



Inland Revenue Department

The Government of the Hong Kong Special Administrative Region
of the People's Republic of China

治稅以法 服務以誠

Tax by the Law

Service from the Heart



ANNUAL REPORT

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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 –

- Professionalism
- Efficiency
- Responsiveness
- Fairness
- Effectiveness
- Courtesy
- Teamwork

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Commissioner's Foreword

With the fifth wave of the local epidemic gradually brought under control, and the removal of anti-epidemic measures in March 2023, Hong Kong has progressively returned to normalcy. Local economic activities have shown gradual recovery. However, the external environment has remained full of challenges, which has put pressure on the performance of some business sectors. The local stock market and property market have also weakened since 2022. Under the influence of various factors, the overall revenue collection of the Department in 2022-23 reduced by \$18.3 billion to \$360.2 billion. The decrease was mainly due to the drop in stamp duty collection. On the other hand, total earnings and profits tax collections increased by \$10.9 billion, with growth in collections from profits tax and salaries tax of 4% and 5% respectively.

To enhance the attractiveness of Hong Kong as an international investment and financial centre and to implement the measures proposed in the Budget, the Government proactively conducted consultations and commenced legislative exercises on various measures. The following amendment ordinances were enacted in 2022-23:

- The Inland Revenue (Amendment) (Tax Deductions for Domestic Rents) Ordinance 2022 provided a deduction from the year of assessment 2022-23 for domestic rents to taxpayers chargeable to salaries tax and tax under personal assessment who are not owners of domestic properties.

- The Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-related Activities) Ordinance 2022 provided half-rate profits tax concessions (i.e. at a tax rate of 8.25%) to qualifying shipping commercial principals (i.e. ship agents, ship managers and ship brokers) in respect of the qualifying profits accrued to them on or after 1 April 2022.
- The Stamp Duty (Amendment) Ordinance 2023 provided exemption of stamp duty payable on certain transactions relating to dual-counter stock made by market makers.

Besides, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 was enacted in December 2022 to provide that, with effect from 1 January 2023, certain foreign-sourced income received in Hong Kong by multinational enterprise entities is to be regarded as arising in or derived from Hong Kong. As a result of the timely legislative amendment, Hong Kong was not included in the European Union (EU)'s blacklist of non-cooperative tax jurisdictions for tax purposes. In December 2022, the EU promulgated another guidance which explicitly sets out disposal gains as one of the categories of passive income covered by the foreign-sourced income exemption (FSIE) regime. Jurisdictions with ongoing FSIE reforms are requested by the EU to further amend their tax treatments of foreign-sourced disposal gains in compliance with the updated guidance by the end of 2023 for implementation with effect from January 2024. Under the premise of supporting the combating of cross-border tax evasion, the Government introduced the Inland Revenue (Amendment) (Taxation on Foreign-sourced Disposal Gains) Bill 2023 into the Legislative Council in October 2023 to refine Hong Kong's FSIE regime for disposal gains.

Furthermore, to provide greater certainty of non-taxation of onshore gains on disposal of equity interests that are of capital nature, the Inland Revenue (Amendment) (Disposal Gain by Holder of Qualifying Equity Interests) Bill 2023 was introduced into the Legislative Council in November 2023.

Apart from the above, the Chief Executive in Council made an order to declare that the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) shall have effect in Hong Kong after the Central People's Government had deposited with the Organisation for Economic Cooperation and Development (OECD) its instrument of approval of the BEPS MLI covering Hong Kong's tax treaties on 25 May 2022. The BEPS MLI enables Hong Kong to swiftly modify its existing tax treaties to implement measures promulgated by the OECD to prevent tax treaty abuse and to improve dispute resolution mechanism.

Hong Kong has also made progress in the expansion of its tax treaty network. Hong Kong entered into a tax treaty with Mauritius in November 2022 and that treaty will become effective from the year of assessment 2024-25. Besides, after conducting the third round of negotiation, Hong Kong entered into a tax treaty with Bangladesh in August 2023. Hong Kong continues to actively engage other tax jurisdictions in negotiating comprehensive double taxation agreements/arrangements so as to expand Hong Kong's tax treaty network.

On international tax cooperation, Hong Kong together with 137 Inclusive Framework members on Base Erosion and Profit Shifting agreed the Outcome Statement in July 2023 on the two-pillar solution to address tax challenges arising from the digitalisation of the economy. In addition, the Government announced the plan to implement the global minimum effective tax rate and the domestic minimum top-up tax starting from 2025 onwards. The Government is

pressing ahead with the preparatory work in relation to the consultation and legislative exercise, with the target to introduce an amendment bill into the Legislative Council in 2024. The Department will continue to participate in the OECD-led discussions and work closely with the Financial Services and the Treasury Bureau to ensure the effective implementation of the package in accordance with international standard.

The Department has been extensively making use of advanced information technology to enhance internal management systems and electronic services with a view to improving efficiency and quality of services. In 2022-23, the Department launched a number of new electronic services. Taxpayers are allowed to keep records for deduction items, such as approved charitable donations, under salaries tax and personal assessment in their eTAX accounts in advance for subsequent automatic pre-filing in their tax returns for individuals. The uploading capacity of attachments for e-filing of applications to amend tax assessments or to holdover provisional tax through eTAX has been increased. In respect of applications for business or branch registration, users can view and download the application results online. In addition, starting from 1 April 2023, all corporations and businesses can e-file profits tax returns through eTAX for the year of assessment 2022-23 together with financial statements and profits tax computation. The Department will continue to promote tax digitalisation with a view to catering to the upcoming new international standards and assisting taxpayers in fulfilling their tax obligations.

The relocation of all offices of the Department to the Inland Revenue Centre in Kai Tak was completed in May 2023. From the preparation to the official relocation, our colleagues had to take care of both the busy daily work and relocation matters at the same time. We were able to complete the relocation exercise successfully without affecting the Department's operation and public services. I would like to express my sincere thanks to all my colleagues for their hard work and cooperation.

The official commissioning of the Inland Revenue Centre marks a new chapter for the Inland Revenue Department. We will, as always, uphold the tradition and culture of the Department - "Tax by the Law, Service from the Heart". We are committed to providing effective services to taxpayers and members of the public with professional, proactive and collaborative team spirit, and promoting the prosperity and stability of Hong Kong.

TAM Tai-pang
Commissioner of Inland Revenue

Revenue

In 2022-23, the Inland Revenue Department collected \$360.2 billion, which represents a decrease of \$18.3 billion or 4.8% as compared with the previous year. The decrease was mainly attributable to the drop in stamp duty collection by 29.8% to \$70 billion. Profits tax and salaries tax collections increased by 4.1% and 5.2% to \$174.2 billion and \$79.5 billion respectively. An analysis of the revenue collected by tax type is provided in **Figure 1**.

Figure 1 Revenue collected by tax type

Type of tax	2019-20 (\$m)	2020-21 (\$m)	2021-22 (\$m)	2022-23 (\$m)
Profits tax -				
Corporations	149,427.5	129,489.7	162,088.1	167,087.9
Unincorporated businesses	6,472.8	6,050.0	5,247.5	7,124.6
Salaries tax	50,412.4	75,027.3	75,570.2	79,490.4
Property tax	2,806.5	3,957.2	3,984.5	3,842.2
Personal assessment	4,999.8	6,293.7	6,457.3	6,719.8
Total earnings & profits tax	214,119.0	220,817.9	253,347.6	264,264.9
Estate duty	53.6	7.4	1.9	8.8
Stamp duty	67,198.0	89,044.6	99,677.3	69,976.5
Betting duty	22,012.2	20,877.1	25,432.2	25,823.9
Business registration fees	189.6	73.0	57.3	128.9
Total revenue collected	303,572.4	330,820.0	378,516.3	360,203.0
% change over previous year	-11.1%	9.0%	14.4%	-4.8%

The revenue collected by the Department during 2022-23 accounted for 63.5% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 70.4% of the total revenue collected while stamp duty made up a further 19.4% (**Figure 3**).

