



**Inland Revenue Department**

The Government of the Hong Kong Special Administrative Region

**治稅以法 服務以誠**  
Tax by the Law  
Service from the Heart  
Annual Report 2015-16 年報



# Vision, Mission and Values

## 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

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# 1 Commissioner's Foreword

The total revenue collection of the Inland Revenue Department in 2015-16 was \$291.3 billion. It was \$10.6 billion lower than that of last year, yet, it is the second highest record over the years. Compared with last year, stamp duty collection recorded a significant drop. There was huge amount of stamp duty collection on one-off basis last year. The drop in number of property transactions since August 2015 also resulted in a decrease in stamp duty collection in 2015-16. In respect of salaries tax, the increase in maximum amount of tax rebate from \$10,000 to \$20,000 in the year of assessment 2014-15 slightly brought down the amount of salaries tax assessed. For profits tax, the slowdown of the Hong Kong economy since the second half of 2015 has triggered a sharp rise in the amount of provisional tax heldover, which in turn resulted in a smaller increase in tax collection.

2015-16 was a challenging year. Five revenue-related bills were enacted in the 2015-16 legislative session:

- Inland Revenue (Amendment) (No. 3) Ordinance 2015: enhancing the tax appeal mechanism and improving the efficiency and effectiveness of the Board of Review
- Inland Revenue (Amendment) Ordinance 2016: effecting the concessionary revenue measures introduced in the 2016-17 Budget
- Inland Revenue (Amendment) (No. 2) Ordinance 2016: enhancing the existing interest deduction rules for the intra-group financing business of corporations; introducing a concessionary profits tax rate for qualifying corporate treasury centres; and seeking to clarify profits tax and stamp duty treatments in respect of regulatory capital securities issued by banks in compliance with Basel III capital adequacy requirements
- Securities and Futures (Amendment) Ordinance 2016: introducing a new open-ended fund company (OFC) structure in Hong Kong and providing legislative framework for registration and incorporation of OFCs and regulation of such companies and their businesses
- Inland Revenue (Amendment) (No. 3) Ordinance 2016: providing a legislative framework for the implementation of automatic exchange of financial account information in tax matters (AEOI) in Hong Kong

Tax transparency and effective exchange of information has become a focus of our work agenda. As a major financial centre and a responsible member of the international community, Hong Kong has all along been a staunch supporter of international efforts to enhance tax transparency and combat cross-border tax evasion. I am pleased that the Inland Revenue (Amendment) Bill 2016 was passed to become the Inland Revenue (Amendment) (No. 3) Ordinance 2016. As a result, Hong Kong can fulfil its commitment to commence the first information



exchange by the end of 2018. It also allows the Department and financial institutions to have an early kick-start of the requisite preparatory work. The Department is now working in full swing to develop an AEOI portal for financial institutions to submit electronic notices and relevant forms. The AEOI portal is safe, secure, and can ensure privacy of AEOI account holders and confidentiality of information exchanged during the process. Our target is to implement the AEOI portal before end of 2017.

Apart from gearing up for the implementation of AEOI, we kept on striving to further expand Hong Kong's network of Comprehensive Double Taxation Agreements (CDTAs). In the past year, Hong Kong has made remarkable achievements in this area. Up to 31 March 2016, Hong Kong has signed CDTAs with 34 jurisdictions.

At the same time, the Department actively participated in international meetings concerning Base Erosion and Profit Shifting (BEPS). The Group of Twenty (G20) endorsed in November 2015 the package of measures proposed by the Organisation for Economic Co-operation and Development (OECD) to tackle BEPS. The BEPS Package, covering 15 specific actions, seeks to ensure that multinational corporations pay a fair share of taxes in respect of their profits, and to plug the loophole of "double non-taxation" among jurisdictions. Implementing the BEPS Package can ensure the alignment of the local tax system with international standards, whereby maintaining a fair and transparent tax environment and Hong Kong's competitiveness. In view of this, the Government accepted the OECD's invitation on 20 June 2016 to join, in the name of "Hong Kong, China", as an Associate in the inclusive framework for implementing the BEPS Package. Hong Kong will work on an equal footing with the OECD, the G20 and many other countries and jurisdictions to implement the BEPS Package and to develop standards. The Government is conducting an analysis on the recommendations in the BEPS Package, with a view to mapping out work priorities. The Government will also consult the industry on the strategy for implementing the relevant proposals at an appropriate juncture and prepare for taking forward the necessary legislative amendments.

With the increasing number of CDTAs signed by Hong Kong, and the new tasks arising from the implementation of AEOI and BEPS Package, the Department will be facing ever-increasing workload in the years ahead. Despite the difficulties and challenges foreseen, we will, with high team spirit, strive for the best to accomplish our missions.

**WONG Kuen-fai**  
**Commissioner of Inland Revenue**

## 2 Revenue

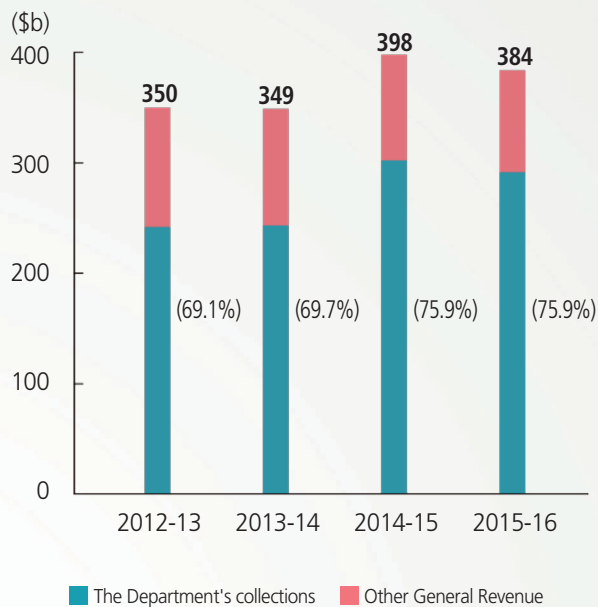
In 2015-16, the Inland Revenue Department collected \$291.3 billion which represents a decrease of \$10.6 billion or 3.5% as compared with the previous year. The decrease mainly came from stamp duty and salaries tax. Stamp duty collections dropped by 16.3% to \$62.7 billion. Salaries tax collections dropped by 2.5% to \$57.9 billion. Profits tax collections, on the other hand, increased by 1.7% to \$140.2 billion. An analysis of the revenue collected by tax type is provided in **Figure 1**.

**Figure 1 Revenue collected by tax type**

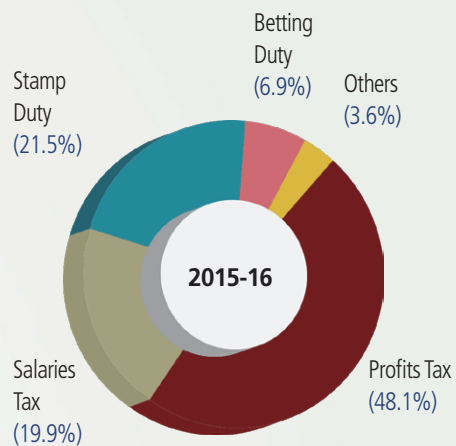
Type of tax	2012-13 (\$m)	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)
Profits tax -				
Corporations	120,727.2	116,097.5	132,683.8	<b>135,574.0</b>
Unincorporated businesses	4,911.2	4,784.3	5,163.1	<b>4,652.6</b>
Salaries tax	50,467.0	55,620.3	59,346.8	<b>57,867.8</b>
Property tax	2,258.2	2,583.8	2,938.6	<b>2,998.0</b>
Personal assessment	4,078.2	4,420.0	4,817.2	<b>4,790.0</b>
<b>Total earnings &amp; profits tax</b>	<b>182,441.8</b>	<b>183,505.9</b>	<b>204,949.5</b>	<b>205,882.4</b>
Estate duty	137.6	388.4	178.2	<b>30.0</b>
Stamp duty	42,879.7	41,514.7	74,844.9	<b>62,680.3</b>
Betting duty	16,564.8	18,066.4	19,479.3	<b>20,127.2</b>
Business registration fees	122.9	73.5	2,480.6	<b>2,607.1</b>
<b>Total revenue collected</b>	<b>242,146.8</b>	<b>243,548.9</b>	<b>301,932.5</b>	<b>291,327.0</b>
<b>% change over previous year</b>	<b>1.6%</b>	<b>0.6%</b>	<b>24.0%</b>	<b>-3.5%</b>

The revenue collected by the Department during 2015-16 accounted for 75.9% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 68% of the total revenue collected while stamp duty made up a further 21.5% (**Figure 3**).

**Figure 2 Government General Revenue**

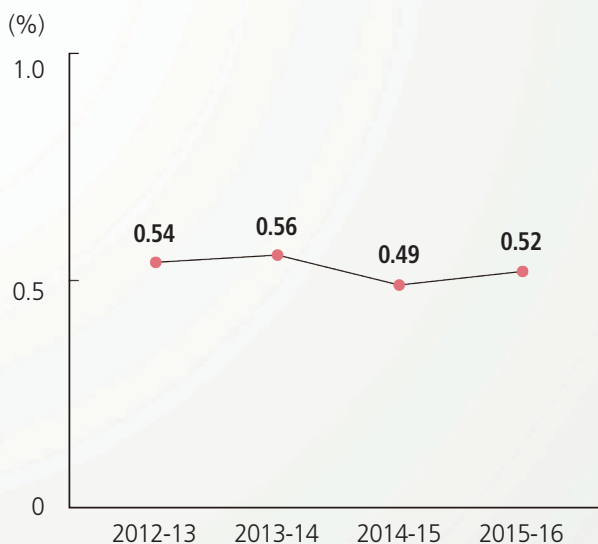


**Figure 3 Composition of the revenue collections**



In 2015-16, the cost of collection increased from 0.49% to 0.52% (Figure 4).

**Figure 4 Cost of collection**



## 3 Assessing Functions

The Department raises revenue through taxes, duties and fees in accordance with the relevant legislation. Earnings and profits tax are assessed by reference to the incomes / profits of the taxpayers in the previous year, whereas duties and fees are charged at the time the relevant activities occur. For 2015-16, earnings and profits tax assessed increased by \$5.5 billion (2.7%) (**Schedule 2**) as compared with the previous year. Yet, the total amount of duties and fees collected dropped by \$11.5 billion (11.9%).

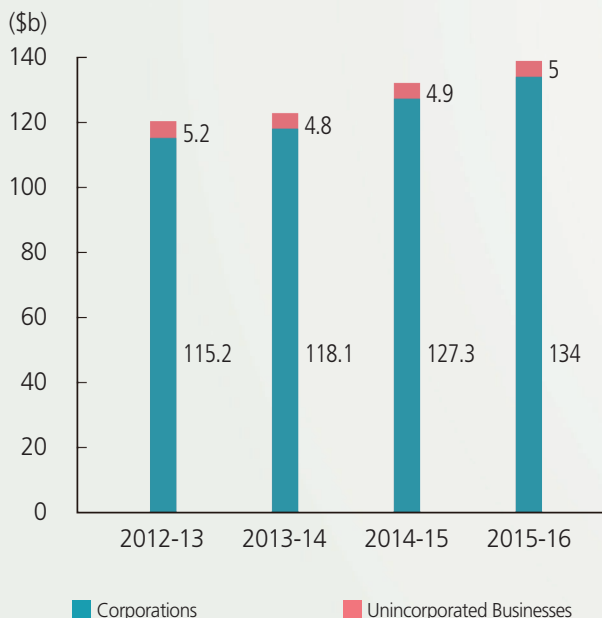
### Profits Tax

Profits tax is levied on individuals, corporations, bodies of persons and partnerships, in respect of assessable profits arising in or derived from Hong Kong. For the year of assessment 2015-16, the tax rates for corporations and non-corporate persons remained unchanged at 16.5% and 15% respectively.

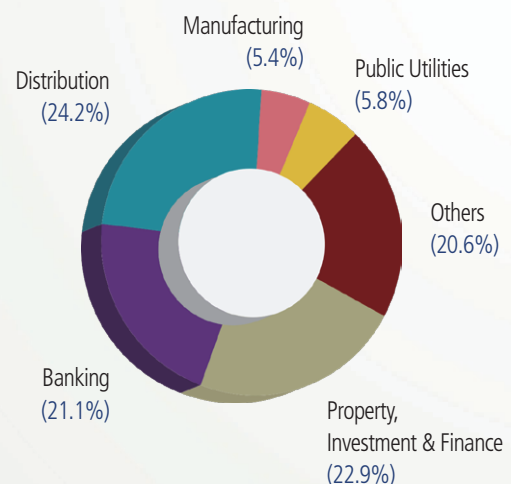
The amount of profits tax assessed in 2015-16 was \$139 billion, which was \$6.8 billion (5.1%) more than that of the previous year, reflecting a modest growth in the Hong Kong economy (**Figure 5**).

The amounts of final tax assessed in respect of different business sectors are shown in **Schedules 3** and **4**. Of the total final tax assessed for the year of assessment 2014-15, the property and financial sectors together contributed 44% and the distribution sector generated 24.2% (**Figure 6**).

**Figure 5 Profits tax assessed**



**Figure 6 Ratios of corporation profits tax assessed under 2014-15 final assessments by business sectors**



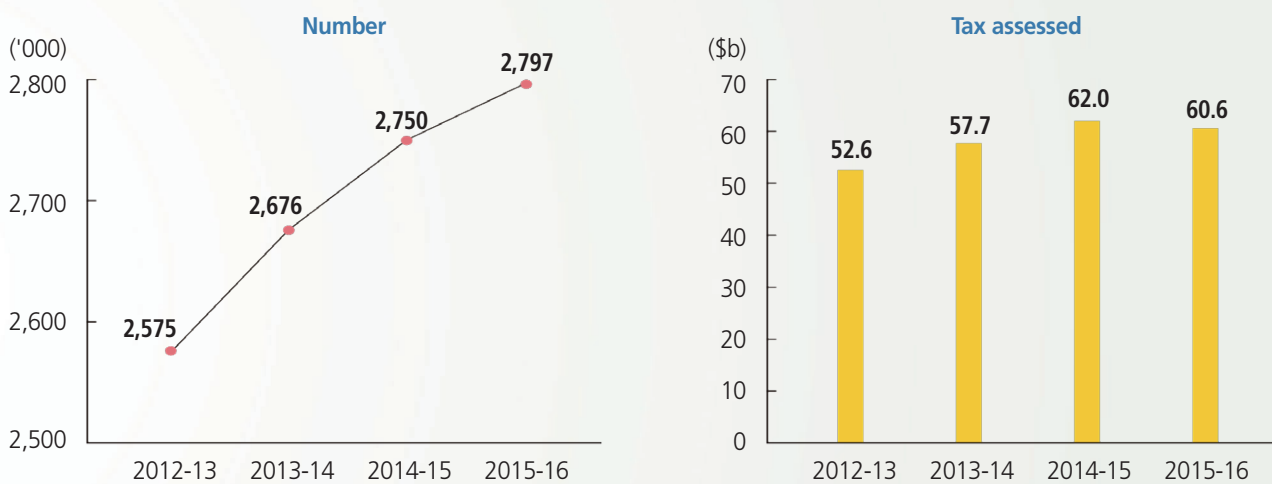


## Salaries Tax

Salaries tax is charged on all incomes from any office (e.g. a directorship) or employment and pension arising in or derived from Hong Kong. The total amount of tax payable is restricted to the standard rate on the net total income (without allowances) of the individual concerned. For the year of assessment 2015-16, the standard rate remained unchanged at 15%.

As compared with the previous year, the number of salaries tax assessments made during 2015-16 increased by 1.7%. However, the total amount of tax assessed was 2.3% less after implementing the salaries tax relief measures in the 2015-16 Budget (**Figure 7**).

