved*	*Achieved*
	• Applications over the counter issued within 30 minutes	99%	100%	100%
	• Number of new certificates issued		128,436	125,110
	• Applications by post or through the Electronic Service Delivery Scheme issued within 2 working days	99%	100%	100%
	• Number of new certificates issued		3,500	3,154
	Total number of new certificates issued		131,936	128,264
2	**CERTIFIED EXTRACTS OF INFORMATION**			
	Performance evaluation		*Achieved*	*Achieved*
	• Issued within the next working day	99%	100%	100%
	• Number of certified extracts of information issued		216,659	206,760
3	**CHANGE OF BUSINESS REGISTRATION PARTICULARS**			
	Performance evaluation		*Achieved*	*Achieved*
	• Notifications over the counter to be updated within 30 minutes	97%	100%	100%
	• Number of business registration records updated		114,635	107,765
	• Notifications by post or through the Electronic Service Delivery Scheme			
	Before July 2006 to be updated within 6 working days	99%	100%	100%
	From July 2006 onwards to be updated within 5 working days	99%	100%	-
	• Number of business registration records updated		63,502	67,125
	Total Number of business registration records updated		178,137	174,890

19 Complaints and Compliments

Description of Service

Taxpayers dissatisfied with the services provided by the Department may contact the Complaints Officer:

- by telephone at 2594 5000
- at 37th Floor, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong
- by mail to GPO Box 11234, Hong Kong
- by fax to 2802 7625, or
- by e-mail to taxinfo@ird.gov.hk

Complaints are dealt with immediately when the information is available on computer. In other cases, a written response is provided within 15 working days of receipt of the respective complaint. Interim replies are issued within 7 working days.

PERFORMANCE FOR 12 MONTHS ENDING ON 31 MARCH 2007

	OUTPUT	
	2006-07	2005-06
1 COMPLAINTS		
Before April 2006		
• Interim replies made within 10 working days	-	100%
• Substantive replies made within 18 working days	-	99.8%
Between April to June 2006		
• Interim replies made within 8 working days	98.3%	-
• Substantive replies made within 18 working days	100%	-
From July 2006 onwards		
• Interim replies made within 7 working days	100%	-
• Substantive replies made within 15 working days	99.4%	-
• Number of complaints	431	410

Analysis of complaints	Number	%
• Profits Tax (Corporations & Partnership Businesses)	26	6%
• Profits Tax (Sole Proprietorships), Salaries Tax, Property Tax and Personal Assessment	258	60%
• Tax Collection, Business Registration and Stamp Duty	120	28%
• Field Audit and Tax Investigation	11	2%
• General Enquiries and Appeals	16	4%
Total	431	100%

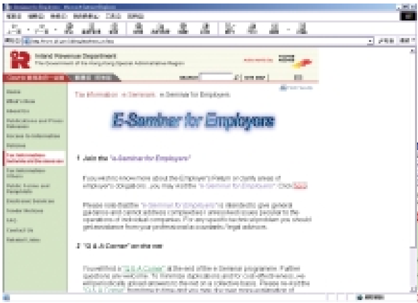
Findings	Number	%
• Substantiated	55	13%
• Partially substantiated	104	24%
• Not Substantiated	272	63%
Total	431	100%

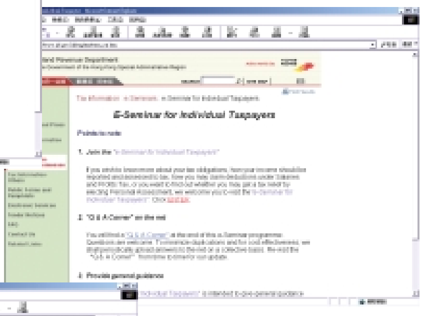
		OUTPUT	
		2006-07	2005-06
2	NUMBER OF OMBUDSMAN COMPLAINT CASES	19	11
3	NUMBER OF LETTERS OF COMPLIMENTS RECEIVED FROM TAXPAYERS	80	114

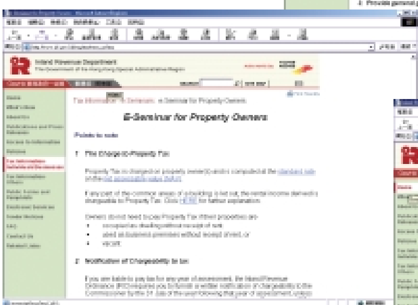
The Inland Revenue Department was awarded the 10-year Grand Award of The Ombudsman. Two Inland Revenue Officers also won the 2006 Ombudsman Awards for Public Officers.