Figure 2 Government General Revenue

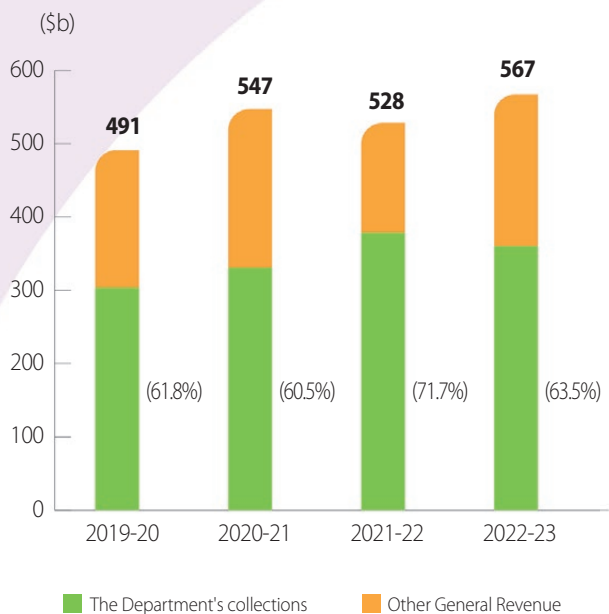
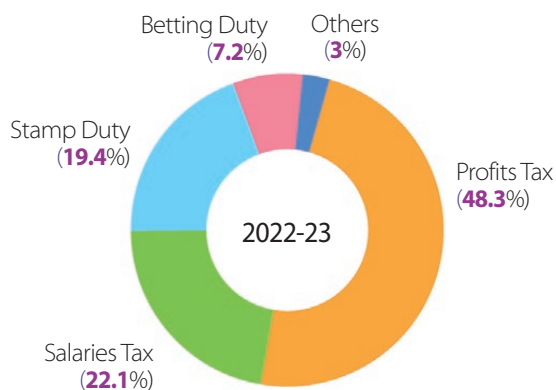
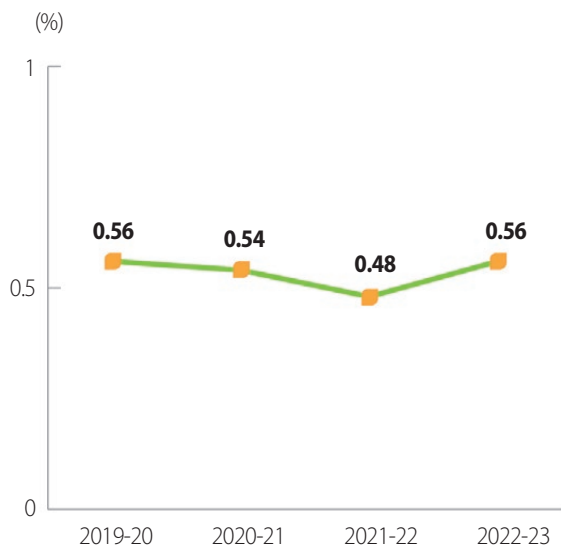


Figure 3 Composition of the revenue collections



In 2022-23, the cost of collection increased from 0.48% to 0.56% (**Figure 4**).

Figure 4 Cost of collection



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 2022-23, earnings and profits tax assessed increased by \$29.8 billion (12.3%) (**Schedule 2**) as compared with the previous year. The total amount of duties and fees collected decreased by \$29.2 billion (23.4%).

Profits Tax

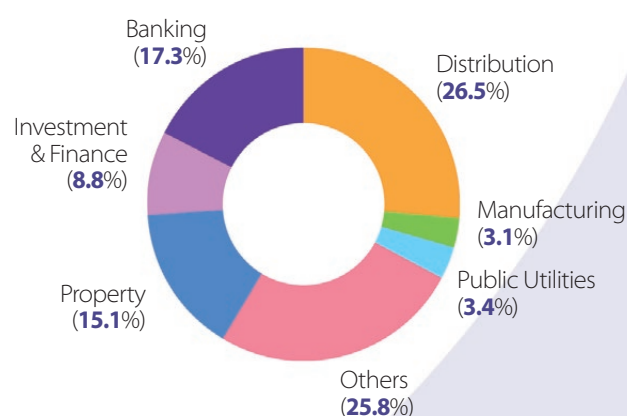
Profits tax is levied on individuals, corporations, bodies of persons and partnerships, in respect of assessable profits arising in or derived from Hong Kong. For the year of assessment 2021-22, the two-tiered profits tax rates remain unchanged. The profits tax rate for the first \$2 million of assessable profits is 8.25% for corporations and 7.5% for unincorporated businesses. Profits above that amount are subject to the tax rate of 16.5% and 15% respectively. For two or more connected entities, only one of them may elect for the two-tiered profits tax rates. The amount of profits tax assessed in 2022-23 was \$177.5 billion, which was \$23.1 billion (15.0%) more than that of the previous year (**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 on corporations for the year of assessment 2021-22, the property, financial and banking sectors together contributed 41.2% and the distribution sector generated 26.5% (**Figure 6**).

Figure 5 Profits tax assessed



Figure 6 Ratios of corporation profits tax assessed under 2021-22 final assessments by business sectors

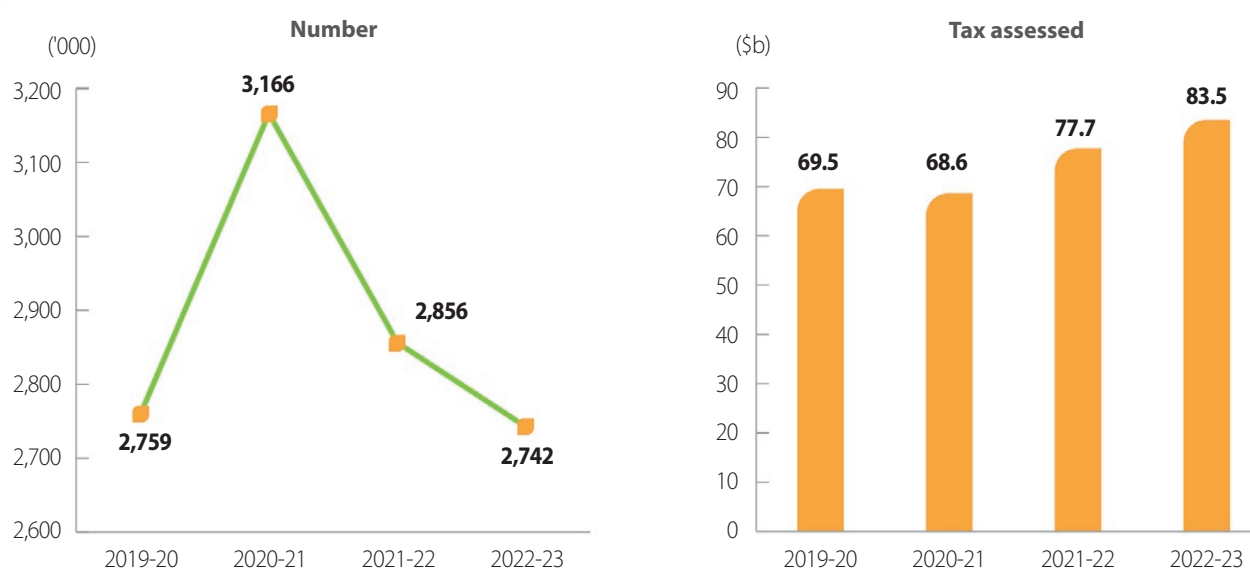


Salaries Tax

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 (15%) on the net total income (without deduction of allowances) of the individual concerned.

As compared with the previous year, the number of salaries tax assessments made during 2022-23 decreased by 4.0%. However, the rise in wages and earnings had led to a 7.5% increase in the amount of tax assessed (**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 2021-22 are provided in **Schedules 5 and 6**.

For the year of assessment 2021-22, the number of standard rate taxpayers increased by 2,470 to 27,766. These taxpayers together contributed 35.6% of the final salaries tax assessed, an increase of 0.7% compared with last year (**Figure 8**).

Figure 8 Salaries Tax - standard rate taxpayers

Percentage of total number of taxpayers

Year of Assessment	2020-21	2021-22
Total number of taxpayers	1,821,130	1,806,645
Standard rate taxpayers	25,296	27,766
Percentage	1.4%	1.5%

Figure 8 Salaries Tax - standard rate taxpayers (continued)

Percentage of total final tax assessed

Year of Assessment	2020-21	2021-22
Total final tax assessed (\$M)	75,708	80,257
Final tax contributed by standard rate taxpayers (\$M)	26,395	28,559
Percentage	34.9%	35.6%

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, 380,469 employers filed employer's returns with the Department.

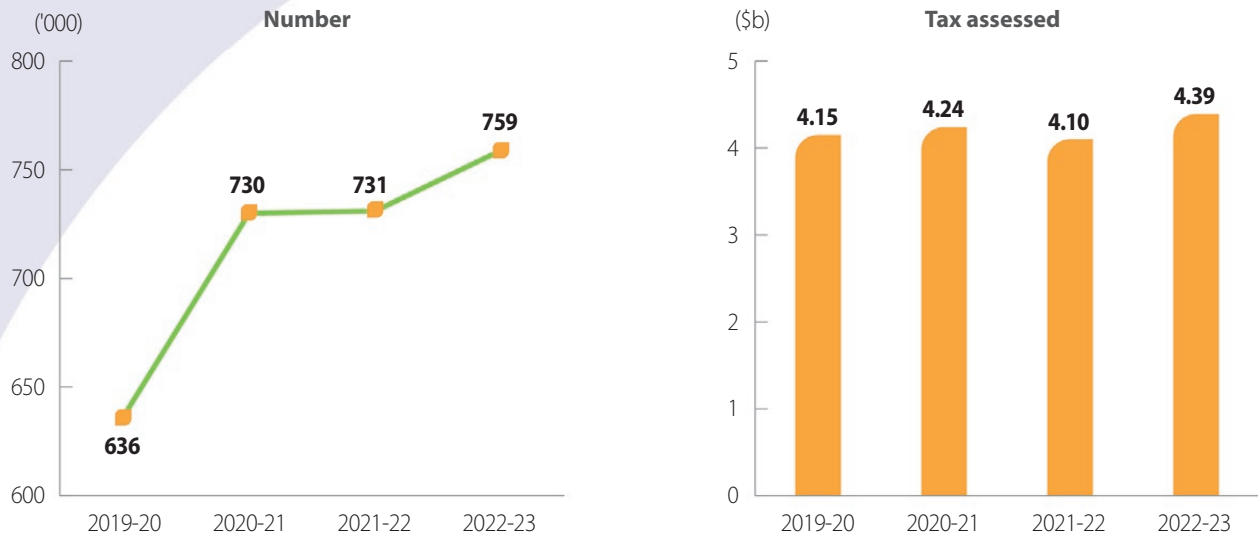
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain 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 (15%) in respect of the net assessable value of the property. 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 2022-23 was more than that in the previous year by 3.8%. The amount of property tax assessed increased by 7.1% (**Figure 9**).