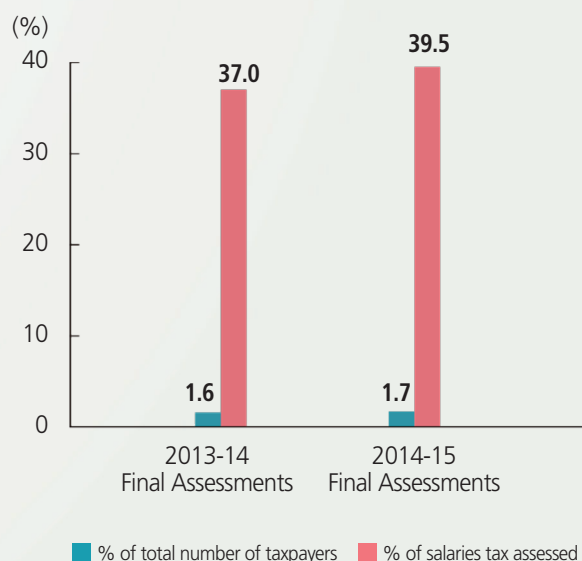
**Figure 7** Salaries tax assessments



Analyses of salaries tax assessments and allowances granted in respect of taxpayers at various income levels for the year of assessment 2014-15 are provided in **Schedules 5** and **6**.

For the year of assessment 2014-15, the number of standard rate taxpayers increased by 1,841 to 29,692. These taxpayers together contributed 39.5% of the salaries tax assessed, an increase of 2.5% compared with last year (**Figure 8**).

**Figure 8** Standard rate taxpayers



## Notification Requirements of Employers

Employers are required to notify the Department of commencements and cessations of employment as well as employees' impending departure from Hong Kong for more than 1 month. Besides, employers are required to prepare annual employer's returns to report the emoluments of each of their employees. During the year, 406,264 employers filed employer's returns with the Department.

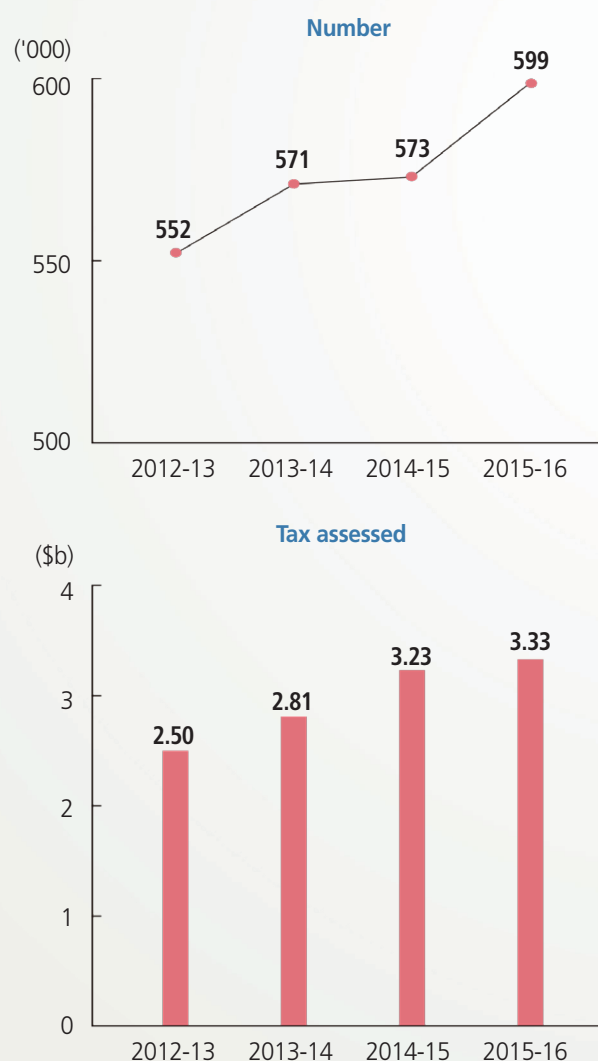
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain specimens of completed employer's returns and notification through the Fax-A-Form service.

## Property Tax

Property owners (including corporations) are subject to property tax which is charged at the standard rate in respect of the net assessable value of the property. For the year of assessment 2015-16, the standard rate remained unchanged at 15%. Rents received from properties solely owned by individuals should be declared in Tax Returns-Individuals (BIR60); whilst rents received from properties jointly owned or co-owned by individuals or properties held by corporations / bodies of persons should be declared in Property Tax Returns (BIR57 / BIR58). Property owners that pay property tax in respect of premises used for their businesses can have such payments set off against their profits tax liabilities. For corporations, income arising from properties owned by them is also subject to profits tax at the corporation rate. To obviate the need for yearly set-off of property tax against profits tax, a corporation can apply for exemption of property tax on the property concerned.

Statistics on the classification of properties and classification by number of owners, based on the records of the Department, are provided in **Schedule 7**. The number of assessments made in 2015-16 was more than that in the previous year by 4.5%. The total amount of property tax assessed also increased by 3.1% (**Figure 9**).

**Figure 9** Property tax assessments

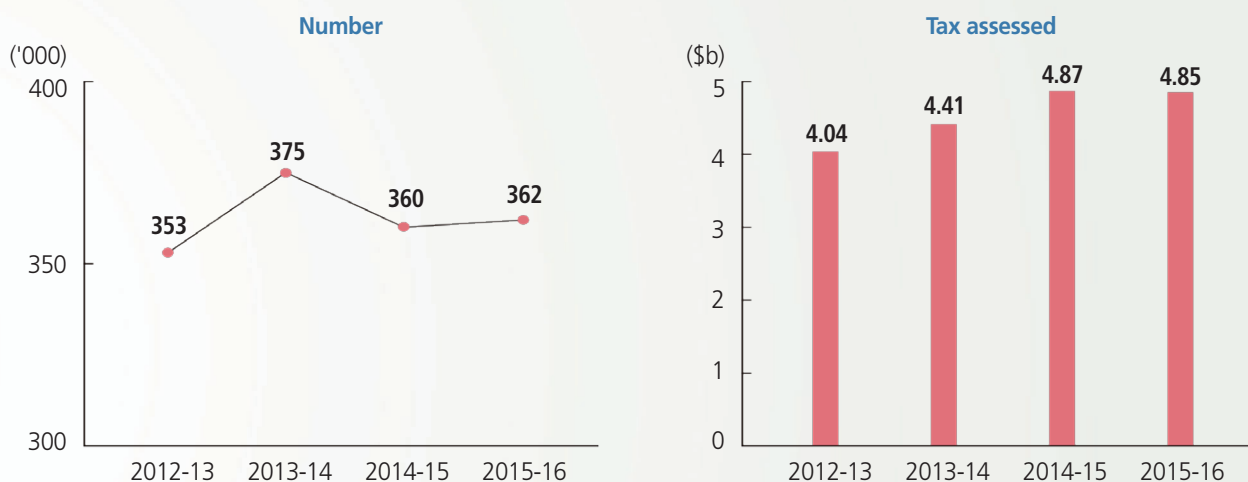


## Personal Assessment

If an individual has income chargeable to profits tax and /or property tax, he/she may elect for personal assessment. Under personal assessment, all the incomes of the taxpayer and his or her spouse (if married) are aggregated and, after deduction of all allowances, are assessed at the progressive tax rates applicable to salaries tax. In appropriate circumstances, this would reduce the total tax liability of the taxpayer and his or her spouse.

In 2015-16, both the number of assessments made and the total amount of tax assessed under personal assessment were similar to those of last year (**Figure 10**).

**Figure 10 Assessments made under personal assessment**



## Tax Treaty Network

Double taxation arises where the same item of income or profit of a taxpayer is subject to tax in Hong Kong as well as in another tax jurisdiction. To establish a tax treaty network can help minimise exposure of Hong Kong residents and residents of the tax treaty partners to double taxation. It will also facilitate the flows of trade, investment and talent between Hong Kong and the rest of the world, and enhance Hong Kong's competitiveness as an international financial, investment and commercial hub.

As at 31 March 2016, Hong Kong has signed comprehensive double taxation agreements (covering various types of income) with 34 jurisdictions. They are Austria, Belgium, Brunei, Canada, the Czech Republic, France, Guernsey, Hungary, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Liechtenstein, Luxembourg, the Mainland of China, Malaysia, Malta, Mexico, the Netherlands, New Zealand, Portugal, Qatar, Romania, Russia, South Africa, Spain, Switzerland, Thailand, the United Arab Emirates, the United Kingdom and Vietnam.

Hong Kong, as a responsible member of the international community, is committed to enhancing tax transparency and preventing cross-border tax evasion. To comply with the latest international standard on exchange of information, Hong Kong entered into tax information exchange agreements with appropriate partners since 2014.

As at 31 March 2016, Hong Kong has signed tax information exchange agreements with 7 jurisdictions. They are Denmark, the Faroes, Greenland, Iceland, Norway, Sweden and the United States of America.

## Advance Rulings

Taxpayers may apply for an advance ruling on how a provision of the Inland Revenue Ordinance applies in relation to a particular arrangement. A fee is charged for the service on a "cost recovery" basis. The applicant is required to pay an initial application fee of \$30,000 for a ruling concerning the application of the "Territorial Source Principle" in a profits tax case, or \$10,000 for a ruling on any other matter. An additional fee is payable if the processing time exceeds the specified limit. The Department endeavours to respond within 6 weeks of the date of application, provided that all relevant information is supplied with the application and further information from the applicant is not required.

During 2015-16, the Department completed the processing of 29 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

**Figure 11 Advance rulings**

	2014-15 Number	2015-16 Number
Awaiting decision at the beginning of the year	7	<b>20</b>
Add: Applications received during the year	46	<b>35</b>
	53	<b>55</b>
Less: Disposed of -		
Rulings made	19	<b>16</b>
Applications withdrawn	9	<b>12</b>
Rulings declined	5	<b>1</b>
	33	<b>29</b>
Awaiting decision at the end of the year	20	<b>26</b>

## Advance Pricing Arrangement

An Advance Pricing Arrangement (APA) is an arrangement that determines in advance an appropriate set of criteria for the determination of the transfer pricing of cross-border transactions between associated enterprises. The APA process gives enterprises the opportunity to reach agreements with tax administrations on the method of applying the arm's length principle so that transfer pricing issues can be more efficiently dealt with in real time, thus avoiding the risk of transfer pricing audit later. This arrangement enables enterprises to better assess their tax exposure and facilitates their business operation.

A unilateral APA is an arrangement between the Commissioner and the enterprise concerning the transfer pricing of its cross-border transactions with an associated enterprise. As the APA process does not involve the agreement

with a comprehensive avoidance of double taxation agreement (CDTA) partner, it does not guarantee the agreement of the CDTA partner to the arrangement made.

A bilateral APA is an arrangement between the Commissioner and a CDTA partner concerning the transfer pricing of the abovementioned cross-border transactions. It therefore provides certainty to enterprises that double taxation will not arise. The same also applies to a multilateral APA which is a similar arrangement involving the partners of two or more CDTAs.

The Department rolled out the APA programme in April 2012. At present, the Department will only consider bilateral or multilateral APA applications due to resource constraints and the deficiency of a unilateral APA. Up to 31 March 2016, the Department has received quite a number of applications in relation to CDTA with different partners including the Mainland of China, Japan, Malaysia and the Netherlands. These cases are currently under different stages of the APA programme and a few of them have already been completed.

## Objections

A taxpayer who is aggrieved by an assessment may lodge a notice of objection to the Commissioner within the prescribed time limit. If the objection is against an estimated assessment raised in the absence of a tax return, a properly completed return, together with the supporting accounts where applicable, must also be accompanied with the notice of objection. A significant proportion of the objections received each year arise from estimated assessments. Most of these objections are settled promptly by reference to the returns subsequently received. Many of the other types of objections are also settled by agreement between the taxpayers and the assessors concerned. Only relatively few objections are ultimately referred to the Commissioner for determination. During 2015-16, the Department completed the processing of 79,999 objections (**Figure 12**).

**Figure 12** Objections

	2014-15 Number		2015-16 Number	
Being processed at the beginning of the year		32,871		<b>35,422</b>
Add: Received during the year		<u>82,293</u>		<u><b>82,237</b></u>
		115,164		<b>117,659</b>
Less: Disposed of -				
Settled without determination	79,323		<b>79,483</b>	
Determinations:				
Assessments confirmed	246		<b>313</b>	
Assessments reduced	93		<b>113</b>	
Assessments increased	66		<b>86</b>	
Assessments annulled	14	419	<b>4</b>	<b>516</b>
		<u>79,742</u>		<u><b>79,999</b></u>
Being processed at the end of the year		<u>35,422</u>		<u><b>37,660</b></u>

## Appeals to the Board of Review

A taxpayer who is dissatisfied with the Commissioner's determination of his objection may appeal to the Board of Review (Inland Revenue Ordinance) (the Board). The Board is an independent statutory body. As at 31 March 2016, the Board consisted of a chairman and 8 deputy chairmen, who have legal training and experience, as well as 68 members. During 2015-16, the Board settled 56 appeal cases (**Figure 13**).

**Figure 13 Appeals to the Board of Review**

			Number
Awaiting hearing or decision as at 1 April 2015			48
Add: Received during the year			53
			101
Less: Disposed of -			
Withdrawn		21	
Decided:			
Assessments confirmed	23		
Assessments reduced in full	6		
Assessments reduced in part	1		
Assessments increased	4		
Others	1		
	35		56
Awaiting hearing or decision as at 31 March 2016			45

## Appeals to the Courts

A decision of the Board is final, provided that either the taxpayer or the Commissioner may, pursuant to section 69 of the Inland Revenue Ordinance, make an application requiring the Board to state a case on a question of law arising from its decision for the opinion of the Court of First Instance. With effect from 1 April 2016, the section 69 was amended to allow the taxpayer or the Commissioner to apply for leave to appeal directly to the court against the decision of the Board on questions of law without having the Board to state a case for the court's consideration.

During 2015-16, the Court of First Instance ruled on two cases relating to the Inland Revenue Ordinance. In an appeal from the Commissioner, the Court of First Instance remitted the case with its opinion to the Board. In the other appeal concerning chargeability of benefits accrued upon termination of employment, the Court of First Instance dismissed the taxpayer's appeal.

During the year, the Court of Appeal ruled against a taxpayer in an appeal as to whether licence fees were chargeable to tax.

The Hong Kong Court of Final Appeal Ordinance provides that, a taxpayer or the Commissioner may, with the leave of the Court of Appeal or the Court of Final Appeal, appeal against the judgment of the Court of Appeal. During 2015-16, the Court of Final Appeal granted the Commissioner the leave to appeal against judgments of the Court of Appeal in 2 related cases, however, the relevant appeals concerning whether certain profits were trading in nature were subsequently dismissed by the Court of Final Appeal.

**Figure 14** sets out the statistics concerning appeals to the Courts during 2015-16.

**Figure 14 Appeals to the Courts**

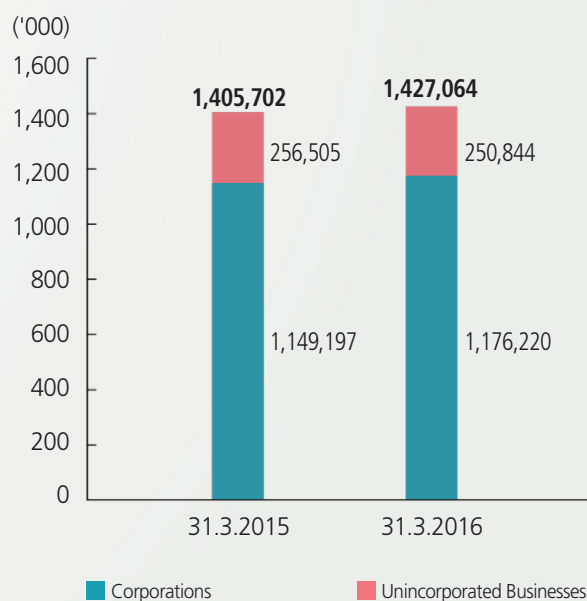
	Court of First Instance	Court of Appeal	Court of Final Appeal	Total
Awaiting hearing or decision as at 1 April 2015	4	1	0	5
Add: Lodged during the year	1	0	2	3
	5	1	2	8
Less: Disposed of -				
Decided	2	1	2	5
Discontinued	1	0	0	1
Awaiting hearing or decision as at 31 March 2016	2	0	0	2

## Business Registration

The Department aims to maintain an efficient business registration system. A person carrying on a business in Hong Kong must register the business and pay the required fee and levy. The number of business registrations as at 31 March 2016 stood at 1,427,064, which was an all time high. It was 21,362 more than that as at 31 March 2015 (**Figure 15**).

Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2016, 20,819 businesses held 3-year certificates.

**Figure 15 Number of business registrations**



The amount of business registration fees and penalties collected in 2015-16 increased to \$2,607 million. It represents an increase of 5.1% compared with last year (**Figure 16**). Business registration statistics are set out in **Schedule 8**.

**Figure 16 Business registration statistics**

	2014-15	2015-16	Increase
Number of certificates paid (Main and Branch)	1,382,214	<b>1,402,548</b>	+1.5%
Fees (inclusive of penalties) collected (\$m)	2,481	<b>2,607</b>	+5.1%

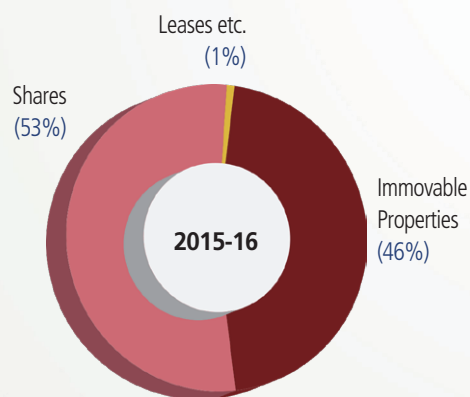
Under the Business Registration Ordinance, a small business with average monthly sales or receipts below a specified limit (\$10,000 for businesses deriving profits mainly from the sale of services, and \$30,000 for other businesses) can apply for exemption from payment of the business registration fee and levy. Where an application for exemption is not allowed, the business operator may appeal to the Administrative Appeals Board. The number of exemptions granted during 2015-16 was 16,103, representing an increase of 16.4% from the previous year. No appeal case was received by the Board during the last two years.

## Stamp Duty

Stamp duty is charged on instruments effecting property transactions, stock transactions and leasing of property in Hong Kong (**Figure 17**).

The Stamp Duty (Amendment) (No. 2) Ordinance 2014 ("Amendment Ordinance") was gazetted on 25 July 2014. The Amendment Ordinance introduced higher rates of ad valorem stamp duty ("AVD") on certain instruments relating to immovable properties executed on or after 23 February 2013; and advanced the charging of AVD on instruments relating to non-residential property transactions from the conveyance on sale to the agreement for sale executed on or after that date. One-off receipt of additional stamp duty chargeable on certain instruments relating to immovable properties executed during the transitional period (from 23 February 2013 to 24 July 2014) upon passage of the Amendment Ordinance resulted in significantly large collections in 2014-15. On the other hand, the number of immovable property transactions has been decreasing since August 2015. As a result, the stamp duty collections from immovable properties in 2015-16 significantly decreased by 42% as compared to that of 2014-15.

**Figure 17 Composition of stamp duty collections**





The number of securities transactions has increased noticeably in the first half of 2015-16. The stamp duty collections from share transactions in 2015-16 were \$33.4 billion, representing an increase of 34% from the previous year.

Overall, there was a decrease of 16% in the total stamp duty collected during the year. The number of documents stamped also decreased by 8% (Figure 18 and Schedule 9).

**Figure 18 Stamp duty collections**

	2014-15 (\$m)	2015-16 (\$m)	Increase/Decrease
Immovable Properties	49,215	<b>28,494</b>	-42%
Shares	24,885	<b>33,410</b>	+34%
Leases and other documents	745	<b>776</b>	+4%
Total	74,845	<b>62,680</b>	-16%

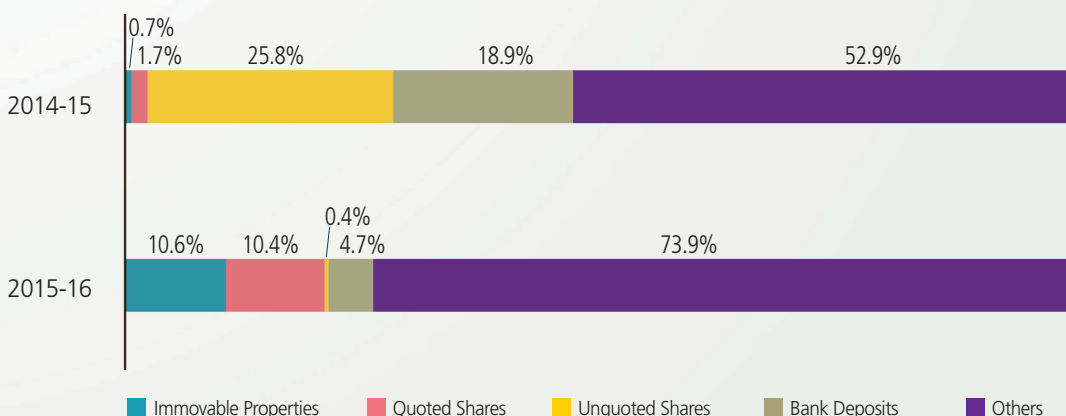
## Estate Duty

Estate duty is charged on that part of a deceased person's estate situated in Hong Kong. The threshold for levying duty is \$7.5 million and the duty rates range from 5% to 15%, depending on the value of the estate.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 abolishing estate duty in respect of persons passing away on or after that date. The estate duty chargeable in respect of estates of persons died between the period 15 July 2005 to 10 February 2006, with the principal value exceeding \$7.5 million, is reduced to a nominal amount of \$100. With the abolition of estate duty, the number of new cases reduced gradually to 771 in 2015-16, a drop of 14% from the last year (Figure 20).

Figures 19 and 20 show the composition of estates and cases processed for the past two years.

**Figure 19 Composition of estates**



**Figure 20 Estate duty cases**

	2014-15 Number	2015-16 Number
New cases	897	771
Cases finalised		
- Dutiable	7	17
- Exempt	868	763
	875	780

Estate duty of \$30 million was collected during the year (**Schedule 10**), a decrease of \$148 million (83%) compared with the previous year.

Estate duty is payable on delivery of an estate duty affidavit or account (or within 6 months from the date of the deceased's death, whichever is the earlier). \$6.3 million was received during the year in advance of the issue of formal assessments (**Schedule 10**).

## Betting Duty

Betting duty is charged on the net stake receipts from betting on horse races and football matches and on the proceeds of Mark Six lotteries, all administered by the Hong Kong Jockey Club. In 2015-16, the rates of betting duty on these betting activities remained unchanged (**Figure 21**).

**Figure 21 Rates of betting duty in 2015-16**

		Rate
Horse racing		
Local bets on local horse races	Net stake receipts	
	the first \$11 billion	72.5%
	the next \$1 billion	73%
	the next \$1 billion	73.5%
	the next \$1 billion	74%
	the next \$1 billion	74.5%
	the remainder	75%
Local bets on non-local horse races	Net stake receipts	72.5%
Mark Six lotteries	Proceeds	25%
Football betting	Net stake receipts	50%

The total betting duty collected in 2015-16 was 3.3% higher than that of the previous year (**Figure 22** and **Schedule 11**).

**Figure 22 Betting duty collections**

	2014-15 (\$m)	2015-16 (\$m)	Increase
Horse racing	11,932.5	<b>12,316.5</b>	+3.2%
Mark Six lotteries	1,970.3	<b>2,032.2</b>	+3.1%
Football betting	5,576.5	<b>5,778.5</b>	+3.6%
Total	19,479.3	<b>20,127.2</b>	+3.3%

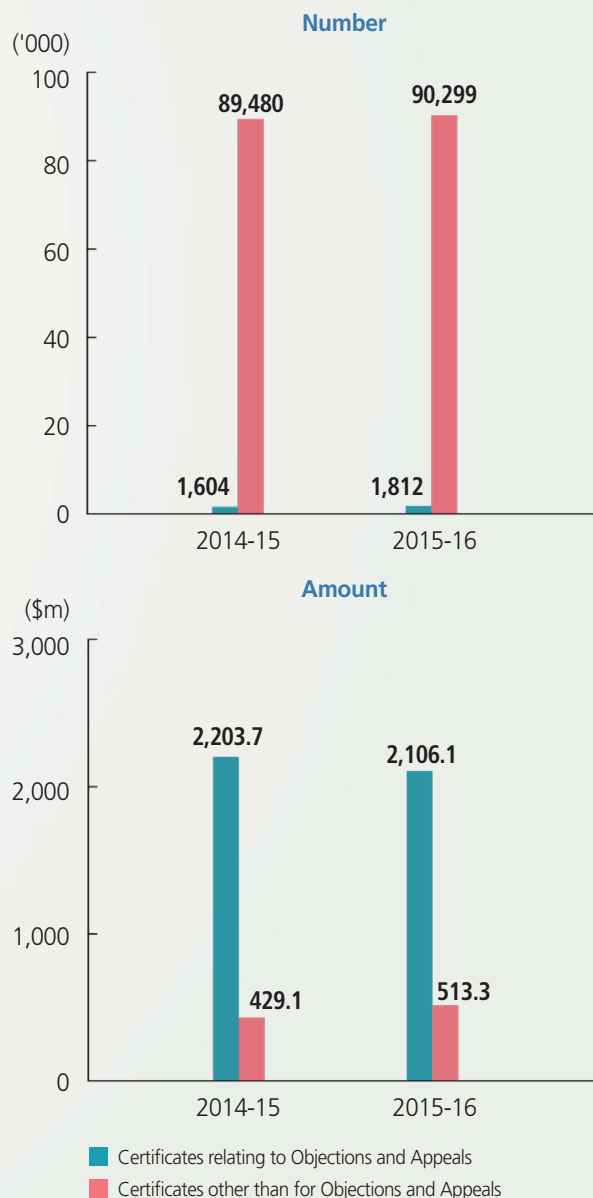
## Tax Reserve Certificates

Taxpayers may purchase Tax Reserve Certificates (TRCs) under two situations.

The first situation applies to taxpayers who wish to save for the payment of their future tax liabilities. The Department has set up two schemes, namely the “Electronic Tax Reserve Certificates Scheme” for all taxpayers and the “Save-As-You-Earn” (SAYE) Scheme for civil servants and civil service pensioners. With a Tax Reserve Certificate account, taxpayers may purchase TRCs by various channels, including bank auto-pay, telephone, the Internet and bank ATM. Under the “SAYE Scheme”, civil servants and civil service pensioners can purchase TRCs through monthly deductions from their salaries / pensions. Interest is payable on the TRCs when they are redeemed for settlement of tax liabilities, based on the interest rate prevailing at the time of purchase, for a maximum period of 36 months from the date of purchase.

In 2015-16, there was an increase of 2.6% and 23.1% respectively in the number and the amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme” but a slight decrease of 0.8% in the number and an increase of 3.5% in the amount of TRCs sold under the “SAYE Scheme” (**Schedule 12**). Overall, the total amount of TRCs sold decreased slightly by 0.5% (**Figure 23**).

**Figure 23 Certificates sold**



The second situation applies to taxpayers who object to tax assessments and are required to purchase TRCs in respect of the tax in dispute. Such TRCs are used to settle any tax found payable upon the finalisation of the objection or appeal. Interest is only payable on the amount of the TRC, if any, subsequently required to be repaid to the taxpayer, and is computed at floating rates over the tenure of the TRC.

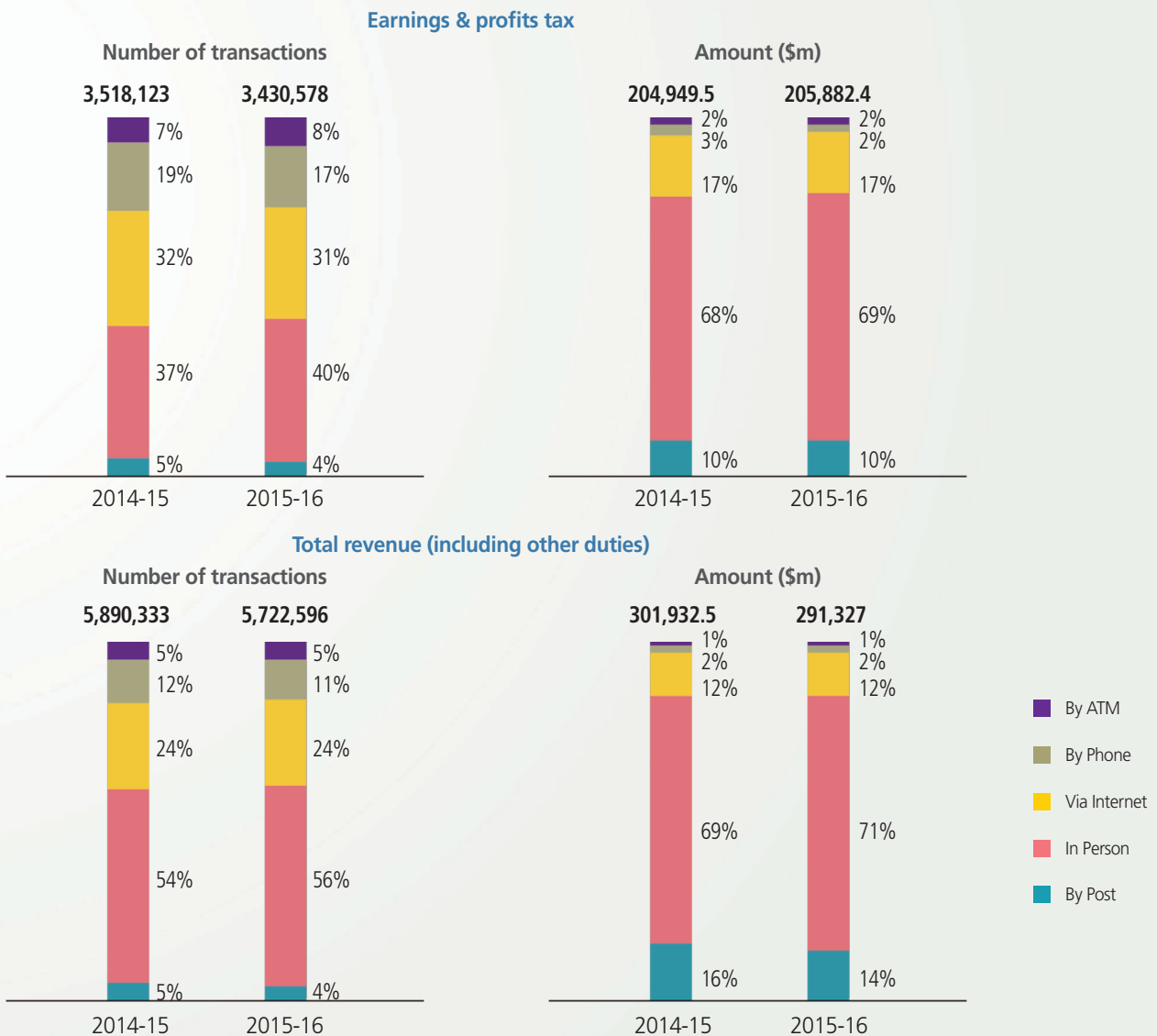
# 4 Collection

Revenue collected by the Department includes tax, additional tax, surcharge and fines. **Schedules 13 and 14** provide details of additional tax, surcharge and fines imposed by the Department in respect of earnings and profits tax during 2015-16.