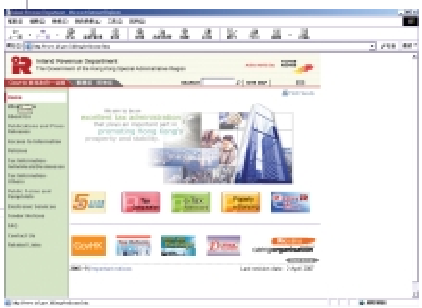
20 Tax Education and e-Seminars

The Department firmly believes that taxpayer education can help promoting voluntary compliance by employers and taxpayers. Hence, in response to and in anticipation of concerns of common interest to taxpayers, we expand and / or update the web content in respect of a number of topics including a series of e-Departmental Interpretation and Practice Notes [e-DIPNs] and e-Seminars in the Department's Homepage. The e-DIPNs contain the Department's interpretation of certain tax provisions of the Inland Revenue Ordinance and the relevant practice it adopts. They facilitate taxpaying public's understanding of both the Department's views and operations. The e-Seminars provide detailed guidance to tax representatives, employers, property owners and individual taxpayers on how to complete tax returns and fulfil other tax obligations. To assist the taxpayers further, the Department uploads the frequently asked questions (FAQs) for their reference. Providing taxpayer education information through the Internet is recognized as a very effective communication mode as it enables the taxpayers to reach the Department around-the-clock.







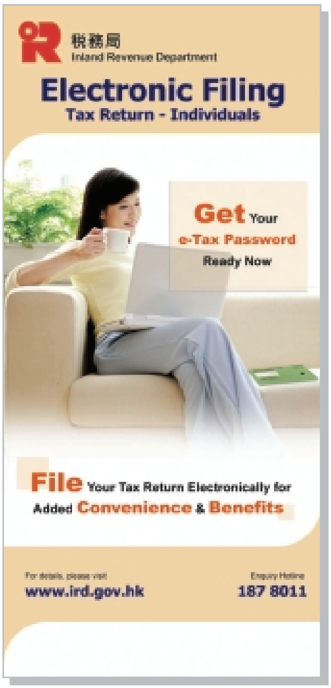


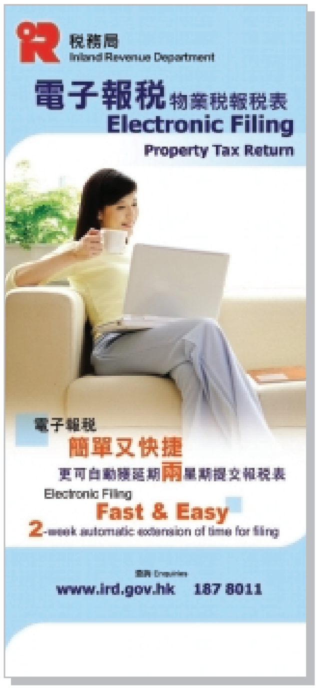
21 Electronic Filing of Tax Returns

Electronic filing service is a 24-hour all time service. Starting from April 2006, taxpayers who have forgotten their passwords can regain access to the service conveniently by re-applying for a new e-Tax Password via the Internet or telephone.

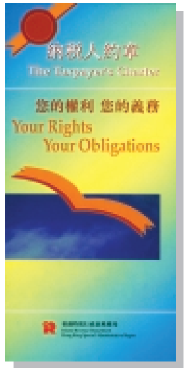
The Department has further upgraded the Internet filing function. In addition to the direct linkage to our homepage for viewing tax rates and various allowances, there are also other useful filling tips and enhanced functions. The main features of the Internet filing function include 'Pre-filling of data', 'Estimation of salaries tax payable', 'Saving of data' and 'Viewing and Printing'.

This year, the Department has also updated the tax computation function by taking into account the tax relief measures proposed in the 2007-08 Budget. Through Internet filing, taxpayers can find out instantly the amount of tax payable after tax relief.





22 The Taxpayer's Charter



Your Rights
Your Obligations
The Taxpayer's Charter helps the taxpaying public understand their rights and obligations.

Your Rights as a Taxpayer

1. **Tax Liability**
   You only have to pay the amount of tax due under the law.

2. **Courteous Treatment**
   You are entitled to courteous treatment in your dealings with us.

3. **Professional Service**
   You are entitled to receive our service in a timely manner in accordance with our pledged standards. You can expect assistance from us to help you understand and meet your tax obligations. You can expect us to act in an impartial, professional and fair manner.

4. **Privacy and Confidentiality**
   You are entitled to expect that the information you provide us will be used only for purposes the law allows; that it will not be disclosed to anyone, except as authorized by law.

5. **Access to Information**
   You are entitled access to your own tax information held by us as permitted by the law.

6. **Bilingual Service**
   You are entitled to our service in Chinese or English, at your choice.

7. **Complaints and Appeals**
   If you are not satisfied with our service, you have the right to give comments and complain to us or to the Ombudsman. If you disagree with the amount of your tax assessment, you have the right of objection and appeal.

Your Obligations as a Taxpayer

1. **Honesty**
   You should be honest in your dealings with us.

2. **Lodgement of Returns, Documents and Information**
   You should file correct returns and documents and provide complete and accurate information within time limits specified.

3. **Tax Payment**
   You should pay your tax due on time.

4. **Record Keeping**
   You should keep sufficient records to enable your tax liability to be ascertained accurately.

5. **Keeping IRD Posted**
   You should keep us informed upon change of business or correspondence address.

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