Figure 9 Property tax assessments

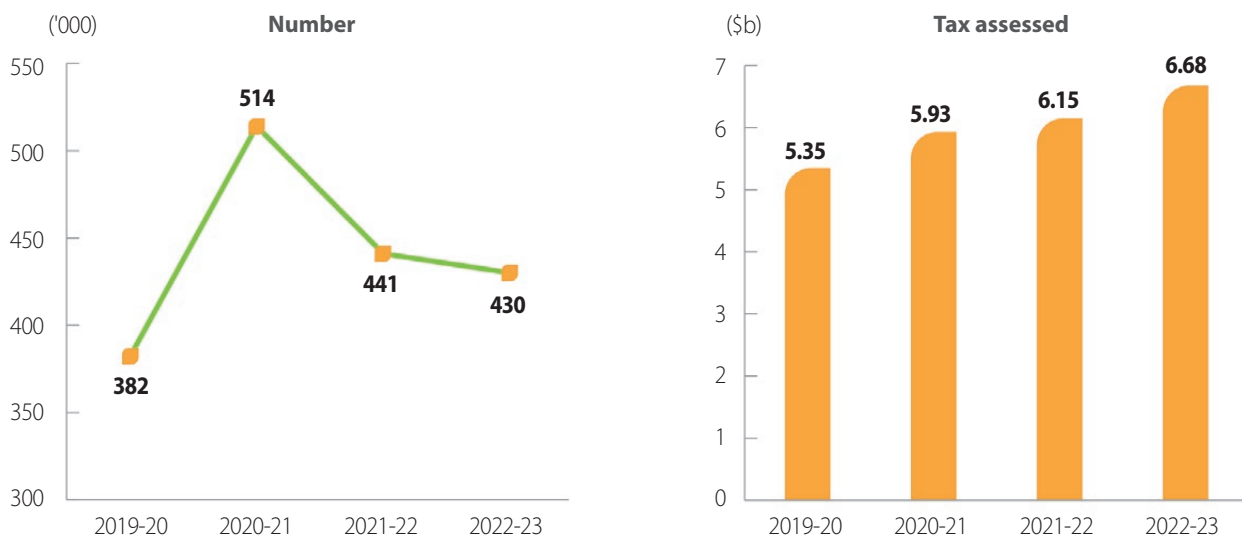


Personal Assessment

If an individual has income chargeable to profits tax and/or property tax, the individual may elect for personal assessment. Under personal assessment, all the incomes of the taxpayer are aggregated and, after deduction of allowances, are assessed at the progressive tax rates applicable to salaries tax. From the year of assessment 2018-19 onwards, a married person may elect for personal assessment separately from or jointly with the person's spouse. In appropriate circumstances, this would reduce the tax liability of the taxpayer or the total tax liability of the taxpayer and the taxpayer's spouse.

As compared with the previous year, the number of personal assessments made in 2022-23 decreased by 2.5% and the amount of tax assessed was 8.6% higher (**Figure 10**).

Figure 10 Assessments made under personal assessment



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 \$45,000 for a ruling concerning the application of the “Territorial Source Principle” in a profits tax case, or \$15,000 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 2022-23, the Department completed the processing of 15 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

Figure 11 Advance rulings

	2021-22 Number	2022-23 Number
Awaiting decision at the beginning of the year	18	8
Add: Applications received during the year	<u>13</u>	<u>21</u>
	31	29
Less: Disposed of -		
Rulings made	11	10
Applications withdrawn	12	5
Rulings declined	<u>0</u>	<u>0</u>
	23	15
Awaiting decision at the end of the year	<u><u>8</u></u>	<u><u>14</u></u>

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 2022-23, the Department completed the processing of 90,412 objections (**Figure 12**).

Figure 12 Objections

	2021-22 Number		2022-23 Number	
Being processed at the beginning of the year	41,371		41,704	
Add: Received during the year	<u>97,762</u>		89,330	
	139,133		131,034	
Less: Disposed of -				
Settled without determination	96,985		90,001	
Determinations:				
Assessments confirmed	214		209	
Assessments reduced	138		113	
Assessments increased	90		89	
Assessments annulled	<u>2</u>	<u>444</u>	0	411
	<u>97,429</u>		90,412	
Being processed at the end of the year	<u>41,704</u>		40,622	

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 2023, the Board consisted of a chairman and 6 deputy chairmen, who have legal training and experience, as well as 68 members. During 2022-23, the Board settled 41 appeal cases (**Figure 13**).

Figure 13 Appeals to the Board of Review

	Number	
Awaiting hearing or decision as at 1 April 2022	46	
Add: Received during the year	<u>30</u>	
	76	
Less: Disposed of -		
Withdrawn	7	
Decided:		
Assessments confirmed	19	
Assessments reduced in full	0	
Assessments reduced in part	6	
Assessments increased	<u>9</u>	<u>34</u>
	<u>41</u>	
Awaiting hearing or decision as at 31 March 2023	<u>35</u>	

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, appeal to the Court of First Instance against the Board's decision on a question of law. Before 1 April 2016, taxpayers or the Commissioner could only appeal to the court by way of case stated from the Board. With effect from that date, the case stated procedure was abolished and no appeal may be made unless leave to appeal has been granted by the court, on the application of the taxpayer or the Commissioner.

During 2022-23, the Court of First Instance allowed a taxpayer's appeal concerning profits tax. The Court ruled that the taxpayer did not have a business in Hong Kong nor did its profits arise in Hong Kong.

During the year, the Court of Appeal disposed of 4 appeals, of which 3 related to salaries tax and one concerned profits tax. In one case, the Court allowed the Commissioner's appeal and remitted the case to the Board to compute exempted employment income for services rendered outside Hong Kong based on an approved income apportionment formula. The Court ruled respectively in two other salaries tax cases that the share awards and dividends received by the taxpayer were not chargeable to tax, and that certain income for services rendered during rest days was not taxable income. In respect of the latter case, the Commissioner filed an appeal to the Court of Final Appeal. For the profits tax case, the Court dismissed the taxpayer's appeal on deduction of amortisation of spectrum utilisation fees.

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 2022-23, the Court of Final Appeal dismissed the Commissioner's appeal concerning penalties imposed on directors under section 82A of the Inland Revenue Ordinance.

Figure 14 sets out the statistics concerning appeals to the Courts during 2022-23.

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 2022	2	4	1	7
Add: Lodged during the year	2	0	1	3
	4	4	2	10
Less: Disposed of	1	4	1	6
Awaiting hearing or decision as at 31 March 2023	3	0	1	4

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 2023 stood at 1,583,296. It was 35,701 more than that as at 31 March 2022 (**Figure 15**).

Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2023, 26,890 businesses held 3-year certificates.

To help business enterprises, the Government waived the business registration fees for 2022-23. Businesses were still required to pay the levy on their business registration certificates. With effect from 17 June 2022, the levy was reduced from \$250 to \$150 for 1-year certificates. For businesses electing for 3-year certificates, they were required to pay \$3,200 for the business registration fees and \$450 for the levies.

Businesses that were not required to renew their registration certificates in 2022-23 could obtain concessionary refunds if they had paid the registration fees for that year. Up to 31 March 2023, the Department had issued concessionary refunds to 19,484 businesses totaling \$24 million.

As the waiver of business registration fees expired on 31 March 2023 and some businesses had settled in March 2023 the fees for the certificates commencing in April 2023, the amount of business registration fees and penalties collected in 2022-23 increased to \$129 million. It represents a significant increase of 126.3% compared with last year (**Figure 16**). Business registration statistics are set out in **Schedule 8**.

Figure 15 Number of business registrations

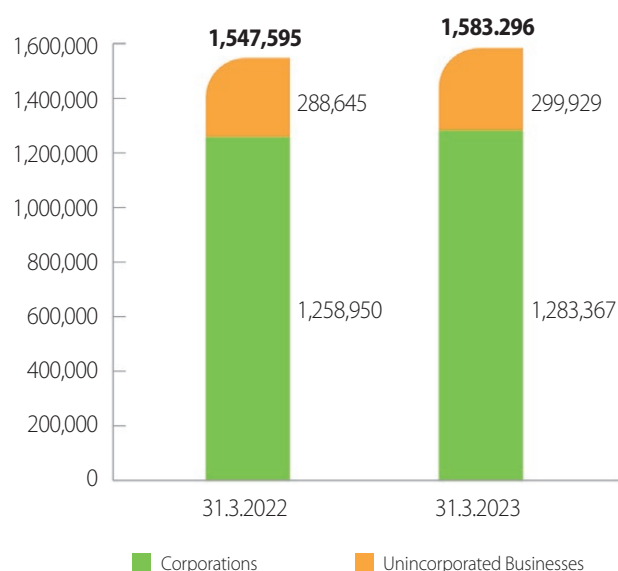


Figure 16 Business registration statistics

	2021-22	2022-23	Increase
Number of certificates paid (Main and Branch)	1,578,054	1,658,152	5.1%
Fees (inclusive of penalties) collected (\$m)	57	129	126.3%

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 2022-23 was 9,448, representing a decrease of 3.7% from the previous year. No appeal case was received by the Board during 2022-23 (**Figure 17**).