## Collection of Tax

Taxpayers can conveniently settle their tax liabilities by various payment methods, including electronic payment (by phone, bank ATM or via the Internet), payment in person or payment by post. Starting from 7 December 2015, taxpayers can also settle their tax liabilities by e-Cheque / e-Cashier Order. For earnings and profits tax, electronic payment remains most popular. 56% of the earnings and profits tax payment transactions in 2015-16 were made through electronic means. **Figure 24** shows the respective percentages of the different payment methods used by taxpayers under earnings and profits tax and total revenue.

**Figure 24 Payment methods**



## Refund of Tax

Tax refunds were made mainly due to two reasons, namely, overpayment of tax by taxpayers and revision of assessments. There were 612,637 refund cases in 2015-16, representing an increase of 15.1%. The total amount of refunds was \$14.77 billion, representing an increase of \$2.99 billion or 25.4% compared with the previous year (Figure 25).

**Figure 25 Tax refunds**

Type of tax	2014-15		2015-16	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	44,310	6,580.3	<b>46,969</b>	<b>7,135.4</b>
Salaries tax	423,833	3,239.1	<b>495,074</b>	<b>3,906.6</b>
Property tax	16,723	176.5	<b>16,782</b>	<b>173.6</b>
Personal assessment	27,447	332.8	<b>29,051</b>	<b>348.6</b>
Others	19,721	1,452.8	<b>24,761</b>	<b>3,204.4</b>
Total	<u>532,034</u>	<u>11,781.5</u>	<b><u>612,637</u></b>	<b><u>14,768.6</u></b>

## Recovery of Tax in Default

Taxpayers should pay tax on or before the due date shown on the demand notes issued to them. The vast majority of taxpayers settle their tax liabilities in a timely manner.

A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 26** summarises different types of recovery actions taken by the Department.

**Figure 26 Recovery action**



Upon entry of judgment, a defaulting taxpayer becomes liable to legal costs and interest on judgment debt for the period from the date of commencement of proceedings to the date of full settlement in addition to the outstanding tax. **Figure 27** shows the legal costs and judgment interest collected during 2015-16.

**Figure 27 Legal costs and judgment interest collected in 2015-16**

	\$	\$
Court cost		
Court fees	785,195	
Execution fees	24,708	809,903
Fixed cost		313,471
Judgment interest		
Pre-judgment interest	2,299,168	
Post-judgment interest	23,253,541	25,552,709
<b>Total costs and interest collected</b>		<b>26,676,083</b>

Furthermore, the Commissioner may apply to a District Judge to prevent a person with tax in default from leaving Hong Kong. If the District Judge is satisfied that it is in the public interest to ensure that the person does not depart from Hong Kong, or if he returns, does not depart again, without first paying the tax or furnishing security to the satisfaction of the Inland Revenue Department for payment of that tax, he shall issue the “departure prevention direction”. The person concerned has the right to appeal to the Court of First Instance of the High Court against the District Judge’s decision.



## 5 Field Audit and Investigation

The Field Audit and Investigation Unit is responsible for conducting field audits and investigations on businesses and individuals with a view to combating tax evasion and avoidance. Back tax is assessed and penalties are generally imposed where discrepancies are detected.

During 2015-16, the Field Audit and Investigation Unit completed 1,804 cases (including tax avoidance cases) and assessed back tax and penalties of about \$2.5 billion (**Figure 28**).

**Figure 28 Results of the Field Audit and Investigation Unit**

	2012-13	2013-14	2014-15	2015-16
Number of cases completed	1,802	1,802	1,803	<b>1,804</b>
Understated earnings and profits (\$m)	16,348.0	12,936.4	12,857.9	<b>13,888.8</b>
Average understatement per case (\$m)	9.1	7.2	7.1	<b>7.7</b>
Back tax and penalties assessed (\$m)	3,447.7	2,540.0	2,533.1	<b>2,538.3</b>
Back tax and penalties collected (\$m)	3,438.3	2,158.7	2,861.4	<b>1,824.2</b>

### Field Audit

In 2015-16, there were 17 Field Audit sections. Field audit is conducted on both corporations and unincorporated businesses. The work of field auditors entails site visits to business premises and examination of accounting records of taxpayers in order to ascertain whether correct returns of profits have been made.

### Anti-tax Avoidance

Two of the 17 Field Audit sections concentrate on tackling tax avoidance schemes, whereas other investigation officers and field auditors handle avoidance cases on an operational need basis. During 2015-16, the Field Audit and Investigation Unit completed 215 tax avoidance cases and assessed back tax and penalties of about \$1 billion (**Figure 29**).

**Figure 29 Results of the audit on tax avoidance cases**

	2012-13	2013-14	2014-15	2015-16
Number of cases completed	207	219	217	<b>215</b>
Understated earnings and profits (\$m)	7,576.4	5,124.9	6,027.7	<b>6,826.2</b>
Average understatement per case (\$m)	36.6	23.4	27.8	<b>31.7</b>
Back tax and penalties assessed (\$m)	1,523.8	909.3	1,155.6	<b>1,000.4</b>

## Investigation

In 2015-16, there were 5 Investigation sections. Investigation officers are responsible for conducting in-depth investigations into suspected tax evasion, and taking penal action (including prosecution proceedings in appropriate cases) as a deterrent.

### Prosecution

One of the 5 Investigation sections is the prosecution section focusing on criminal investigation of tax evasion. Tax evasion is a serious crime. A person convicted of tax evasion could be sentenced to imprisonment for up to 3 years and fined.

During the year, the Department successfully prosecuted 3 tax evasion cases, all of which involved making false statements in connection with claims for deduction of expenses of self-education. One of them also involved making false statements in connection with claims for deduction of approved charitable donations. Among these three cases, the defendant of one case was sentenced to 4 months' imprisonment, suspended for 3 years, and a fine of \$70,000 (\$10,000 for each charge) plus a further fine of \$49,256 (equivalent to about 116% of the tax evaded). The defendant of another case was sentenced to 2 months' imprisonment, a fine of \$90,000 (\$10,000 per charge) and a further fine of \$78,407 (100% of the tax evaded). The defendant lodged an appeal against the sentence and the appeal was dismissed by the High Court in April 2016. Jail sentence was upheld. The defendant of the last case was sentenced to a community service order of 200 hours and was fined \$278,800 (equivalent to 200% of the tax evaded) after being remanded for 14 days.

## Property Tax Compliance Check

In addition to conducting audits on businesses, the Department also carries out verification checks on the correctness of rental income reported by property owners. In 2015-16, the Department completed compliance check on 186,229 property tax cases (**Figure 30**).

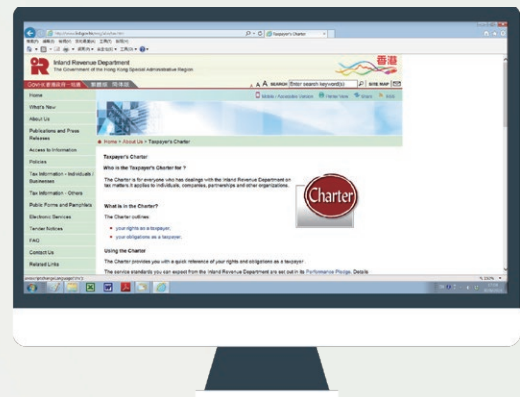
**Figure 30 Results of the property tax compliance checks**

	2012-13	2013-14	2014-15	2015-16
Number of cases completed	117,923	140,705	161,860	<b>186,229</b>
Understated rental income (\$m)	461.7	553.3	635.0	<b>749.2</b>
Back tax and penalties assessed (\$m)	55.4	66.4	76.2	<b>89.9</b>

## 6 Taxpayer Services

### IRD Website [www.ird.gov.hk](http://www.ird.gov.hk)

The IRD website is a very effective channel for disseminating tax information and providing electronic services to the public. With continuous enrichment and updates, the website enables taxpayers to obtain the most current information about Hong Kong taxation in a fast and convenient manner.



Through the website, members of the public can:

- obtain information on tax law, tax returns, tax obligations and answers to frequently asked questions;
- download IRD software and tax forms;
- use the interactive program to calculate their liability under salaries tax and personal assessment; and
- access to the personalised on-line tax services provided by the Department under eTAX.

To facilitate all sectors of the community to locate the relevant tax information, there are thematic content pages for individuals, businesses, employers, tax representatives, etc.

The IRD website conforms to web accessibility guidelines and there is also a mobile version to enable all users to have quick and convenient access to tax information.

### Electronic Enquiry Service

Electronic enquiry services are provided to eTAX users at <[www.gov.hk/etax](http://www.gov.hk/etax)>. They can view their tax position in relation to their returns, assessments and payments, etc. at any time.

### Enquiry Service Centre

The Department's Enquiry Service Centre handles telephone and counter enquiries. The Centre is equipped with a computer network linked to the Department's Knowledge Database to enable our staff to provide, as far as possible, an immediate "one-stop" service.

### Telephone Enquiry Service

The Centre operates an Interactive Telephone Enquiry System (ITES) with 144 telephone lines. Callers can have access on a 24-hour basis to a wide range of tax information by listening to recorded messages. Besides, callers can obtain facsimile copies of information sheets and forms through the system. A "Leave-and-call-back" facility,

for recording information requests, and a “Fax-in enquiry” service are also available. The telephones are manned during office hours by staff who would readily serve the callers. The Centre also provides an eTAX help desk hotline to handle enquiries on eTAX services and provide technical support.

The statistics of services provided through ITES during 2015-16 are shown in **Figure 31**.

**Figure 31 Statistics of services provided through ITES**

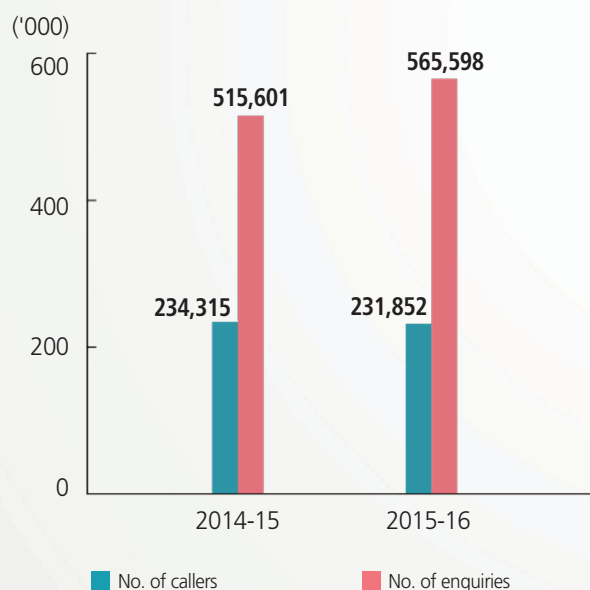
	2014-15 Number	2015-16 Number	Increase/Decrease
Calls answered by staff	704,281	<b>728,196</b>	+3.40%
Calls answered by system	707,575	<b>661,940</b>	-6.45%
Leave-and-call-back messages	36,455	<b>32,851</b>	-9.89%
Documents supplied by fax	3,878	<b>2,813</b>	-27.46%

### Counter Enquiry Service

Generally, the counter staff of the Centre is able to handle enquiries, collect mail items and issue forms on the spot without the need of referring callers to other sections in the Department for attention. The number of counter enquiries handled and forms issued during 2015-16 was about 0.57 million (**Figure 32**).

Information leaflets on topics of general interest are available for collection at the form stand located on the first floor of Revenue Tower. The public may also obtain general tax information and download forms from the IRD website and GovHK <[www.gov.hk](http://www.gov.hk)>.

**Figure 32 Counter enquiries**



## Tax-help Services for Completion of Tax Returns

On the IRD website, e-Seminars are provided for employers, property owners and individual taxpayers. Information on how to complete tax returns, fulfil tax obligations and overcome difficulties in compliance is uploaded to the website. After reading the information, taxpayers can raise enquiries electronically at the “Q&A Corner”. The Department will reply the questions on a regular basis.

The Department issued 2.48 million Individuals Tax Returns for the year of assessment 2014-15 on 4 May 2015. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in May 2015. Service hours from Monday to Friday were extended by one and a half hours till 7:00 pm and additional service was also provided on Saturday from 9:00 am till 1:00 pm. During peak periods, the Department also redeployed manpower resources and employed part-time staff to strengthen daytime telephone enquiry services.

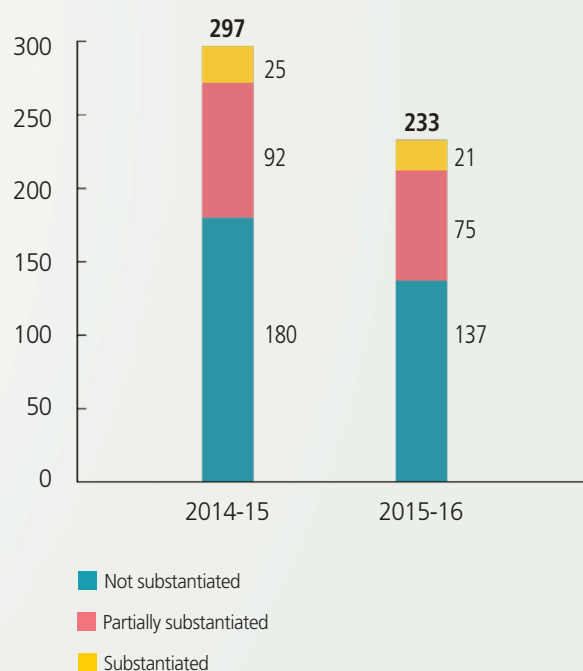
## Complaints and Compliments

If taxpayers are dissatisfied with the services provided by the Department or their problems cannot be solved satisfactorily through normal channels, the Complaints Officer may be approached for assistance. The complaint channel provides taxpayers with the means of having individual grievances dealt with independently at a senior level. This ensures that such cases are properly handled in a fair and impartial manner. During 2015-16, 233 complaints cases were received (**Figure 33**). This represents a decrease of 21.5%, as compared with the previous year.

If taxpayers are dissatisfied with any administrative action taken by the Department, they may refer the matter to the Ombudsman. During 2015-16, the Ombudsman sought written comments from the Department in respect of 19 cases. In the light of these cases, the Department has reviewed relevant operations with a view to improving them.

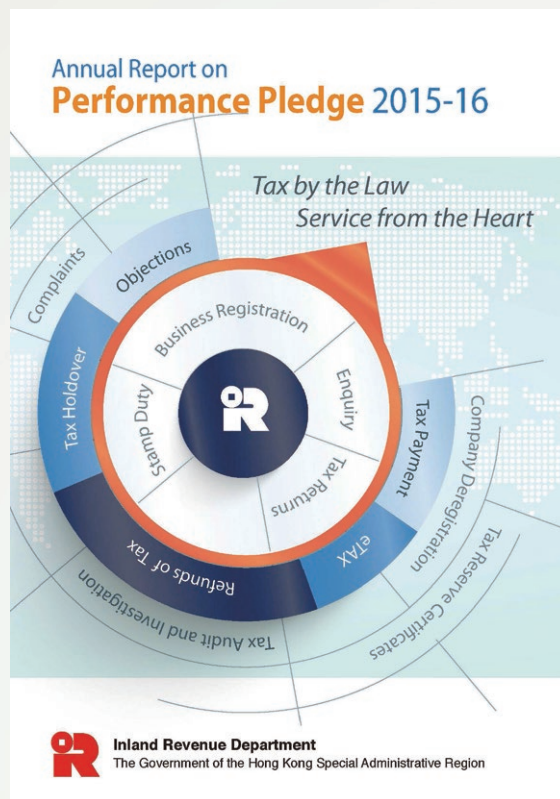
Taxpayers may compliment the service of the Department. During the year, 173 Letters of Compliments were received.

**Figure 33 Complaint cases**



## Performance Pledge

The service standards a taxpayer can expect from the Department are set out in the performance pledges. The Department has achieved all the targets of performance pledges and excelled in some of the targeted performance with remarkable results during 2015-16.



The Department has been making extensive use of information technology to enhance operational efficiency and provide quality services to the public.

### IT Environment

The Department has built up a comprehensive and integrated IT infrastructure with different types of computer application systems and platforms. The Department's network connects the computer system and workstations of staff on different floors. Assessment process is automated by the "Assess-First-Audit-Later" system. Tax audit and investigation work is facilitated by the use of data mining and advanced analytical tools. The Document Management System and Workflow Management System enhance the control and monitoring of documents, files and workflow, facilitate the tracking of case progress, and thus enable the Department to improve overall service quality. A wide range of information is stored in the Department's Intranet and General Enquiry Knowledge Database for convenient access by our staff at work. Moreover, e-mail and Internet facilities provide an efficient and environment-friendly communication platform for our staff.

In 2015-16, we continued to implement the system infrastructure enhancement project. System development and user acceptance testing for migration of mainframe tax applications to the midrange platform are in active progress.

### Electronic Services

#### eTAX

The Department continues to provide a wide range of online tax services to the public, including internet filing of tax returns, stamping of property documents, business registration services, electronic notices, payments and lodgement of applications, etc.

eTAX services are widely used by the public. As at 31 March 2016, there were some 670,000 registered eTAX users. The take-up rate increased year after year (**Figure 34**).

**Figure 34 eTAX Usage Statistics**

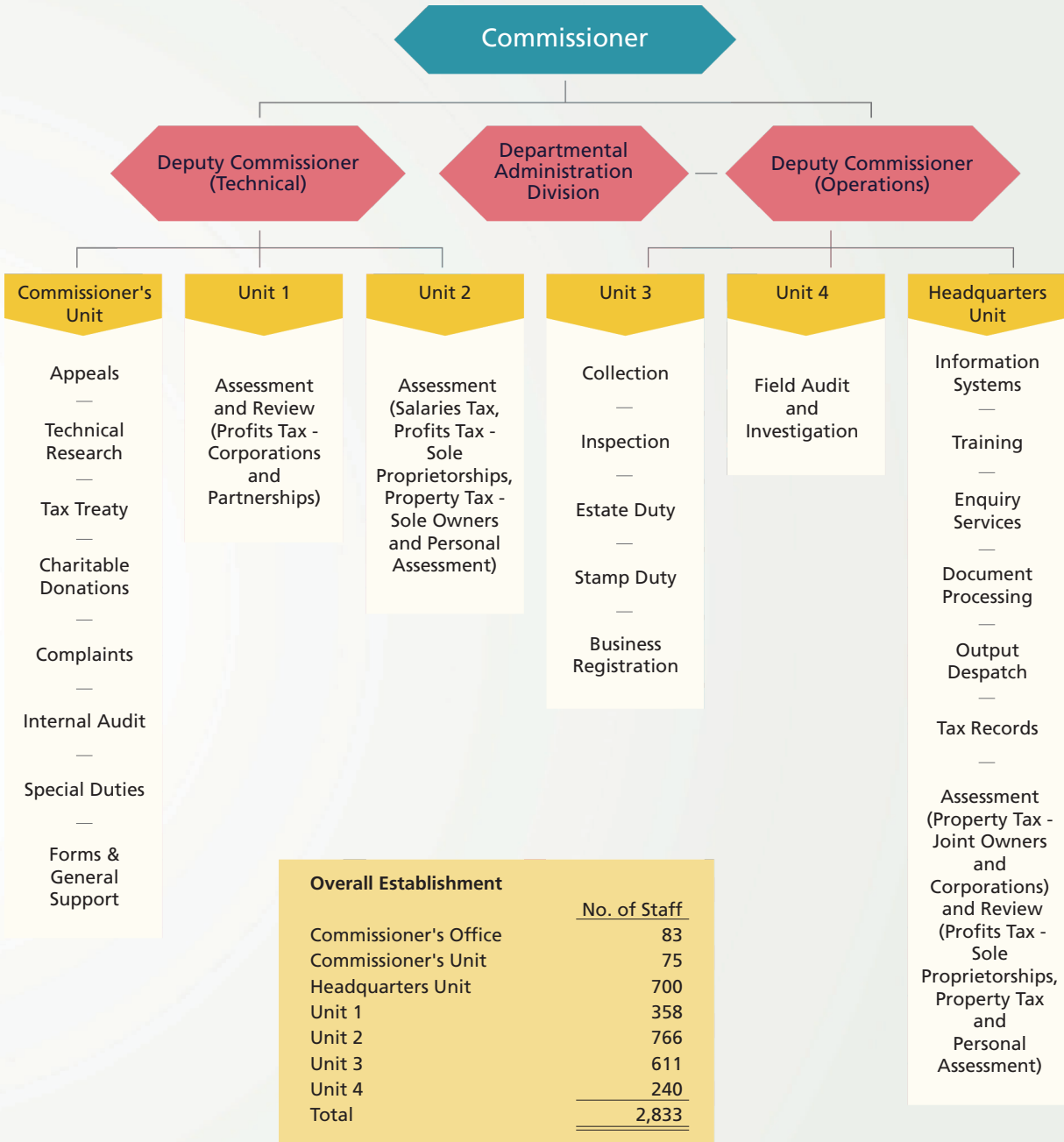
	2014-15 Number	<b>2015-16 Number</b>	Increase/Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	472,350	<b>525,670</b>	+11.3%
- Employer's Return of Remuneration and Pensions			
BIR56A	10,292	<b>12,162</b>	+18.2%
IR56B	78,009	<b>86,828</b>	+11.3%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	15,468	<b>17,486</b>	+13.1%
Stamping of Property Document	290,104	<b>262,705</b>	-9.4%
Business Registration Number Enquiry	2,148,597	<b>2,007,895</b>	-6.6%
Application for Supply of Information on the Business Register			
- Requisition	130,075	<b>135,548</b>	+4.2%
- Business registrations involved	317,072	<b>329,239</b>	+3.8%

### **Other Electronic Services**

During 2015-16, some 43,800 employers furnished annual returns for 2,826,800 employees in total by diskettes, DVDs or USB storage devices. About 69% of these employers used the free software provided by the Department.



Organisation Chart of the Inland Revenue Department as at 31.3.2016



## Establishment

The Commissioner, the two Deputy Commissioners and the five Assistant Commissioners, together with the Departmental Secretary, form the top management of the Inland Revenue Department.

### *Members of the Top Management of the Inland Revenue Department (as at 31.3.2016)*



**Mr CHIU Sai-ming**  
Assistant Commissioner  
(Headquarters Unit)



**Mr TAM Tai-pang**  
Deputy Commissioner  
(Operations)



**Mr WONG Kuen-fai**  
Commissioner



**Mr CHIU Kwok-kit**  
Deputy Commissioner  
(Technical)



**Miss LEUNG Shun-chee,  
Evelyn**  
Departmental Secretary



**Ms LEE Kong-chun, Doris**  
Assistant Commissioner  
(Unit 1)



**Miss TSUI Siu-fong, Maria**  
Assistant Commissioner  
(Unit 2)



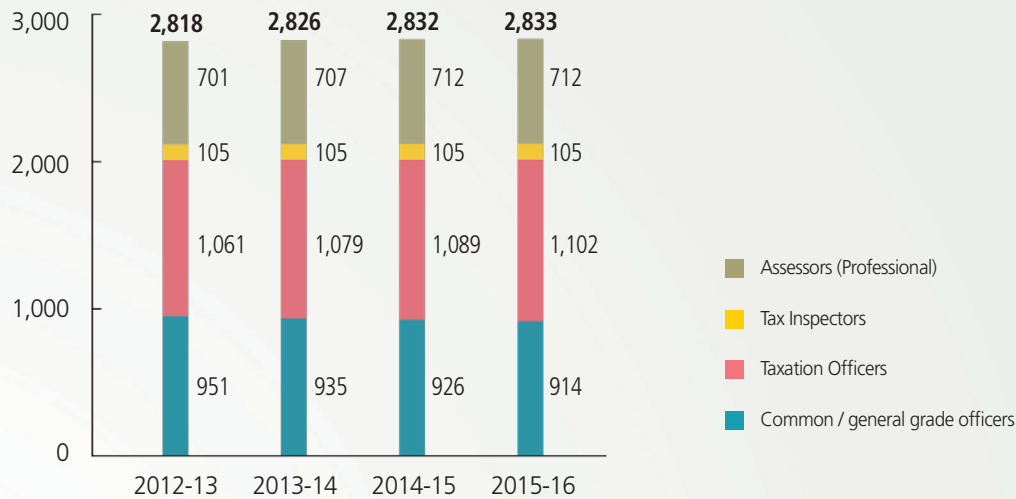
**Ms TSE Yuk-yip**  
Assistant Commissioner  
(Unit 3)



**Ms CHAN Fung-kuen**  
Assistant Commissioner  
(Unit 4)

As at 31 March 2016, the Department had an establishment of 2,833 permanent posts (including 27 directorate posts) in the Commissioner's Office and the 6 Units of the Department. Of the total, 1,919 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 914 posts were in common / general grades, providing administrative, information technology and clerical support services (**Figure 35**).

**Figure 35 Staff establishment**



Most of the professional officers serving in the Department were below the age of 45 (**Figure 36**). The ratio of male to female professional officers was 1:1.6.

**Figure 36 Age and gender profiles of professional staff (on strength basis)**

Age Group	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Below 25	7	(3%)	20	(5%)	27	(4%)
25 to below 35	56	(21%)	141	(32%)	197	(28%)
35 to below 45	54	(20%)	98	(22%)	152	(21%)
45 to below 55	115	(42%)	138	(32%)	253	(36%)
55 and over	38	(14%)	39	(9%)	77	(11%)
<b>Total</b>	<b>270</b>	<b>(100%)</b>	<b>436</b>	<b>(100%)</b>	<b>706</b>	<b>(100%)</b>

## Staff Promotions and Turnover

In 2015-16, a total of 45 departmental grade officers and 17 common / general grade officers were promoted. Among them, 2 were in directorate rank. 206 officers joined the Department, of which 133 were new appointees and 73 were officers transferred from other grades / departments. A total of 156 officers (including 49 transferred to other departments) left the Department.

## Training and Development

Staff are the Department's valuable assets. We recognise the importance of providing opportunities of continuous learning to our staff to keep them abreast of the changing environment and to acquire the necessary knowledge to perform their duties. A variety of training courses in taxation, accounting, interpersonal skills, management, languages, computer, etc. are offered to staff members. In 2015-16, our staff received training for a total of 10,414 man-days, which was equivalent to about 3.68 man-days per officer.

The major training activities conducted for our staff during 2015-16 were as below:

### *Training Courses*

- Induction courses for all grades of staff upon joining the Department
- Two-year taxation law and practice course for newly appointed Assistant Assessors
- Briefing sessions on legislative amendments and new services
- Refresher courses on professional knowledge
- Courses on Hong Kong Accounting Standards
- Written and spoken English courses
- Putonghua courses
- Computer courses

### *Workshops*

- Leadership and teamwork workshop
- Mentorship workshop
- Performance appraisal workshops on English writing and interviewing skills
- Workshop on Chinese writing
- Workshop on effective communication in the workplace
- Workshop on essential supervisory skills
- Workshop on how to handle difficult taxpayers
- Workshop on interviewing and negotiation skills
- Workshop on leading innovation and change
- Workshop on performance management
- Workshop on problem solving and decision making
- Workshop on stress management
- Workshop on supervisory management

## ***Continuing Professional Education***

11 seminars were held by the Training Committee under the in-house Continuing Professional Education (CPE) Programme on the following subjects for professional officers:

- Understanding the Work of the Office of the Ombudsman
- Implementing Automatic Exchange of Financial Account Information in Tax Matters and Tackling Base Erosion and Profit Shifting (BEPS) in Hong Kong
- International Financial Reporting Standard No. 9 – Financial Instruments
- Cross-border Service Arrangement and the Related Tax Compliance Procedures in the PRC
- An Introduction to Venture Capital and Private Equity
- An Introduction to Anti-money Laundering Enforcement in Hong Kong
- International Tax Avoidance and Action Plan on BEPS
- Stamp Duty on Stock Transactions – Shanghai-Hong Kong Stock Connect and Uncertificated Securities Market
- Update on the Mainland's Tax Development – BEPS and Transfer Pricing
- Mediation and Arbitration
- Annual Update of Appeals Cases

Speakers for 4 of the seminars were staff members and others were experts from various fields. A total of 1,209 staff members attended these seminars. The video files of the CPE seminars were uploaded onto the Department's Intranet and a total of 599 staff members had viewed these video files.

## ***Overseas and China Training***

In order that our professional officers may broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues, they are sent to participate in overseas training programmes. In 2015-16, 29 officers went to China, Korea, Malaysia and Philippines to attend training courses on different issues, 16 to universities in China for national studies courses and 2 to cities in China for thematic study programmes.

## ***Continuous Learning***

Besides the conventional classroom training, the Department employs various means to promote continuous self-learning. These include encouraging staff to take the web courses provided by the CLC Plus of CSTDI and providing financial support to officers to attend seminars and courses organised by academic and professional institutes. In 2015-16, 5 officers were sponsored by the Department to attend the relevant courses. Training materials and information are uploaded onto our Intranet for officers to study in their own time and at their own pace. This provides an effective way for the staff to acquire new knowledge and refresh what they have learnt.

## ***Mentorship Scheme***

A Mentorship Scheme for Assistant Assessors has been set up since 2008. Under this scheme, experienced officers (the mentors) will guide newly recruited Assistant Assessors (the mentees) to broaden their perception about the Department such as the organisation structure, work, connection and culture, and help them integrate into the civil service.

## **Staff Relations and Welfare**

The Department attaches great importance to staff relations and welfare. We strive to maintain effective communication, and promote co-operation and mutual trust between the management and staff at all levels which help enhance the Department's operational efficiency and productivity.

### ***The Departmental Consultative Committee***

The Departmental Consultative Committee provides a formal and effective platform for the management and staff to exchange views on matters of mutual concern such as recruitment, promotion, career posting, training, working environment, staff welfare, office security and safety. The Committee is chaired by the Deputy Commissioner (Operations) and composed of representatives from all staff unions / associations and staff groups in the Department.

### ***The General Grades Consultative Committee***

The General Grades Consultative Committee, chaired by the Departmental Secretary, allows staff members of the common and general grades to discuss with the management issues of specific interest to their grades.

### ***The "Meet-the-Staff Programme"***

First launched in 1996-97, the "Meet-the-Staff Programme" enables the senior management of each Unit and staff of different sections / groups to exchange ideas face to face on departmental and service-wide issues in an open and relaxed manner. It serves to supplement the formal consultative channel and effectively enhances communication between staff and the management.

### ***The IRD Staff Suggestions Scheme***

In 2015-16, 2 out of 7 suggestions made through the IRD Staff Suggestions Scheme were granted cash awards and certificates of commendation in recognition of their contributions on enhancing operational efficiency and quality of services of the Department.

## The Inland Revenue Department Newsletter

The Departmental Newsletter, issued quarterly, is another channel of communication between staff and the management and serves to promote a sense of belonging in the Department. Articles are contributed by unit management for disseminating service-related issues, staff movement, staff welfare, information technology, environmental and green issues, occupational and safety matters, etc.. Staff are also keen to share their leisure activities and hobbies. The Newsletter further provides a regular roundup on the recreational activities organised by the IRD Sports Association as well as volunteer activities arranged by the IRD Volunteer Team.



## The Inland Revenue General Staff Welfare Fund

Established in 1972, the Inland Revenue General Staff Welfare Fund operates on funds donated by staff on a voluntary basis. It aims to provide within a short time small amount of interest free loan, as an additional and quick emergency relief, to help staff in unexpected financial hardship. The Fund is managed by a Governing Committee, chaired by the Departmental Secretary and composed of staff representatives from the Departmental Consultative Committee, the General Grades Consultative Committee and the IRD Sports Association. The Claims Subcommittee, formed under the Governing Committee, considers and approves applications for financial assistance submitted by staff.

## Commissioner's Commendation Letter Scheme

In 2015-16, 39 officers who had provided outstanding service for a long period of time were awarded the Commissioner's Commendation Letter. The presentation ceremony was held in April 2016.