Figure 17 Appeals to the Administrative Appeals Board

	2021-22 Number	2022-23 Number
Awaiting hearing at the beginning of the year	0	0
Add: Lodged during the year	1	0
	1	0
Less: Disposed of -		
Appeal allowed	0	0
Appeal dismissed	0	0
Appeal withdrawn	1	0
	1	0
Awaiting hearing at the end of the year	0	0

Stamp Duty

Stamp duty is charged on instruments effecting property transactions, stock transactions and leasing of property in Hong Kong (**Figure 18**).

Overall, there was a decrease of 29.8% (\$29.7 billion) in the total stamp duty collection for the year 2022-23 (**Figure 19** and **Schedule 9**). The decrease in the total stamp duty collection is attributable to the decrease in stamp duty collected from share transactions and property transactions.

Figure 18 Composition of stamp duty collections

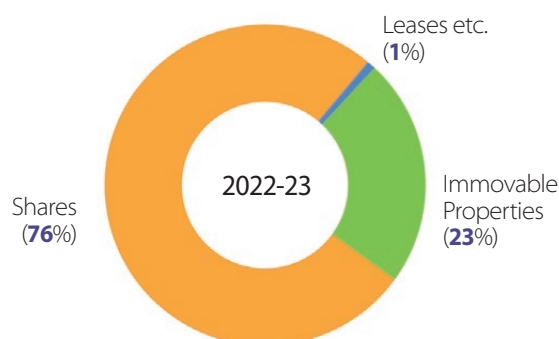


Figure 19 Stamp duty collections

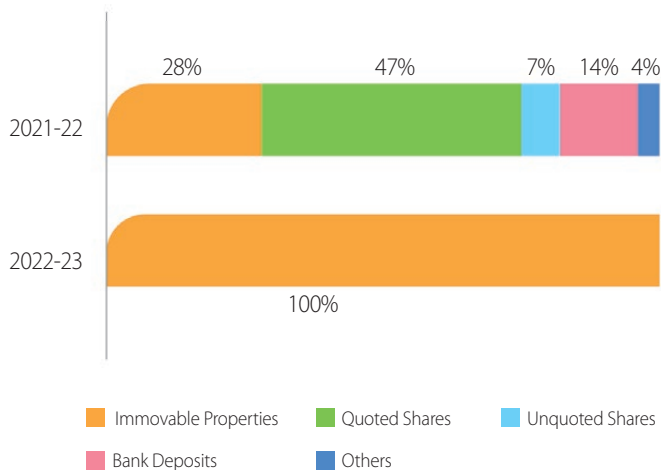
	2021-22 (\$m)	2022-23 (\$m)	Increase/Decrease
Immovable Properties	32,843	15,881	-51.6%
Shares	65,921	53,124	-19.4%
Leases and other documents	913	972	+6.5%
Total	99,677	69,977	-29.8%

Estate Duty

Estate duty is charged on 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 who passed 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. The number of new cases stood at 357 in 2022-23, a slight increase of 0.6% from the last year (**Figure 21**).

Figure 20 Composition of estates for dutiable cases



Figures 20 and **21** show the composition of estates for dutiable cases and cases processed for the past two years.

Figure 21 Estate duty cases

	2021-22 Number	2022-23 Number
New cases	355	357
Cases finalised		
- Dutiable	5	2
- Exempt	354	375
	359	377

Estate duty of \$8.79 million was collected during the year (**Schedule 10**), an increase of \$6.84 million (351%) 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). \$5.45 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 2022-23, the rates of betting duty on these betting activities remained unchanged (**Figure 22**).

Figure 22 Rates of betting duty in 2022-23

			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 2022-23 was 1.5% higher than that of the previous year (**Figure 23** and **Schedule 11**).

Figure 23 Betting duty collections

	2021-22 (\$m)	2022-23 (\$m)	Increase/Decrease
Horse racing	14,405.8	14,181.9	-1.6%
Mark Six lotteries	1,525.4	1,692.3	+10.9%
Football betting	9,501.0	9,949.7	+4.7%
Total	25,432.2	25,823.9	+1.5%

Tax Reserve Certificates

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

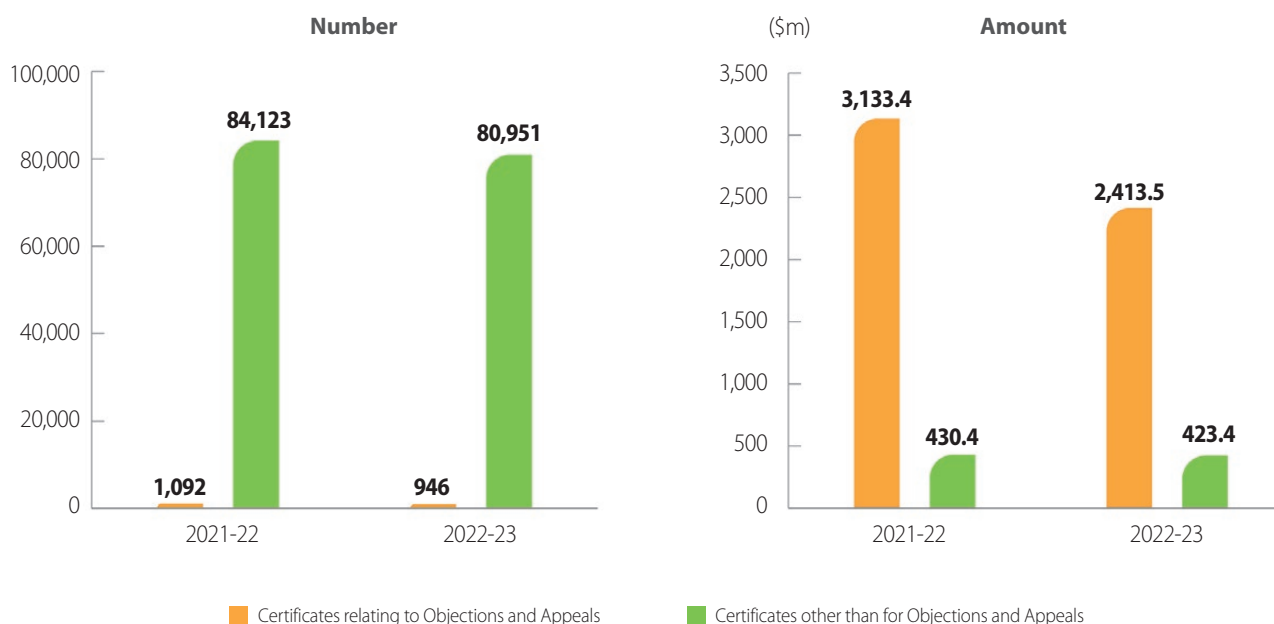
The first situation applies to taxpayers who wish to save for the payment of their future tax liabilities. The Department has set up two schemes, namely the “Electronic Tax Reserve Certificates Scheme” for all taxpayers and the “Save-As-You-Earn” (SAYE) Scheme for civil servants and civil service pensioners. 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 2022-23, the number and amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme” decreased by 4.8% and 3% respectively. For the “SAYE Scheme”, there was a decrease of 2.6% in the number but an increase of 4.2% in the amount of TRCs sold (**Schedule 12**). Overall, the total amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme” and “SAYE Scheme” decreased by 1.6% (**Figure 24**).

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.

In 2022-23, the number and amount of TRCs sold under tax in dispute decreased by 13.4% and 23% respectively (**Schedule 12**).

Figure 24 Certificates sold



International Tax Collaboration

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. A wide 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 2023, Hong Kong has signed comprehensive avoidance of double taxation agreements / arrangements (DTAs) with 46 jurisdictions. They are Austria, Belarus, Belgium, Brunei, Cambodia, Canada, the Mainland of China, the Czech Republic, Estonia, Finland, France, Georgia, Guernsey, Hungary, India, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Luxembourg, the Macao Special Administrative Region, Malaysia, Malta, Mauritius, Mexico, the Netherlands, New Zealand, Pakistan, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, South Africa, Spain, Switzerland, Thailand, the United Arab Emirates, the United Kingdom and Vietnam. The DTAs set out the allocation of taxing rights over different types of income, and provides for dispute resolution and exchange of information between competent authorities.

Hong Kong also makes use of tax information exchange agreements (TIEAs) as instruments for exchange of information with appropriate partners. As at 31 March 2023, Hong Kong has signed TIEAs with 7 jurisdictions. They are Denmark, the Faroes, Greenland, Iceland, Norway, Sweden and the United States of America.

Hong Kong is committed to enhancing tax transparency and preventing tax evasion. The Central People's Government has deposited a declaration to the Organisation for Economic Cooperation and Development (OECD) for extending the application of the Convention on Mutual Administrative Assistance in Tax Matters (MAC) to Hong Kong. With the entry into force of the MAC in Hong Kong on 1 September 2018, Hong Kong can now ride on a multilateral platform under the MAC to implement various forms of administrative co-operation in the assessment and collection of taxes, including exchange of information on request, automatic exchange of financial account information and automatic exchange of country-by-country reports and spontaneous exchange of information on tax rulings under the base erosion and profit shifting (BEPS) package promulgated by the OECD.

As part of Hong Kong's commitment to meet the minimum standards of the BEPS package, Hong Kong completed the legislative procedures to give effect to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) in Hong Kong in the year 2022-23. The BEPS MLI, which was signed by the Central People's Government and is applied to Hong Kong, modifies the application of the covered DTAs of Hong Kong so as to swiftly implement the BEPS measures to prevent tax treaty abuse and improve dispute resolution mechanism. The relevant provisions of the BEPS MLI take effect in Hong Kong with respect to a covered DTA on 1 April 2023 (for taxes withheld at source) or on 1 April 2024 (for other taxes) at the earliest, depending on the timing of the completion of the ratification and other relevant procedures by the DTA partners.

Advance Pricing Arrangement

An Advance Pricing Arrangement (APA) is an arrangement that determines, in advance of controlled transactions, an appropriate set of criteria for the determination of the transfer pricing for those transactions over a fixed period of time. It provides a tool for multinational enterprises to manage and mitigate the transfer pricing risk on a prospective basis.

A unilateral APA is an arrangement between the Commissioner and a person concerning the transfer pricing of controlled transactions. As the APA process does not involve the agreement with a DTA partner, it does not guarantee the agreement of the DTA partner to the arrangement made.

A bilateral APA is an arrangement between the Commissioner and the competent authority of a DTA partner concerning the transfer pricing of controlled transactions. It provides certainty to a person 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 DTAs.

The Department rolled out the APA programme in April 2012 and introduced a statutory APA regime in July 2018. Up to 31 March 2023, the Department has received quite a number of unilateral and bilateral APA applications which involve DTA with different partners including the Mainland of China, Italy, Japan, Korea, Malaysia, the Netherlands, Thailand and the United Kingdom. These cases are currently under different stages of the APA programme and a few of them have already been completed.

Automatic Exchange of Financial Account Information

For the purposes of enhancing tax transparency and combating cross-border tax evasion, the OECD released in July 2014 a new international standard for automatic exchange of financial account information in tax matters (AEOI). In September 2014, Hong Kong indicated its support for implementing AEOI on a reciprocal basis with appropriate partners with a view to commencing the first exchanges in 2018. So far, over 120 jurisdictions have committed to implementing this international standard.

Hong Kong put in place a legislative framework for implementing AEOI in 2016 and developed the related information technology systems in 2017. Reporting financial institutions are required to identify financial accounts held by tax residents of reportable jurisdictions in accordance with the required due diligence procedures, collect the reportable information of these accounts and furnish their Financial Account Information Returns with the required information via the AEOI Portal. In 2022-23, compound penalties were imposed on or warning letters were issued to a few reporting financial institutions for their failure to submit Financial Account Information Returns on time.

Hong Kong will only conduct AEOI with a reportable jurisdiction when an arrangement is in place with the reportable jurisdiction concerned to provide the basis for exchange. Hong Kong first adopted a bilateral basis in implementing AEOI. Later, after the MAC came into force in Hong Kong on 1 September 2018, Hong Kong has been able to take a multilateral approach in implementing AEOI. Hong Kong's network for tax information exchange has been expanded accordingly.

Up to 2022, Hong Kong smoothly completed five rounds of AEOI with other jurisdictions through the OECD Common Transmission System.

Automatic Exchange of Country-by-Country Reports

Hong Kong put in place a legislative framework for implementing the country-by-country reporting in 2018. The requirements for filing a country-by-country return only apply to a multinational enterprise group whose annual consolidated group revenue reaches the specified threshold amount of HK\$6.8 billion. The primary obligation of filing a country-by-country return is on the ultimate parent entity resident in Hong Kong. A Hong Kong entity of a reportable group whose ultimate parent entity is not resident in Hong Kong will be subject to a secondary obligation of filing if certain conditions are met. The mandatory filing of country-by-country return commenced for accounting period beginning on or after 1 January 2018.

To facilitate Hong Kong entities to comply with their reporting obligations and implementation of automatic exchange of country-by-country reports, the Department has launched the CbC Reporting Portal for submission of returns and data files. Hong Kong has smoothly completed the automatic exchange of country-by-country reports for 2018 to 2021 with exchange partners.

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 2022-23.

Collection of Tax

Taxpayers can conveniently settle their tax liabilities by various payment methods, including electronic payment (by phone, bank ATM, via Faster Payment System (FPS) or via the Internet), payment in person or payment by post. For earnings and profits tax, electronic payment remains the most popular.

Refund of Tax

Tax refunds were made mainly due to two reasons, namely, overpayment of tax by taxpayers and revision of assessments. There were 797,111 refund cases in 2022-23, representing a decrease of 14%. The total amount of refunds was \$27.6 billion, representing a decrease of \$1.8 billion or 6.2% compared with the previous year (**Figure 25**).

Figure 25 Tax refunds

Type of tax	2021-22		2022-23	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	71,550	12,449.3	61,562	12,050.2
Salaries tax	752,874	6,571.5	621,991	6,216.7
Property tax	21,647	246.5	25,564	297.9
Personal assessment	34,567	670.1	35,698	680.5
Others	46,284	9,489.7	52,296	8,365.3
Total	<u>926,922</u>	<u>29,427.1</u>	<u>797,111</u>	<u>27,610.6</u>

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. In light of the economic condition in 2022-23 and the financial difficulties that some taxpayers might be facing, the Government announced a relief measure on tax payment. For instalment plans approved by the Department for settlement of salaries tax, profits tax and personal assessment demand notes for the year of assessment 2021-22 issued between June 2022 and May 2023, no surcharge will be imposed for a maximum period of one year counting from the respective due dates of the demand notes.

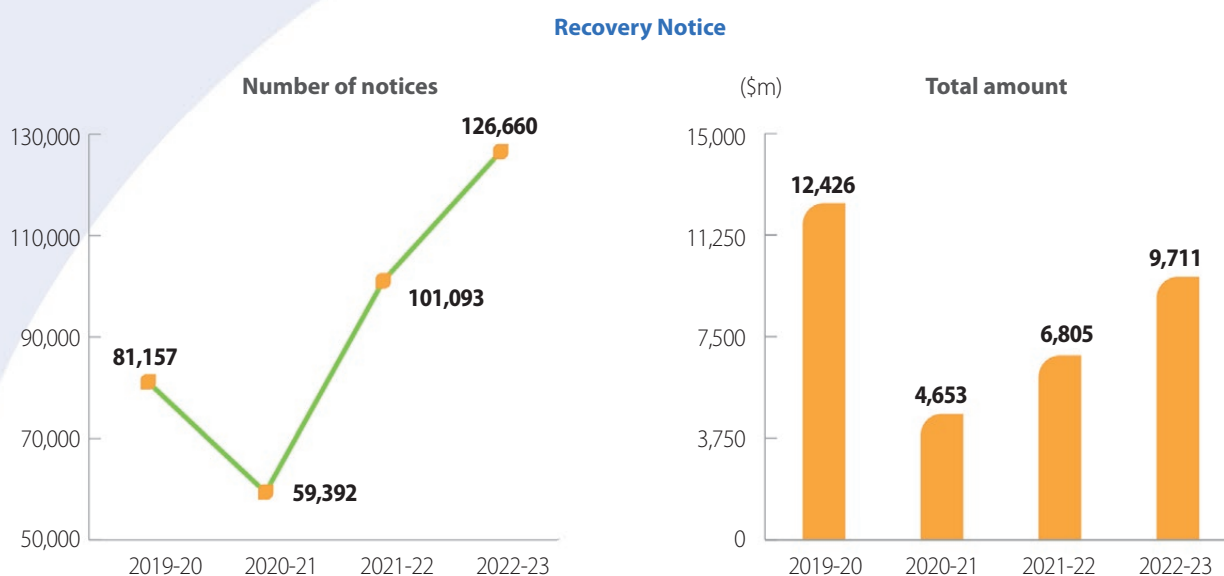
Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 26** summarises different types of recovery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

Following the gradual fading of the local epidemic, and with the full resumption of recovery actions in 2022-23, the numbers of surcharge notices and recovery notices issued increased as compared to those of the previous year.

Figure 26 Recovery action



Figure 26 Recovery action (continued)



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 2022-23.

Figure 27 Legal costs and judgment interest collected in 2022-23

	\$	\$
Court cost		
Court fees	377,531	
Execution fees	7,020	384,551
Fixed cost		161,818
Judgment interest		
Pre-judgment interest	1,247,348	
Post-judgment interest	12,656,883	13,904,231
Total costs and interest collected		14,450,600

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.

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 2022-23, the Field Audit and Investigation Unit completed 1,805 cases (including tax avoidance cases) and assessed back tax and penalties of about \$2.6 billion (**Figure 28**).

Figure 28 Results of the Field Audit and Investigation Unit

	2019-20	2020-21	2021-22	2022-23
Number of cases completed	1,716	1,801	1,720	1,805
Understated earnings and profits (\$m)	12,893.4	14,496.9	14,090.4	12,741.6
Average understatement per case (\$m)	7.5	8.0	8.2	7.1
Back tax and penalties assessed (\$m)	2,548.5	2,802.7	2,897.4	2,602.3
Back tax and penalties collected (\$m)	2,799.4	3,064.1	2,274.6	2,243.0

Field Audit

In 2022-23, 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 2022-23, the Field Audit and Investigation Unit completed 192 tax avoidance cases and assessed back tax and penalties of about \$0.8 billion (**Figure 29**).