## *Secretary for the Civil Service's Commendation Award 2015*

In 2015, a Senior Taxation Officer was awarded the Secretary for the Civil Service's Commendation in recognition of her exceptionally meritorious and consistently outstanding performance. The presentation ceremony was held in November 2015.



## *The Long and Meritorious Service Travel Award Scheme*

In 2015-16, 27 officers with long and meritorious service were granted awards of overseas travel under the Long and Meritorious Service Travel Award Scheme.

## **The IRD Sports Association**



The mission of Sports Association is to promote the intellectual, social and athletic interests of its members. During the year, the Association arranged various interest classes, workshops and luncheon talks to enrich members' leisure time and promote healthy lifestyle. Social functions like outings, cross-border trip, lantern festival riddles

and annual dinner also provided a perfect platform for members to foster better relationship. All the activities were well received by colleagues, their family members and friends.



To further promote health and enhance bonding among members, the Association also organised a wide range of sports activities across the year. Members could demonstrate their talents in sports through participating in different sports competitions. In June 2015, the Association was invited to participate in the badminton competition organised by the Hong Kong Institute of Certified Public Accountants. Our team won the first runner-up in the competition.



On the charity front, the Association actively took part in various fund-raising activities, like "Medecins Sans Frontieres Day", "ORBIS World Sight Day Pin Campaign" and "World Vision – Skip-A-Meal". With generous support by colleagues, the results in terms of the amounts of fund raised and the numbers of donors in all events were very encouraging. The Department also won the championship of the "Organisation with the Most Participants" and the "Top Five Fundraising Organisations" in the "ORBIS World Sight Day Pin Campaign".

Furthermore, the IRD Volunteer Team under the auspices of the Association continued to actively devote to numerous community works. In 2015-16, 326 colleagues participated in a variety of voluntary services, recording a total of 2,601 service hours. In recognition of the Department's continuous efforts in caring the community, the Hong Kong Council of Social Service awarded the "10 Years Plus Caring Organisation Logo" to the Department. This marked the 11th consecutive year in which the Department was granted the award.



The following pieces of legislation enacted during the year 2015-16 are related to matters under the purview of the Department.

### **Inland Revenue (Amendment) Ordinance 2015 (Ordinance No. 10 of 2015)**

This Ordinance amended the Inland Revenue Ordinance to give effect to the following proposals in the Budget for the 2015-16 financial year:

- (1) to increase the child allowance from \$70,000 to \$100,000 for each child, and the additional child allowance in the year of birth from \$70,000 to \$100,000 for each child with effect from the year of assessment 2015-16; and
- (2) to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2014-15 by 75%, subject to a maximum of \$20,000 in each case.

### **Inland Revenue (Amendment) (No. 2) Ordinance 2015 (Ordinance No. 13 of 2015)**

This Ordinance amended the Inland Revenue Ordinance to extend profits tax exemption for offshore funds to offshore private equity funds. Offshore private equity funds are exempted from profits tax in respect of profits derived from specified transactions carried out from 1 April 2015 onwards.

### **Inland Revenue (Amendment) (No. 3) Ordinance 2015 (Ordinance No. 17 of 2015)**

This Ordinance amended the Inland Revenue Ordinance to enhance the tax appeal mechanism and improve the efficiency and effectiveness of the Board of Review (Inland Revenue Ordinance) (the Board), in four areas:

- (1) empower the person presiding at the hearing of an appeal before the Board to give directions on the provision of documents and information for the hearing;
- (2) allow an appeal against the decision of the Board on a question of law to go direct to the Court of First Instance or, if applicable, the Court of Appeal, by abolishing the case stated procedure under the Board;
- (3) confer privileges and immunities on the Chairman, Deputy Chairmen and other members of the Board, and the parties to a hearing as well as other persons appearing before the Board; and
- (4) raise the ceiling of costs to be paid by the appellant as may be ordered by the Board from \$5,000 to \$25,000, to strengthen the deterrent effect against frivolous appeals.

This Ordinance became effective on 1 April 2016.

## Revenue (Reduction of Business Registration Fees) Order 2016 (Legal Notice No. 37 of 2016)

This Order reduced the fees payable in respect of business registration certificates and branch registration certificates that commence on or after 1 April 2016 but before 1 April 2017. However, for simultaneous business registration applications of companies incorporated under the Companies Ordinance, the reduction is applicable to the business registration fees payable on the incorporation submissions that are made on or after 1 April 2016 but before 1 April 2017.

## Inland Revenue (Exchange of Information relating to Taxes) Order

Country	Date of Order	Nature
Denmark	22 September 2015	Exchange of Information relating to Taxes
Faroes	22 September 2015	Exchange of Information relating to Taxes
Greenland	22 September 2015	Exchange of Information relating to Taxes
Iceland	22 September 2015	Exchange of Information relating to Taxes
Norway	22 September 2015	Exchange of Information relating to Taxes
Sweden	22 September 2015	Exchange of Information relating to Taxes

## Inland Revenue (Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income) Order

Country	Date of Order	Nature
South Africa	12 May 2015	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income
United Arab Emirates	12 May 2015	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income

## Inland Revenue (Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income) (Amendment) Order 2015

Country	Date of Order	Nature
Japan	12 May 2015	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income

## Specification of Arrangements (Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income) (Fourth Protocol) Order

Country	Date of Order	Nature
Mainland of China	22 September 2015	Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income

## Green Management Policy

The Inland Revenue Department is committed to providing a green office environment, and operating in an environmentally conscious and responsible manner. Reducing energy and paper consumption in the office continues to be the Department's green targets in view of its office-based operations. To this end, we strive to protect and conserve the environment through:

- Ensuring that the Department's operations comply with the relevant environmental protection ordinances;
- Adopting green housekeeping measures in the Department such as avoiding, reducing and controlling environmental pollution / wastage arising from the day-to-day work practice;
- Requiring our contractors to implement effective environmental management systems and pollution control measures;
- Using environment-friendly products such as energy saving photocopiers, batteries without mercury, unleaded petrol and products with environment or energy efficiency labels;
- Ensuring that all staff are aware of the Green Management Policy with adequate information accessible by those who are interested in the subject; and
- Providing training courses and workshops on green management for staff to increase their awareness on green issues and encourage them to participate in environmental protection programmes.

## Green Management and Promotion of Green Awareness

### *Green Management*

The Environment and Records Management Committee is chaired by the Departmental Secretary, the Department's Green Manager, and composed of green executives from each Unit. During the year, the Committee continued to seek staff's suggestions, set directions in our green policies, issue green office guidelines and update staff on new green initiatives adopted. The appointed floor green ambassadors assisted the Green Manager in promoting green awareness and implementing environmental programmes on a floor basis.

### *Green Education*

Various measures were taken during the year to promote environmental awareness amongst staff, including:

- Displaying environmental protection promotional materials on notice boards and updating the materials regularly;
- Posting notices and affixing stickers adjacent to relevant facilities to remind staff of energy saving;
- Releasing updated environmental protection information in the "Green Corner" of the Department's Intranet; and
- Disseminating useful and practical "Green Tips" through e-mails and the Departmental Newsletter on a regular basis to all staff to promote green habits.



To promote healthy lifestyle and connect staff with nature, the IRD Sports Association organised a series of activities during the year, including health talks as well as outings to the countryside and outer islands.

## Environmental Protection Performance

To balance operational needs with environmental care and social responsibility, the Department focuses its efforts to conserve energy, reduce paper consumption, minimise waste production and encourage waste recycling, and provide a healthy working environment with satisfactory indoor air quality.

### Energy Conservation

The Department is proactive in energy conservation and has implemented various energy saving measures to reduce electricity and water consumption. The following energy saving measures have been adopted:

- Modifying group lighting switches to individual switches;
- Reducing lighting to the minimum required level for illumination;
- Adopting the “last-man-out” arrangement to ensure that lights and electric facilities / appliances are switched off during lunch hour, after office hours or when not in use;
- Adjusting timers so that lights in corridors and lift lobbies are switched off on Saturdays, Sundays and public holidays;
- Installing auto-sensor water taps in toilets to reduce water consumption;
- Using computers, fluorescent tubes, LED lights and other electrical appliances that are energy efficient;



- Controlling use of personal electric appliances in office;
- Maintaining air-conditioned room temperature at 25.5°C; and
- Encouraging the use of electric fans to improve air circulation when necessary.

These measures will continue to be implemented in the Department to conserve energy.



### **Adherence to the “3R” Principle**

The Department continued to adhere to the 3R principle - “Reduce, Reuse and Recycle” in the consumption of materials.

### **Reduction and Reuse of Paper**

In specific, the Department adopted the following measures in the year to reduce paper consumption:

- Encouraging staff to minimise photocopying, to use recycled paper instead of virgin paper, to use duplex printing and photocopying, and to make the best use of the blank side of used paper;
- Processing leave applications through the “Electronic Leave Application and Processing System”;
- Reusing stationery, such as envelopes and file jackets;
- Avoiding the use of fax cover sheets and using the blank side of used paper to print incoming fax messages;
- Encouraging paperless means of internal and external communication by using e-mail;
- Uploading internal information, such as circulars, administrative instructions, Staff Handbooks, training and reference materials, guidelines, monthly reports, meeting minutes, etc. onto the Intranet to facilitate updating and retrieval on-line, and dispensing with the keeping of personal hard copies;
- Reviewing regularly the need for the preparation of periodical reports, the distribution lists of outgoing correspondence and the number of hard copies required for circulation;
- Promoting the use of multiple screen printing for on-line enquiries;
- Using templates or overlay printing to replace pre-printed forms;
- Viewing reports on-line through the Computer Output On-line Retrieval System, thus obviating the need for printing computer reports in hard copies;
- Encouraging the public to file tax returns and receive assessment notices electronically through eTAX, and to use the Department’s electronic services under the GovHK website; and
- Uploading e-Seminars for employers to reduce paper consumption, thus obviating the need to print invitation letters, tickets and handouts.

### **Waste recycling**

The Department encourages all staff members to participate in the recycling programmes. Recycling bags and

boxes are placed at conspicuous locations on all floors of the Department to facilitate the collection of three recyclable wastes, namely papers, aluminium cans and plastic bottles. A recycling box for glass bottles is also placed at the lift lobby on ground floor of the Revenue Tower. Besides, used printer cartridges are also collected for recycling. Throughout the year, the Department collected 393,376 kg of waste paper, 206 kg of aluminium cans, 248 kg of plastic bottles, 181 kg of glass bottles and 10,702 used printer cartridges.

### ***Smoke-free Workplace***

Smoking has been prohibited in Revenue Tower since 1996. Starting from 2007, it is a statutory requirement that all indoor areas in workplaces are smoke-free. No-smoking signs are displayed at conspicuous locations in the office. Circulars are re-circulated regularly to remind staff about the importance of maintaining a smoke-free working environment and providing green healthy public areas to visitors.

### ***Indoor Air Quality***

We attach great importance to good indoor air quality. During the year, the Electrical and Mechanical Services Department commissioned a contractor to conduct a comprehensive indoor air quality measurement in offices located in Revenue Tower. In September 2015, Revenue Tower was again awarded the "Indoor Air Quality Certificate (Good Class)" which shows that our office fully meets the requirements in this respect.

## **New Initiatives and Targets**

The Department will strive to enhance its green performance through formulating new initiatives and targets for environmental protection and reviewing the effectiveness of existing green measures taken. The Intranet and the Departmental Portal will continue be widely utilised for the enhancement of e-office facilities. Continuous efforts will be made to promote expansion of green procurement and reduction in consumption of resources including electricity and paper.



## Charitable Institutions

Charitable institutions are exempt from tax under the Inland Revenue Ordinance. As at 31 March 2016, the number of charities exempt from tax was 8,831, of which 540 charities were granted exemption during the year. The list of charities exempt from tax is available on IRD website.

Donations to charities exempt from tax are tax deductible. For the year of assessment 2014-15, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$4.71 billion and \$6.95 billion respectively.

## General Inspection

Tax inspectors carry out on-site inspections of businesses and call on individuals to check their compliance with the various ordinances administered by the Department. A total of 51,742 visits were made during the year.

## Internal Audit

Internal auditors perform an important role within the Department. Their activities are directed at ensuring that work carried out within the Department complies with relevant legislation and departmental procedures. They also examine internal control systems and work methods with a view to identifying areas where improvement can be made for the management's consideration.

## Approval for Tax Return Forms and the Manner of Furnishing Tax Returns

The Board of Inland Revenue is constituted under the Inland Revenue Ordinance. It operates independently of the Inland Revenue Department. One of its functions is to approve returns to be used for property tax, salaries tax, profits tax and personal assessment, and the manner in which tax returns are furnished.

# Schedules

- 1** Tax Assessed and Collections for the year ended 31 March 2016
- 2** Demand Notes Issued, Tax Assessed and Collections (2012-13 to 2015-16)
- 3** Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2012-13 to 2014-15
- 4** Profits Tax Contributions from Various Business Sectors (Unincorporated Businesses) for years of assessment 2012-13 to 2014-15
- 5** Analysis of Salaries Tax Assessments for the year of assessment 2014-15
- 6** Analysis of Allowances for the year of assessment 2014-15
- 7** Property Statistics (as at 31 March 2016)
- 8** Business Registration Statistics (2012-13 to 2015-16)
- 9** Stamp Duty Collections and Stamp Office Activities (2012-13 to 2015-16)
- 10** Estate Duty Assessed and Collections for the year ended 31 March 2016
- 11** Betting Duty Collections (2013-14 to 2015-16)
- 12** Tax Reserve Certificates Statistics (2012-13 to 2015-16)
- 13** Offences Committed and Court Fines Imposed
- 14** Surcharges Added, Offences Compounded, Additional Tax Imposed and Costs Awarded by the Board of Review

**EARNINGS AND PROFITS TAX - TAX ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2016**

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2013-14 and earlier years	188,852,088	564,400,064	(913,083,453)	213,591,648	536,626,315	<b>590,386,662</b>
2014-15 Final Tax only	373,888,749	9,625,934	(1,810,914,881)	(48,067,747)	4,313,143,745	<b>2,837,675,800</b>
2015-16 Provisional Payments and Final Tax	2,763,946,292	60,005,004,283	136,732,897,861	4,829,440,139	985,711	<b>204,332,274,286</b>
<b>Total Tax Assessed</b>	<b>3,326,687,129</b>	<b>60,579,030,281</b>	<b>134,008,899,527</b>	<b>4,994,964,040</b>	<b>4,850,755,771</b>	<b>207,760,336,748</b>
Add: Collectables -						
Tax outstanding as at 31 March 2015 brought forward	633,847,148	10,689,244,124	36,819,489,533	1,840,699,321	733,934,443	<b>50,717,214,569</b>
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	46,252,323	272,210,816	526,103,845	144,149,292	10,234,140	<b>998,950,416</b>
Interest on Tax Held Over	8,640	2,917,172	56,946,909	221,354	882,370	<b>60,976,445</b>
Write-off re-opened	750,314	23,054,995	1,590,994	5,961,643	2,138,001	<b>33,495,947</b>
<b>Total of Tax Assessed and Collectables (a)</b>	<b>4,007,545,554</b>	<b>71,566,457,388</b>	<b>171,413,030,808</b>	<b>6,985,995,650</b>	<b>5,597,944,725</b>	<b>259,570,974,125</b>
Collections during the year -						
Net Tax collected	2,957,985,091	57,614,067,007	135,107,740,257	4,500,525,726	4,780,598,691	<b>204,960,916,772</b>
<i>(After allowing for refunds of tax)</i>	<i>(97,180,313)</i>	<i>(3,560,011,647)</i>	<i>(6,801,459,126)</i>	<i>(237,291,159)</i>	<i>(331,910,004)</i>	<b>(11,027,852,249)</b>
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	40,039,061	250,774,760	422,556,649	151,516,533	8,616,691	<b>873,503,694</b>
Interest on Tax Held Over	11,232	2,930,072	43,714,513	588,808	737,154	<b>47,981,779</b>
<b>Total Net Collections (b)</b>	<b>2,998,035,384</b>	<b>57,867,771,839</b>	<b>135,574,011,419</b>	<b>4,652,631,067</b>	<b>4,789,952,536</b>	<b>205,882,402,245</b>
Balance of Tax, Surcharge, etc. payable (a) - (b)	1,009,510,170	13,698,685,549	35,839,019,389	2,333,364,583	807,992,189	<b>53,688,571,880</b>
Less: Not collected by virtue of set-off	265,240,041	2,161,153,831	-	461,291,967	-	<b>2,887,685,839</b>
Written-off as irrecoverable	1,287,863	39,302,345	167,879,278	13,827,820	2,726,967	<b>225,024,273</b>
Tax, Surcharge, etc. outstanding as at 31 March 2016 carried forward	742,982,266	11,498,229,373	35,671,140,111	1,858,244,796	805,265,222	<b>50,575,861,768</b>
Less: Under objection or appeal	14,687,116	946,403,060	23,193,546,615	422,509,066	377,566,059	<b>24,954,711,916</b>
Listed for write-off but awaiting approval	101,355	190,780	248,885	52,238	17,679	<b>610,937</b>
Assessed but not yet due	399,908,006	7,909,675,282	8,640,312,892	483,019,562	205,960,316	<b>17,638,876,058</b>
<b>Net Tax, Surcharge, etc. in arrears as at 31 March 2016</b>	<b>328,285,789</b>	<b>2,641,960,251</b>	<b>3,837,031,719</b>	<b>952,663,930</b>	<b>221,721,168</b>	<b>7,981,662,857</b>

**SCHEDULE  
2**
**EARNINGS AND PROFITS TAX - DEMAND NOTES ISSUED, TAX ASSESSED AND COLLECTIONS**

	2012-13		2013-14		2014-15		2015-16	
	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed
Profits Tax -		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Corporations	107,179	115,231,917	111,443	118,131,430	116,188	127,252,628	<b>118,744</b>	<b>134,008,900</b>
Unincorporated Businesses	33,419	5,228,490	35,817	4,778,655	34,713	4,919,959	<b>34,607</b>	<b>4,994,964</b>
Salaries Tax	1,386,174	52,554,919	1,510,435	57,703,433	1,599,576	62,017,286	<b>1,626,653</b>	<b>60,579,030</b>
Property Tax	127,302	2,504,360	136,286	2,814,034	137,264	3,225,104	<b>136,079</b>	<b>3,326,687</b>
Personal Assessment	208,638	4,044,071	209,687	4,409,689	210,908	4,867,786	<b>222,725</b>	<b>4,850,756</b>
<b>Total</b>	<b>1,862,712</b>	<b>179,563,757</b>	<b>2,003,668</b>	<b>187,837,241</b>	<b>2,098,649</b>	<b>202,282,763</b>	<b>2,138,808</b>	<b>207,760,337</b>

	2012-13		2013-14		2014-15		2015-16	
	Collections		Collections		Collections		Collections	
Profits Tax -		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Corporations		120,727,141		116,097,465		132,683,779		<b>135,574,011</b>
Unincorporated Businesses		4,911,223		4,784,348		5,163,131		<b>4,652,631</b>
Salaries Tax		50,466,999		55,620,272		59,346,764		<b>57,867,772</b>
Property Tax		2,258,216		2,583,845		2,938,653		<b>2,998,035</b>
Personal Assessment		4,078,199		4,420,011		4,817,212		<b>4,789,953</b>
<b>Total</b>		<b>182,441,778</b>		<b>183,505,941</b>		<b>204,949,539</b>		<b>205,882,402</b>

Business Sectors	Final Tax Assessed for Year of Assessment					
	2012-13		2013-14		2014-15	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
<b>Distribution -</b>						
Retail	5,025,194	4.5	4,920,240	4.2	<b>4,594,753</b>	<b>3.6</b>
Wholesale, Import and Export	23,563,186	21.5	24,388,442	20.7	<b>25,791,487</b>	<b>20.5</b>
Foreign Corporations carrying on Import and Export	65,710	0.1	64,184	0.1	<b>70,213</b>	<b>0.1</b>
<b>Public Utilities</b>	6,343,571	5.8	6,382,638	5.4	<b>7,355,897</b>	<b>5.8</b>
<b>Property, Investment and Finance</b> (other than Banking)	26,607,918	24.3	26,342,158	22.3	<b>28,846,683</b>	<b>22.9</b>
<b>Banking</b>	19,973,652	18.2	25,639,273	21.7	<b>26,626,550</b>	<b>21.1</b>
<b>Manufacturing -</b>						
Clothing and Textiles	952,153	0.9	1,043,366	0.9	<b>775,410</b>	<b>0.6</b>
Food and Beverage Products	456,038	0.4	471,059	0.4	<b>529,850</b>	<b>0.4</b>
Steel and Other Metals	283,853	0.3	249,447	0.2	<b>240,580</b>	<b>0.2</b>
Printing and Publishing	546,678	0.5	502,801	0.4	<b>487,137</b>	<b>0.4</b>
Others	4,013,031	3.7	4,364,051	3.7	<b>4,847,163</b>	<b>3.8</b>
<b>Shipping</b> (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,112,576	1.0	1,132,072	1.0	<b>1,082,116</b>	<b>0.9</b>
<b>Hotels, Restaurants and Amusement Centres</b>	2,927,990	2.7	3,136,661	2.7	<b>3,274,411</b>	<b>2.6</b>
<b>Stevedoring, Wharfing and Godowns</b>	1,278,768	1.2	1,320,083	1.1	<b>1,052,658</b>	<b>0.8</b>
<b>Clubs and Associations</b>	1,028,560	0.9	1,106,852	0.9	<b>1,193,116</b>	<b>0.9</b>
<b>Insurance Companies and Insurance Agents</b>	1,588,485	1.5	1,748,961	1.5	<b>2,659,374</b>	<b>2.1</b>
<b>Non-resident Corporations Trading through Agents</b> (including Consignment Tax)	1,416,041	1.3	1,448,759	1.2	<b>1,634,058</b>	<b>1.3</b>
<b>Building Contractors and Engineering Works</b>	1,804,785	1.7	1,941,348	1.6	<b>2,331,403</b>	<b>1.8</b>
<b>Aircraft Owners and Operators</b>	197,297	0.2	180,244	0.2	<b>183,431</b>	<b>0.1</b>
<b>Taxis, Hire Cars, Public Light Buses and Motor Boats</b>	192,077	0.2	227,934	0.2	<b>236,118</b>	<b>0.2</b>
<b>Miscellaneous</b>	10,003,115	9.1	11,321,514	9.6	<b>12,439,193</b>	<b>9.9</b>
<b>Total</b>	<b>109,380,678</b>	<b>100.0</b>	<b>117,932,087</b>	<b>100.0</b>	<b>126,251,601</b>	<b>100.0</b>

**SCHEDULE**  
**4**
**UNINCORPORATED BUSINESSES - PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS**

Business Sectors	Final Tax Assessed for Year of Assessment					
	2012-13		2013-14		2014-15	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
<b>Property Developers, Property Dealers, Property Agents and Subletting Businesses</b>	118,366	3.7	85,068	2.5	<b>69,012</b>	<b>1.9</b>
<b>Finance and Securities including Brokers, Dealers and Insurance Agents</b>	230,093	7.2	281,448	8.4	<b>321,129</b>	<b>9.1</b>
<b>Builders, Decorators and Civil Engineering Works</b>	37,980	1.2	42,423	1.3	<b>37,874</b>	<b>1.1</b>
<b>Distribution -</b>						
Import and Export	70,395	2.2	71,035	2.1	<b>56,996</b>	<b>1.6</b>
Wholesale	47,250	1.5	40,738	1.2	<b>39,054</b>	<b>1.1</b>
Retail	206,678	6.4	213,913	6.4	<b>200,281</b>	<b>5.7</b>
<b>Manufacturing -</b>						
Agricultural Trades and Food & Beverage Products Manufacturers	16,206	0.5	28,014	0.8	<b>24,616</b>	<b>0.7</b>
Cloth and Clothing	4,532	0.1	5,276	0.2	<b>3,782</b>	<b>0.1</b>
Chemical Products and Mechanical Engineering	28,363	0.9	27,905	0.8	<b>28,454</b>	<b>0.8</b>
Printing and Publishing	7,824	0.2	7,223	0.2	<b>7,297</b>	<b>0.2</b>
Others	17,344	0.5	18,256	0.5	<b>17,368</b>	<b>0.5</b>
<b>Hotels, Restaurants and Amusement Centres</b>	74,506	2.3	80,939	2.4	<b>99,851</b>	<b>2.8</b>
<b>Transport (including Wharfing and Godowns)</b>	34,079	1.1	35,380	1.1	<b>35,016</b>	<b>1.0</b>
<b>Professions -</b>						
Accountants	386,833	12.0	359,891	10.8	<b>381,773</b>	<b>10.8</b>
Architects, Engineers, Surveyors, etc.	3,753	0.1	4,263	0.1	<b>3,391</b>	<b>0.1</b>
Doctors and Dentists	881,574	27.5	903,598	27.1	<b>955,400</b>	<b>27.0</b>
Solicitors and Barristers	859,123	26.7	912,824	27.4	<b>1,011,289</b>	<b>28.5</b>
Other Professions	184,872	5.7	215,750	6.5	<b>239,502</b>	<b>6.8</b>
<b>Miscellaneous</b>	5,928	0.2	7,153	0.2	<b>8,289</b>	<b>0.2</b>
<b>Non-resident Businesses*</b>	4	0.0	2	0.0	<b>0</b>	<b>0.0</b>
<b>Total</b>	<b>3,215,703</b>	<b>100.0</b>	<b>3,341,099</b>	<b>100.0</b>	<b>3,540,374</b>	<b>100.0</b>

\* Consignment Tax under Section 20A(3) of the Inland Revenue Ordinance

**SCHEDULE  
5**

**ANALYSIS OF SALARIES TAX ASSESSMENTS FOR THE YEAR OF ASSESSMENT 2014-15 BY INCOME GROUP**

Annual Income	No. of Taxpayers	Percentage of Taxpayers	No. of Elections for Joint Assessment	Total Income (After Deductions other than Self Education Expenses and Concessory Deductions)	Total Allowances (See analysis per Schedule 6)	Self Education Expenses	Concessory Deductions				Total Net Chargeable Income	Final Tax	Percentage of Total Final Tax	Average Tax per Taxpayer
							Total Donations to Charities	Home Loan Interest	Elderly Residential Care Expenses	Contributions to Recognized Retirement Schemes				
(\$)		(%)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(%)	(\$)
120,001 - 130,000	29,532	1.65	0	3,744,056	3,543,840	533	2,550	505	3	44,760	151,865	746	0.00	25
130,001 - 140,000	54,354	3.03	0	7,336,041	6,522,480	5,093	13,013	4,083	35	135,912	655,425	3,252	0.01	60
140,001 - 150,000	55,577	3.10	0	8,061,035	6,675,220	14,079	22,326	9,034	156	160,550	1,179,670	5,874	0.01	106
150,001 - 180,000	164,461	9.18	0	27,168,746	20,070,377	101,176	94,360	60,383	1,483	586,897	6,254,070	39,266	0.07	239
180,001 - 210,000	141,991	7.93	0	27,617,019	18,161,883	157,983	118,066	100,767	3,185	677,170	8,397,965	82,519	0.15	581
210,001 - 240,000	136,643	7.63	0	30,770,389	19,165,840	185,554	155,888	157,494	6,684	831,900	10,267,029	137,172	0.25	1,004
240,001 - 270,000	122,348	6.83	5,757	31,155,398	19,319,882	176,064	161,910	167,768	8,424	855,588	10,465,762	169,240	0.30	1,383
270,001 - 300,000	109,514	6.11	7,040	31,183,984	18,707,180	161,414	185,121	192,269	11,149	873,449	11,053,402	208,307	0.37	1,902
300,001 - 400,000	301,201	16.82	30,451	104,376,533	59,331,867	502,352	702,907	737,087	58,763	2,779,229	40,264,328	1,005,937	1.81	3,340
400,001 - 500,000	205,148	11.45	29,674	91,555,159	48,376,962	352,122	724,345	758,610	67,320	2,180,786	39,095,014	1,686,380	3.03	8,220
500,001 - 600,000	130,665	7.29	17,593	71,634,784	33,053,794	255,335	633,818	714,085	57,629	1,499,770	35,420,353	2,326,054	4.18	17,802
600,001 - 700,000	75,999	4.24	9,107	48,992,016	19,703,758	165,497	452,929	489,851	40,892	912,466	27,226,623	2,309,516	4.15	30,389
700,001 - 800,000	59,835	3.34	5,121	44,355,956	15,310,245	114,736	481,502	398,725	39,476	710,930	27,300,342	2,750,158	4.94	45,962
800,001 - 900,000	39,060	2.18	3,014	33,129,535	10,036,161	79,154	348,051	284,261	25,097	442,563	21,914,248	2,479,268	4.46	63,473
900,001 - 1,000,000	26,486	1.48	1,908	25,052,904	6,827,506	49,021	246,352	198,942	18,919	310,580	17,401,584	2,111,270	3.79	79,713
1,000,001 - 1,500,000	71,025	3.97	4,125	85,307,690	18,278,913	131,490	789,818	589,249	45,798	754,733	64,717,689	8,729,998	15.70	122,914
1,500,001 - 2,000,000	26,341	1.47	1,337	45,211,105	6,354,844	43,664	373,157	245,647	14,851	275,936	37,903,006	5,501,694	9.89	208,864
2,000,001 - 3,000,000	21,262	1.19	870	50,964,610	4,278,272	25,515	394,917	227,186	9,194	207,726	45,821,800	6,799,101	12.22	319,777
3,000,001 - 5,000,000	11,641	0.65	216	43,704,605	1,101,635	10,352	310,251	121,490	3,164	116,168	42,041,545	6,200,647	11.14	532,656
5,000,001 - 7,500,000	4,095	0.23	7	24,637,275	12,782	2,143	168,880	43,869	1,180	40,421	24,368,000	3,575,007	6.43	873,018
7,500,001 - 10,000,000	1,577	0.09	2	13,543,510	310	770	95,927	14,564	265	14,901	13,416,773	1,980,968	3.56	1,256,162
10,000,001 & over	2,435	0.14	4	51,073,263	0	800	473,004	22,305	340	23,706	50,553,108	7,534,285	13.54	3,094,162
<b>Total</b>	<b>1,791,190</b>	<b>100.00</b>	<b>116,226</b>	<b>900,575,613</b>	<b>334,833,751</b>	<b>2,534,847</b>	<b>6,949,092</b>	<b>5,538,174</b>	<b>414,007</b>	<b>14,436,141</b>	<b>535,869,601</b>	<b>55,636,659</b>	<b>100.00</b>	<b>31,061</b>