Figure 29 Results of the audit on tax avoidance cases

	2019-20	2020-21	2021-22	2022-23
Number of cases completed	209	220	187	192
Understated earnings and profits (\$m)	6,979.5	8,417.1	5,548.8	3,934.0
Average understatement per case (\$m)	33.4	38.3	29.7	20.5
Back tax and penalties assessed (\$m)	1,246.6	1,614.3	1,087.3	805.8

Investigation

In 2022-23, 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 three years and fined.

During the year, the Department successfully prosecuted two tax evasion cases. The first case involved a sole proprietress of an insurance agency business who filed fraudulent returns in which she overstated office assistant expenses of her insurance agency business and made false claims of additional dependent parent allowances. The sole proprietress also signed fraudulent employer's returns for fictitious employees. After trial, the defendant was convicted on all the 11 charges on 15 July 2022 by the Magistrate. She was sentenced to 9 months' imprisonment on 29 July 2022. The defendant lodged an appeal against conviction and sentence initially but then dropped the appeal for sentence. The hearing date is yet to be fixed. The other case involved a businessman who omitted turnover of his sole proprietorship business and rental income from his tax returns wilfully with intent to evade tax. After trial, the defendant was convicted on all the 15 charges on 7 October 2022 by the District Court Judge. He was sentenced to 14 months' imprisonment and was fined \$822,781 (equivalent to 100% of tax undercharged) on 2 November 2022.

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 2022-23, the Department completed compliance check on 316,105 property tax cases (**Figure 30**).

Figure 30 Results of the property tax compliance checks

	2019-20	2020-21	2021-22	2022-23
Number of cases completed	266,998	334,867	318,498	316,105
Understated rental income (\$m)	990.8	1,252.5	1,360.8	1,582.5
Back tax and penalties assessed (\$m)	118.9	150.3	163.3	189.9

Taxpayer Services

IRD Website

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;
- use IRD software and download IRD public forms;
- access the online booking systems for Business Registration Office counter service and Stamp Office lease counter service;
- run the interactive program to calculate their liabilities under salaries tax and personal assessment; and
- access the personalised online 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, property owners, employers, tax representatives, etc.

The IRD website has adopted responsive web design, which enables 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>. They can view their tax position in relation to their returns, assessments and payments, etc. at any time.

Enquiry Service Office

The Department's Enquiry Service Office (the Office) handles telephone and counter enquiries. The Office is equipped with a computer network linked to the Department's General Enquiry Knowledge Database to enable our staff to provide, as far as possible, an immediate "one-stop" service. To cater for the needs of people of diverse races calling the Department's hotlines or visiting our office, with the consent from the callers, telephone interpretation service in eight languages other than Chinese and English, namely, Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai, Urdu and Vietnamese, can be arranged free of charge with the assistance of a third party service provider.

Telephone Enquiry Service

The Office 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 Office 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 2022-23 are shown in **Figure 31**.

Figure 31 Statistics of services provided through ITES

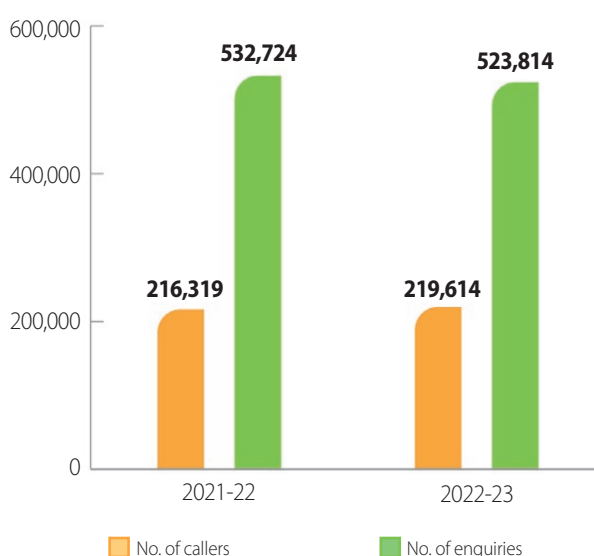
	2021-22 Number	2022-23 Number	Increase/Decrease
Calls answered by staff	560,945	585,948	+4.5%
Calls answered by system	886,884	887,544	+0.1%
Leave-and-call-back messages	67,424	73,832	+9.5%
Documents supplied by fax	2,669	2,154	-19.3%

Counter Enquiry Service

Generally, the counter staff of the Office is able to handle enquiries, collect mail items and issue forms on the spot without the need to refer callers to other sections in the Department for attention. The number of counter enquiries handled and forms issued during 2022-23 was about 0.52 million (**Figure 32**).

Information leaflets on topics of general interest are available for collection at the form stand located in the Office. The public may also obtain general tax information and download forms from the IRD website and GovHK <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 to the questions on a regular basis.

The Department issued 2.47 million Tax Returns - Individuals for the year of assessment 2021-22 on 1 June 2022. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in June 2022. 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.

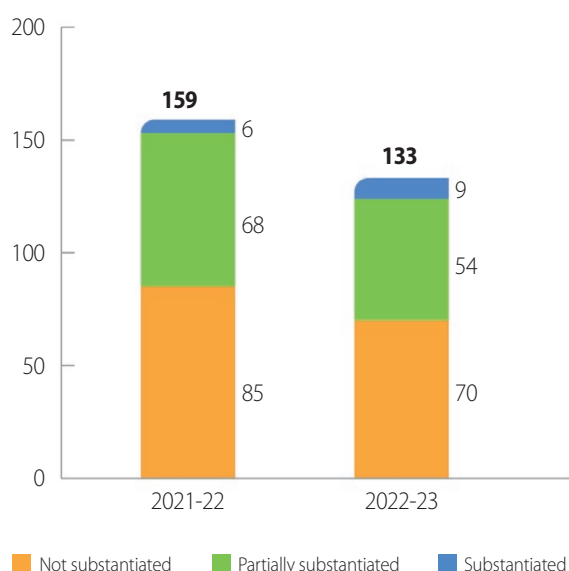
Complaints and Compliments

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 2022-23, 133 complaints cases were received (**Figure 33**).

If taxpayers are dissatisfied with any administrative action taken by the Department, they may refer the matter to the Ombudsman. During 2022-23, the Ombudsman sought written comments from the Department in respect of 16 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, 306 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 targets of performance pledges and excelled in some of the targeted performance with remarkable results during 2022-23.

Information Technology

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.

The Department will implement the following system development and modifications by phases from 2020-21 to 2025-26 –

- (1) to leverage cloud services to accommodate all of the Department's computer application systems;
- (2) to replace the eTAX System with an Individual Tax Portal with enhanced functionalities for individual taxpayers;
- (3) to develop a Business Tax Portal to facilitate submission of tax returns by businesses together with accounting and financial data;
- (4) to develop a Tax Representative Portal to enable tax representatives conducting e-transactions on behalf of their clients, both individuals and businesses; and
- (5) to extend the application of workflow technology for improving the Department's internal communication and work efficiency.

Electronic Services

eTAX

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

From 30 December 2020 onwards, iAM Smart can be used as another means for taxpayers to log in to their eTAX accounts, file electronic tax returns and request revision of assessment electronically. Since 14 August 2022, eTAX has adopted responsive web design to enable users to have quick and convenient access to their tax information with improved user experience.

eTAX services are widely used by the public. As at 31 March 2023, there were some 1,335,000 registered eTAX users. The take-up rate increased year after year (**Figure 34**).

Figure 34 eTAX Usage Statistics

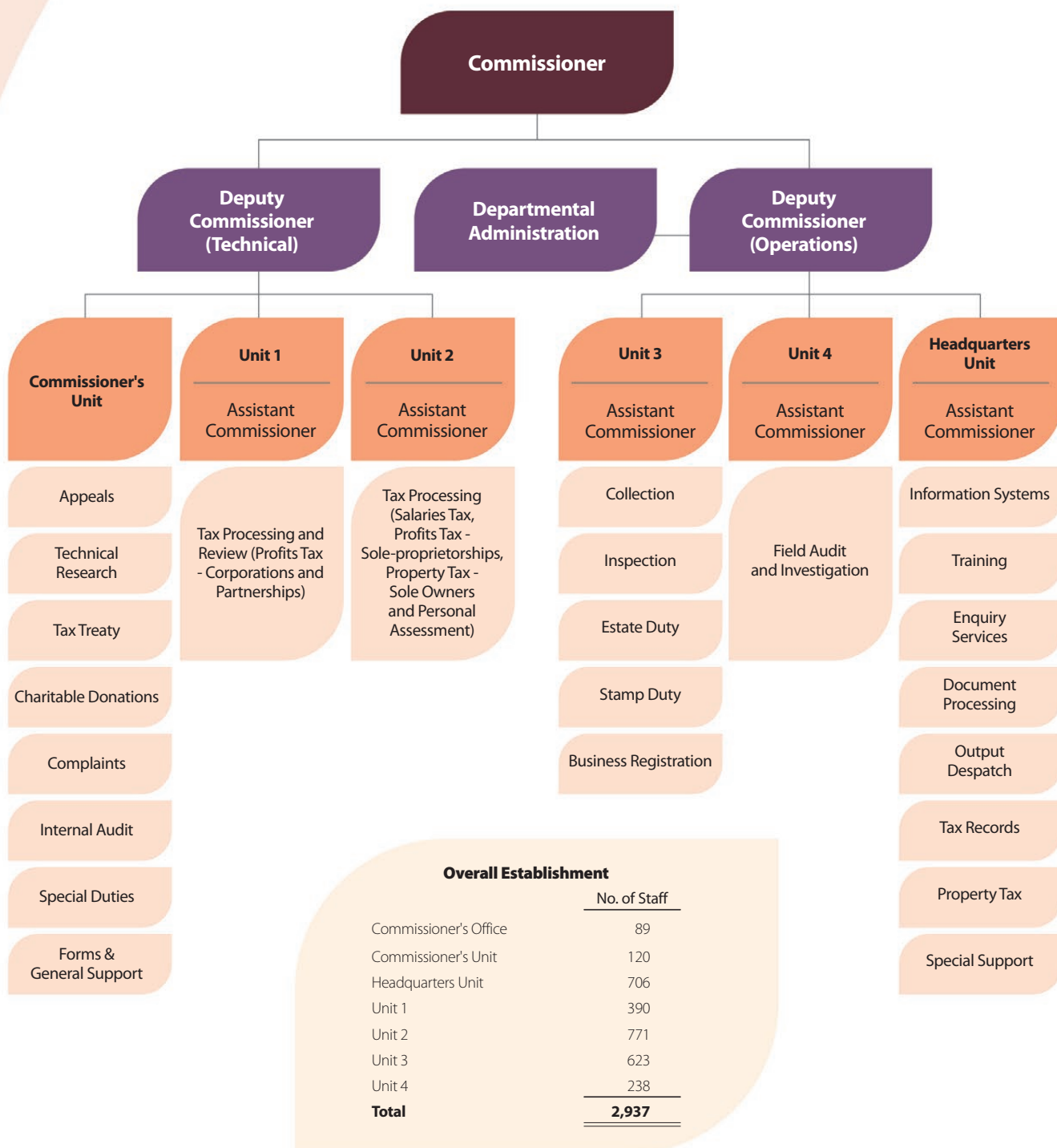
	2021-22 Number	2022-23 Number	Increase/Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	848,005	880,783	+3.9%
- Employer's Return of Remuneration and Pensions			
BIR56A	37,290	44,065	+18.2%
IR56B	782,400	1,042,508	+33.2%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	135,001	233,783	+73.2%
Stamping of Property Document	383,009	369,487	-3.5%
Business Registration Number Enquiry	3,749,533	3,263,652	-13.0%
Application for Supply of Information on the Business Register			
- Requisition	205,997	247,842	+20.3%
- Business registrations involved	590,428	693,091	+17.4%

Other Electronic Services

During 2022-23, some 13,200 employers furnished annual returns for 1,852,300 employees in total by using portable electronic storage devices. About 53% of these employers used the free software provided by the Department.

Human Resources

Organisation Chart of the Inland Revenue Department as at 31.3.2023



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.

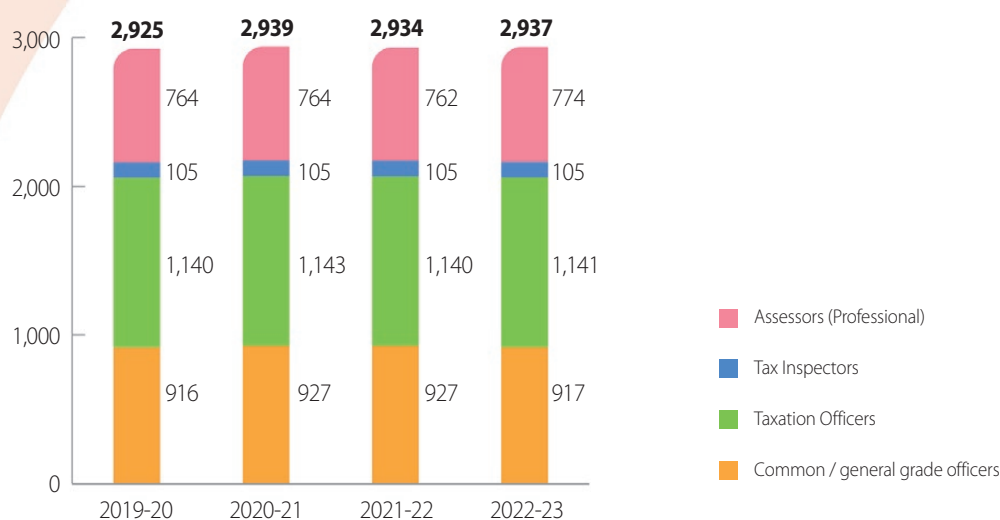
Members of the Top Management of the Inland Revenue Department (as at 31.3.2023)



- 1 Mr TAM Tai-pang**
Commissioner
- 2 Mr LEUNG Kin-wa**
Deputy Commissioner
(Operations)
- 3 Mr CHAN Sze-wai, Benjamin**
Deputy Commissioner
(Technical)
- 4 Miss CHAN Shun-mei**
Assistant Commissioner
(Unit 1)
- 5 Ms TANG Hing-kwan**
Assistant Commissioner
(Unit 2)
- 6 Ms LEUNG Wing-chi**
Assistant Commissioner
(Unit 3)
- 7 Mr NG Man-kwan**
Assistant Commissioner
(Unit 4)
- 8 Mr WONG Kai-cheong, Tony**
Assistant Commissioner
(Headquarters Unit)
- 9 Miss MAN Wai-ming**
Departmental Secretary

As at 31 March 2023, the Department had an establishment of 2,937 permanent posts (including 28 directorate posts) in the Commissioner's Office and the six Units of the Department. Of the total, 2,020 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 917 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 1:1.8.

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

Age Group	Male		Female		Total	
Below 25	6	(2.3%)	14	(2.9%)	20	(2.7%)
25 to below 35	99	(37.2%)	181	(38.1%)	280	(37.8%)
35 to below 45	36	(13.5%)	107	(22.5%)	143	(19.3%)
45 to below 55	71	(26.7%)	120	(25.3%)	191	(25.8%)
55 and over	54	(20.3%)	53	(11.2%)	107	(14.4%)
Total	266	(100%)	475	(100%)	741	(100%)

Staff Promotions and Turnover

In 2022-23, a total of 71 departmental grade officers and 6 common / general grade officers were promoted. Among them, 2 were in directorate rank. 293 officers joined the Department, of which 233 were new appointees and 60 were officers transferred from other grades / departments. A total of 273 officers (including 58 transferred to other departments) left the Department.

Training and Development

Staff are the Department's valuable assets. We recognise the importance of offering 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, information technology, etc. are offered to staff members. In 2022-23, our staff received training for a total of 6,503 man-days, which was equivalent to about 2.21 man-days per officer.

The major training activities conducted for our staff during 2022-23 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 the International Taxation
- Written and spoken English courses
- Chinese official writing course
- Investigation skills training programme
- Information security training programme

Workshops

- Mentorship workshop
- Performance appraisal workshops on English writing skills
- Performance management workshop
- Workshop on customer service skills on the telephone
- Workshop on effective Putonghua for quality services
- Workshop on emotional wellness
- Workshop on fundamental management skills
- Workshop on how to handle taxpayers with special needs
- Workshop on negotiation skills
- Workshop on blockchain essentials
- Workshop on replying to complaints

Continuing Professional Education

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

- Annual Update of Appeal Cases
- Taxation of Ship Leasing Activities
- Computing Assessable Profits, Revenue Recognition and Measurement of Inventories or Stock
- Digital Assets
- Updates on Profits Tax issues
- 2022 Hot Topics on China and Hong Kong Cross-Border Personal Tax
- Digital Economy, Electronic Commerce and Digital Assets
- Updates on Salaries Tax Issues

Speakers for two of the seminars were outside experts and others were staff members. Six of the CPE seminars were e-seminars and uploaded onto the Department's Intranet. A total of 131 staff members attended the face-to-face seminar and 1,921 staff members had viewed the e-seminars.

Overseas Courses

By participating in overseas training programmes, our professional officers can broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues. In 2022-23, the Department continued to deploy information and communication technology to facilitate officers to participate in distance learning. In the past year, 92 officers attended virtual training and e-learning courses on different issues.

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 web-based learning portal "CLC Plus" of the Civil Service College and providing financial support to officers to attend seminars and courses organised by academic and professional institutes. Training materials and information are uploaded onto the Department's 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 in place 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 that 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 and composed of representatives from the clerical and secretarial grades, allows the general grades staff members 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 2022-23, 3 out of 13 suggestions made through the IRD Staff Suggestions Scheme were granted cash awards and certificates of commendation in recognition of the relevant staff's contributions on enhancing operational efficiency and quality of services of the Department.

The Inland Revenue Department Newsletter

The Departmental Newsletter, published every 4 months, serves as another channel of communication between staff and the management promoting 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 health and safety matters, etc., and by staff who are keen to share their leisure activities and hobbies. The Newsletter also 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 2022-23, 57 officers who had provided outstanding service for a long period of time were awarded the Commissioner's Commendation Letter.

The Long and Meritorious Service Travel Award Scheme

In 2022-23, 23 officers with long and meritorious service were granted awards under the Long and Meritorious Service Travel Award Scheme.

The IRD Sports Association

The objects of the IRD Sports Association are to promote the intellectual, social and athletic interests of its members. It aims at providing colleagues with a platform to mingle and enhance the friendship between colleagues and their sense of belonging to the Department. To achieve these objects, the Association held a wide variety of recreational and sports activities to encourage colleagues to establish a healthy lifestyle and maintain a balance between work and life.