**SCHEDULE  
6**
**ANALYSIS OF ALLOWANCES FOR THE YEAR OF ASSESSMENT 2014-15 BY INCOME GROUP**

Annual Income	Basic Allowance	Married Person's Allowance	Child Allowance	Dependent Brother/Sister Allowance	Single Parent Allowance	Dependent Parent Allowance	Additional Dependent Parent Allowance	Dependent Grandparent Allowance	Additional Dependent Grandparent Allowance	Disabled Spouse Allowance	Disabled Parent Allowance	Disabled Grandparent Allowance	Disabled Child Allowance	Disabled Brother/Sister Allowance	Total Allowances
(\$)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
120,001 - 130,000	3,543,840	0	0	0	0	0	0	0	0	0	0	0	0	0	3,543,840
130,001 - 140,000	6,522,480	0	0	0	0	0	0	0	0	0	0	0	0	0	6,522,480
140,001 - 150,000	6,669,240	0	0	0	0	5,980	0	0	0	0	0	0	0	0	6,675,220
150,001 - 180,000	19,735,320	0	0	38,577	0	220,900	70,740	4,840	0	0	0	0	0	0	20,070,377
180,001 - 210,000	17,038,920	0	211,021	65,934	0	600,660	225,520	17,340	1,960	0	528	0	0	0	18,161,883
210,001 - 240,000	16,397,160	0	505,781	75,735	0	1,370,020	749,720	40,160	14,460	0	7,722	330	0	4,752	19,165,840
240,001 - 270,000	13,009,800	3,343,920	542,595	78,771	0	1,455,040	787,360	45,240	13,860	0	30,096	1,122	990	11,088	19,319,882
270,001 - 300,000	11,041,440	4,200,480	870,769	68,673	1,020	1,541,440	841,420	45,700	13,540	0	63,756	2,112	4,818	12,012	18,707,180
300,001 - 400,000	27,916,200	16,455,840	5,376,794	190,938	290,978	5,535,080	2,946,540	162,660	50,600	19,470	290,994	12,474	24,097	59,202	59,331,867
400,001 - 500,000	16,653,840	15,927,840	7,478,571	115,896	362,500	4,932,160	2,250,940	140,180	37,360	26,400	314,292	14,124	61,545	61,314	48,376,962
500,001 - 600,000	10,597,200	10,165,200	5,784,675	78,342	247,928	3,919,180	1,699,080	107,820	28,280	18,810	277,926	13,596	60,053	55,704	33,053,794
600,001 - 700,000	6,145,800	5,948,160	3,580,097	48,609	144,600	2,449,260	1,017,040	71,380	16,860	11,418	179,850	10,230	38,082	42,372	19,703,758
700,001 - 800,000	5,055,000	4,250,400	2,886,652	32,901	111,164	1,933,620	741,440	51,160	11,100	9,438	152,724	8,778	31,614	34,254	15,310,245
800,001 - 900,000	3,232,320	2,909,760	1,928,227	22,704	75,600	1,222,260	451,080	32,580	7,520	6,204	96,294	5,742	20,394	25,476	10,036,161
900,001 - 1,000,000	2,133,120	2,090,400	1,362,060	12,342	45,828	795,280	273,160	20,840	4,320	2,640	58,014	3,432	13,464	12,606	6,827,506
1,000,001 - 1,500,000	5,554,440	5,937,360	3,788,489	31,020	119,496	1,954,720	613,140	50,180	9,760	8,184	137,544	8,976	33,726	31,878	18,278,913
1,500,001 - 2,000,000	1,380,360	2,563,440	1,535,135	8,217	41,280	585,640	162,040	15,280	2,600	1,782	35,574	3,168	11,220	9,108	6,354,844
2,000,001 - 3,000,000	482,520	2,097,840	1,227,695	3,927	35,220	302,200	81,240	7,160	1,200	1,320	22,440	1,650	9,042	4,818	4,278,272
3,000,001 - 5,000,000	37,200	570,960	406,490	561	8,160	55,220	13,780	880	200	396	4,422	264	2,112	990	1,101,635
5,000,001 - 7,500,000	120	5,280	5,530	0	0	1,200	480	40	0	0	0	0	132	0	12,782
7,500,001 - 10,000,000	0	240	70	0	0	0	0	0	0	0	0	0	0	0	310
10,000,001 & over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>173,146,320</b>	<b>76,467,120</b>	<b>37,490,651</b>	<b>873,147</b>	<b>1,483,774</b>	<b>28,879,860</b>	<b>12,924,720</b>	<b>813,440</b>	<b>213,620</b>	<b>106,062</b>	<b>1,672,176</b>	<b>85,998</b>	<b>311,289</b>	<b>365,574</b>	<b>334,833,751</b>



<b>Classification of Properties</b>	<b>No. of Properties</b>		<b>%</b>
(i) Solely owned by individuals [excluding those under item (iv)] (Rental income, if any, is reported in Tax Returns-Individuals)		931,157	37.75
(ii) Jointly owned, owned by tenants-in-common, and solely owned other than by individuals [excluding those under item (iv)] -			
Letting (Reported in Property Tax Returns)	131,023		
Other usage or vacant	<u>551,449</u>	682,472	27.67
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance		437,956	17.76
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme		307,068	12.45
(v) New ownership - awaiting classification		107,882	4.37
<b>Total</b>		<b>2,466,535</b>	<b>100.00</b>

<b>Classification by Number of Owners</b>	<b>No. of Properties</b>		<b>%</b>
Properties owned by : 1 owner		1,603,044	65.00
2 owners		799,488	32.41
3 owners		40,774	1.65
4 owners		10,699	0.43
5 owners		4,804	0.20
6 - 10 owners		6,267	0.25
11 - 20 owners		1,311	0.05
Over 20 owners		148	0.01
<b>Total</b>		<b>2,466,535</b>	<b>100.00</b>

**SCHEDULE  
8**
**BUSINESS REGISTRATION STATISTICS**

Fiscal Year	2012-13	2013-14	2014-15	2015-16
New registrations	200,112	228,483	174,741	<b>163,324</b>
Re-opened registrations	11,279	12,290	12,051	<b>11,341</b>
Cancelled registrations	121,836	111,705	133,745	<b>153,303</b>
Current registrations as at 31 March	1,223,587	1,352,655	1,405,702	<b>1,427,064</b>
Paid Certificates (including certificates with annual fees waived)*	1,264,736	1,403,124	1,382,214	<b>1,402,548</b>
Businesses exempted from payment of fees	11,907	9,779	13,834	<b>16,103</b>
Extracts of information issued	344,611	352,409	359,018	<b>359,512</b>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Fees and penalties collected (excluding levy)*	122,869	73,494	2,480,563	<b>2,607,074</b>
Court fines	6,358	6,426	9,473	<b>8,949</b>
Fees and penalties in arrears as at 31 March (excluding levy)	48,110	25,707	210,297	<b>305,812</b>

\* The annual fees in respect of business and branch certificates with commencement dates falling within the following periods were waived:

- (1) 1 April 2012 to 31 March 2013
- (2) 1 April 2013 to 31 March 2014

**STAMP DUTY COLLECTIONS AND STAMP OFFICE ACTIVITIES**

Fiscal Year	2012-13	2013-14	2014-15	2015-16
	(\$m)	(\$m)	(\$m)	(\$m)
Duties on -				
• Property Assignments and Chargeable Agreements	22,355.0	18,160.7	49,214.8	<b>28,494.4</b>
• Contract notes				
- Collected by Stamp Office	1,734.7	2,148.0	2,188.0	<b>3,045.0</b>
- Collected through The Stock Exchange of Hong Kong Limited	18,147.3	19,882.0	22,704.3	<b>30,365.0</b>
• Leases	493.2	545.3	576.7	<b>612.3</b>
• Transfer deeds	2.2	2.8	2.3	<b>2.2</b>
• Other documents	66.1	77.6	127.4	<b>131.4</b>
Penalties	81.1	23.6	38.4	<b>29.6</b>
Additional duties for delays in payment	0.1	0.4	0.2	<b>0.4</b>
<b>Total duty collections</b>	<b>42,879.7</b>	<b>41,514.7</b>	<b>74,844.9</b>	<b>62,680.3</b>
<b>Average number of callers to Stamp Office per day</b>	<b>1,642</b>	<b>1,530</b>	<b>1,703</b>	<b>1,562</b>
<b>Number of documents stamped during the year</b>	<b>1,647,554</b>	<b>1,718,029</b>	<b>1,714,714</b>	<b>1,586,018</b>

**SCHEDULE**  
**10**
**ESTATE DUTY - DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2016**

	Assessments issued before 1 April 2015	Assessments issued in 2015-16						Additional Assessments	Total
		Original Assessments							
		Estates valued under \$2m	Estates valued \$2m to \$4m	Estates valued \$4m to \$10m	Estates valued \$10m to \$20m	Estates valued over \$20m			
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
Outstanding charges brought forward from 2014-15	135,355	-	-	-	-	-	-	<b>135,355</b>	
Less: Amount discharged	-	-	-	-	-	-	-	-	
Net outstanding charges brought forward from 2014-15	135,355	-	-	-	-	-	-	<b>135,355</b>	
Net duty assessed	0	201	12	1,148	2,696	313	726	<b>5,096</b>	
Penalties charged	0	59	6	195	70	93	125	<b>548</b>	
Interest charged	2,178	599	27	1,311	370	719	857	<b>6,061</b>	
Total amount payable	137,533	859	45	2,654	3,136	1,125	1,708	<b>147,060</b>	
Less: Amount paid on account before 1 April 2015	0	271	0	1,980	3,330	0	648	<b>6,229</b>	
Net duty, penalties and interest payable in 2015-16	137,533	588	45	674	(194)	1,125	1,060	<b>140,831</b>	
Less: Outstanding charges carried forward to 2016-17	116,820	0	0	0	149	0	176	<b>117,145</b>	
Net duty, penalties and interest paid in 2015-16	20,713	588	45	674	(343)	1,125	884	<b>23,686</b>	
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	0	365	47	1,599	2,818	1,474	0	<b>6,303</b>	
<b>Total collections in 2015-16</b>	<b>20,713</b>	<b>953</b>	<b>92</b>	<b>2,273</b>	<b>2,475</b>	<b>2,599</b>	<b>884</b>	<b>29,989</b>	

Fiscal Year	2013-14		2014-15		2015-16	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Horse Racing</b>						
<b>Day Meetings</b>						
Net Stake Receipts	9,570,428		10,131,946		<b>10,404,038</b>	
Betting Duty		6,969,907		7,391,089		<b>7,597,488</b>
<b>Night Meetings</b>						
Net Stake Receipts	6,435,139		6,230,032		<b>6,465,927</b>	
Betting Duty		4,688,113		4,541,397		<b>4,718,987</b>
<b>Horse Race Betting Duty</b> (For rates, please refer to Figure 21 of Chapter 3)		<b>11,658,020</b>		<b>11,932,486</b>		<b>*12,316,475</b>
<b>Lotteries (Mark Six)</b>						
Proceeds from Lotteries	7,724,688		7,881,398		<b>8,128,835</b>	
<b>Lotteries Duty</b> (Rate: 25%)		<b>1,931,172</b>		<b>1,970,350</b>		<b>2,032,209</b>
<b>Football Betting</b>						
Net Stake Receipts	8,954,514		11,152,964		<b>11,557,030</b>	
<b>Football Betting Duty</b> (Rate: 50%)		<b>4,477,257</b>		<b>5,576,482</b>		<b>* 5,778,515</b>
<b>Total duty collected</b>		<b>18,066,449</b>		<b>19,479,318</b>		<b>20,127,199</b>

\* Provisional payment

**SCHEDULE  
12**
**TAX RESERVE CERTIFICATES**

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
<b>2012-13</b>		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	4	7	25	109	5
• Save-As-You-Earn Scheme	44,766	73,428	40,123	73,611	162
• Electronic Tax Reserve Certificates Scheme	41,787	299,700	38,742	271,408	101
Security for Tax in Dispute	1,500	2,291,308	1,280	3,432,117	18,322
<b>Total</b>	<b>88,057</b>	<b>2,664,443</b>	<b>80,170</b>	<b>3,777,245</b>	<b>18,590</b>
<b>2013-14</b>		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	3	3	58	80	12
• Save-As-You-Earn Scheme	44,617	73,071	47,096	75,342	140
• Electronic Tax Reserve Certificates Scheme	43,367	332,138	42,506	326,295	106
Security for Tax in Dispute	1,409	2,738,027	1,565	3,511,091	25,525
<b>Total</b>	<b>89,396</b>	<b>3,143,239</b>	<b>91,225</b>	<b>3,912,808</b>	<b>25,783</b>
<b>2014-15</b>		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	3	43	17	49	1
• Save-As-You-Earn Scheme	44,235	75,570	45,070	76,288	101
• Electronic Tax Reserve Certificates Scheme	45,242	353,519	44,292	337,026	95
Security for Tax in Dispute	1,604	2,203,667	1,466	3,704,614	31,119
<b>Total</b>	<b>91,084</b>	<b>2,632,799</b>	<b>90,845</b>	<b>4,117,977</b>	<b>31,316</b>
<b>2015-16</b>		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	2	2	50	65	12
• Save-As-You-Earn Scheme	43,883	78,179	42,767	74,978	78
• Electronic Tax Reserve Certificates Scheme	46,414	435,148	42,695	400,304	89
Security for Tax in Dispute	1,812	2,106,083	1,724	1,933,207	2,286
<b>Total</b>	<b>92,111</b>	<b>2,619,412</b>	<b>87,236</b>	<b>2,408,554</b>	<b>2,465</b>

**2015-16**

	Inland Revenue Ordinance										Total	
	Failure to submit return, etc. offences [section 80(1)&(2)(d)]		Failure to comply with Court Order [section 80(2B)]		Wilfully with intent to evade tax or to assist other persons to evade tax [section 82]		Furnishing incorrect return, statement or information [section 80(2)(a),(b)&(c)]		Failure to comply with the requirement of section 51(2) to notify the chargeability [section 80(2)(e)]			
	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines
<b>Profits Tax</b>		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
• Corporations	9,923	25,288,400	858	4,233,600	0	0	0	0	0	0	10,781	29,522,000
• Unincorporated Businesses	459	1,129,200	32	171,300	0	0	0	0	0	0	491	1,300,500
<b>Salaries Tax</b>												
• Employees	2,674	6,151,600	230	1,135,400	20	566,463	0	0	0	0	2,924	7,853,463
• Employers	488	1,256,300	79	370,700	0	0	0	0	0	0	567	1,627,000
<b>Property Tax</b>												
• Individuals	129	273,600	12	66,700	0	0	0	0	0	0	141	340,300
<b>Total</b>	<b>13,673</b>	<b>34,099,100</b>	<b>1,211</b>	<b>5,977,700</b>	<b>20</b>	<b>566,463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,904</b>	<b>40,643,263</b>

Note 1 : Fines do not form part of the revenue collected by the Inland Revenue Department

Note 2 : The number of summonses pending hearing as at 31 March 2016 is 19,051

**SCHEDULE  
14**
**EARNINGS AND PROFITS TAX - SURCHARGES ADDED, OFFENCES COMPOUNDED, ADDITIONAL TAX IMPOSED AND COSTS AWARDED BY THE BOARD OF REVIEW**
**2015-16**

	Property Tax		Salaries Tax		Profits Tax (Corporations)		Profits Tax (Unincorporated Businesses)		Personal Assessment		Total	
	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount
Surcharge for late payment of tax	22,139	24,286,142	204,819	175,988,601	12,870	141,119,098	7,616	20,202,600	15,340	9,869,380	<b>262,784</b>	<b>371,465,821</b>
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	10	65,200	1	600	0	0	<b>11</b>	<b>65,800</b>
• section 80(1)	7	94,000	1,055	4,479,802	115	6,314,500	117	6,092,000	0	0	<b>1,294</b>	<b>16,980,302</b>
• section 80(2)	820	21,020,851	8,351	81,993,138	7,626	253,659,050	1,307	106,138,882	82	269,980	<b>18,186</b>	<b>463,081,901</b>
• section 82(1)	9	194,100	50	7,360,775	52	99,266,942	32	8,456,210	1	36,000	<b>144</b>	<b>115,314,027</b>
• section 82(2)	0	0	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	214	657,230	218	2,385,500	864	25,664,055	82	3,259,000	18	58,780	<b>1,396</b>	<b>32,024,565</b>
Costs awarded by the Board of Review	0	0	1	3,000	3	15,000	0	0	0	0	<b>4</b>	<b>18,000</b>
<b>Total</b>	<b>23,189</b>	<b>46,252,323</b>	<b>214,494</b>	<b>272,210,816</b>	<b>21,540</b>	<b>526,103,845</b>	<b>9,155</b>	<b>144,149,292</b>	<b>15,441</b>	<b>10,234,140</b>	<b>283,819</b>	<b>998,950,416</b>

\* Including penalties imposed by the Court