In 2022-23, the Association organised a number of diverse activities, including luncheon talks, various sports competitions, photography competition, online games and e-sports competition, etc. With the relaxing of the social distancing measures, the Association recommenced to organise tours to various locations including Ma On Shan Water Treatment Works, Ex-Shum Shui Po Service Reservoir, office of the Hong Kong Monetary Authority



as well as an outing to Sai Kung. Colleagues were able to relax themselves and expand knowledge through participating in the activities. All activities were well received and supported by colleagues.



The IRD Volunteer Team under the auspices of the Association continued to participate actively in numerous charitable events and community works. The target groups of IRD Volunteer Team are wide, which included the elderly, disabled people, teenagers, children and abandoned dogs. To recognise the Department's continuous dedication to care for the community, the Hong Kong Council of Social Service awarded the "15 Years Plus Caring Organisation Logo" to the Department. This marked the 18th consecutive year in which the Department was granted the award as a caring organisation.



On the charity front, the Association also actively participated in charitable fund-raising activities including "Medecins Sans Frontieres Day", "ORBIS World Sight Day" and "World Vision – Skip-A-Meal". With the generous support of our colleagues, a total of approximately \$170,000 was raised during the year. The Association was awarded the "Organisation with the Most Participants" in "ORBIS World Sight Day" and the 1st runner up in "The Largest Amount of Total Donation" and 2nd runner-up with the Most Participants in "World Vision – Skip-A-Meal" this year.



Legislative Amendments

The following pieces of legislation enacted during the year 2022-23 are related to matters under the purview of the Department.

Revenue (Tax Concessions) Ordinance 2022 (Ordinance No. 1 of 2022)

This Ordinance amended the Inland Revenue Ordinance to give effect to a proposal concerning tax concessions in the Budget for the 2022-23 financial year to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2021-22 by 100%, subject to a maximum of \$10,000 in each case.



Business Registration Ordinance (Amendment of Schedule 2) Order 2022 (Legal Notice No. 136 of 2022)

This Order reduced the levy rate in relation to business and branch registration from \$250 per annum to \$150 per annum with effect from 17 June 2022.

Inland Revenue (Amendment) (Tax Deductions for Domestic Rents) Ordinance 2022 (Ordinance No. 7 of 2022)

This Ordinance amended the Inland Revenue Ordinance to introduce, with effect from the year of assessment 2022-23, a concessionary deduction under salaries tax and tax under personal assessment for domestic rents paid under qualifying tenancies of domestic premises.

Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-related Activities) Ordinance 2022 (Ordinance No. 10 of 2022)

This Ordinance amended the Inland Revenue Ordinance to give 50% profits tax concessions to qualifying shipping commercial principals (i.e. ship agents, ship managers and ship brokers) in respect of the qualifying profits accrued to them on or after 1 April 2022.

Inland Revenue (Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting) Order (Legal Notice No. 182 of 2022)

This Order was to give effect to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in Hong Kong. It enabled Hong Kong to swiftly modify its existing tax treaties to implement measures under the Base Erosion and Profit Shifting package promulgated by the Organisation for Economic Co-operation and Development to prevent tax treaty abuse and to improve dispute resolution mechanism.

Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Ordinance No. 17 of 2022)

This Ordinance amended the Inland Revenue Ordinance to provide that, with effect from 1 January 2023, certain foreign-sourced income is to be regarded as arising in or derived from Hong Kong, and to provide for relief against double taxation in respect of certain foreign-sourced income.

Exemption from Profits Tax (Shenzhen Municipal People's Government Debt Instrument) Order (Repeal) Order (Legal Notice No. 1 of 2023)

This Order repealed the Exemption from Profits Tax (Shenzhen Municipal People's Government Debt Instrument) Order in view of the making of the Exemption from Profits Tax (Debt Instrument Issued by Mainland Local People's Government at Any Level) Order.

Exemption from Profits Tax (Debt Instrument Issued by Mainland Local People's Government at Any Level) Order (Legal Notice No. 2 of 2023)

This Order exempted a person from the payment of profits tax chargeable under Part 4 of the Inland Revenue Ordinance in respect of sums received by, or accrued to, the person as interest or profits arising from a debt instrument issued in Hong Kong by any local people's government at any level in the Mainland with effect from the year of assessment 2022-23.

Stamp Duty (Amendment) Ordinance 2023 (Ordinance No. 1 of 2023)

This Ordinance amended the Stamp Duty Ordinance to give effect to the proposal in the Budget for the 2022-23 financial year to waive the stamp duty payable on certain transactions relating to dual-counter stock made by market makers.

Public Revenue Protection (Stamp Duty) Order 2023 (Legal Notice No. 15 of 2023)

This Order gave full force and effect of law to the Stamp Duty (Amendment) Bill 2023 (the Bill) before its enactment. The Bill sought to amend the Stamp Duty Ordinance to give effect to the proposal in the Budget for the 2023-24 financial year to adjust the value bands of the ad valorem stamp duty (Scale 2 rates) chargeable on a conveyance on sale or an agreement for sale of any immovable property with effect from 11am on 22 February 2023.

Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) Notices

Legal notice no.	Periods in force	Annual rate of interest
128 of 2022	6 June 2022 to 2 October 2022	0.1333%
184 of 2022	3 October 2022 to 6 November 2022	0.1750%
209 of 2022	7 November 2022 to 4 December 2022	0.3167%
230 of 2022	5 December 2022 to 2 January 2023	0.4000%
238 of 2022	3 January 2023 to 5 March 2023	0.5833%
20 of 2023	6 March 2023 to 2 April 2023	0.7500%

Environmental Report

Green Management Policy

The Inland Revenue Department is committed to providing a green workplace, and operating in an environmentally conscious and responsible manner. Reducing energy and paper consumption continues to be the Department's green target 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, chaired by the Departmental Secretary (who is also the Department's Green Manager) and composed of green executives from each Unit of the Department, aims to seek staff's suggestions, set directions in our green policies, issue green office guidelines, and to update staff on new green initiatives adopted. Floor green ambassadors have been appointed to assist 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;
- 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.

Environmental Protection Performance in 2022-23

To balance operational needs with environmental care and social responsibility, the Department focuses its efforts to conserve energy, reduce paper consumption, minimise waste production, encourage waste recycling, and to 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 at Revenue Tower in Wan Chai and Inland Revenue Centre in Kai Tak (formal commissioning in early 2023). The following energy saving measures were adopted during the year:

- Installing photovoltaic panel system and adopting the use of District Cooling System at the Inland Revenue Centre;
- Installing occupancy sensors and daylight sensors at office areas of the Inland Revenue Centre;
- 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 office areas and lift lobbies are switched off outside office hours and on Saturdays, Sundays and public holidays;
- Adjusting the service hours of escalators and lifts according to their usage demands;
- Using auto-sensor water taps in all toilets of the Inland Revenue Centre to reduce water consumption;
- Using computers, fluorescent tubes, LED lights and other electrical appliances that are energy efficient;
- Maintaining air-conditioned room temperature at 25.5°C in summer months;
- Controlling air-conditioning and ventilation systems of the Inland Revenue Centre automatically in accordance with occupancy of individual rooms; 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 continues to adhere to the 3R principle - “Reduce, Reuse and Recycle” in the consumption of materials.

Reduction and Reuse of Paper

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

- Encouraging staff to minimise photocopying, use recycled paper instead of virgin paper, 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 online, 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 online enquiries;
- Using templates or overlay printing to replace pre-printed forms;
- Viewing reports online through the Computer Output Online Retrieval System, thus obviating the need for printing computer reports in hard copies;
- Encouraging the public to file tax returns electronically through eTAX and to use the Department’s electronic services under the GovHK website;
- Uploading e-Seminars for employers to reduce paper consumption, thus obviating the need to print invitation letters, tickets and handouts; and
- Implementing e-Procurement system for purchase of goods and services which helps reduce paper consumption.

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 at Revenue Tower and Inland Revenue Centre to facilitate the collection of three recyclable wastes, namely papers, aluminium cans and plastic bottles. Besides, used printer cartridges are also collected for recycling. Throughout the year, 642,793kg of waste paper, 715kg of aluminium cans, 289kg of plastic bottles, 259kg of glass bottles and 278 used printer cartridges were collected.

Smoke-free Workplace

No-smoking signs are displayed at conspicuous locations in the offices of the Department at Revenue Tower and Inland Revenue Centre. 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, a contractor commissioned by the Government Property Agency has conducted a comprehensive indoor air quality measurement in offices located in Revenue Tower. Revenue Tower was awarded “Indoor Air Quality Certificate (Good Class)” by the Environmental Protection Department. Besides, air quality measurement at the Inland Revenue Centre after its formal commissioning in early 2023, arranged by the Architectural Services Department and the works contractor, has achieved an “Excellent Class” initial result. All these showed that our office has fully met 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 to 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.

Miscellaneous

Charitable Institutions

Charitable institutions are exempt from tax under section 88 of the Inland Revenue Ordinance. As at 31 March 2023, there are 10,042 charities recognised as exempt from tax, of which 532 charities were given recognition during the year. The Department endeavors to give a reply to applicants for recognition of tax exemption status within 4 months of the date of receipt of the application provided that all the required information and documents are received.

Donations to charities exempt from tax under section 88 of the Inland Revenue Ordinance are tax deductible. Members of the public may check the list of charitable institutions and trusts of a public character which are exempt from tax uploaded on the Department's website to ascertain whether their donations can be claimed for tax deduction. For the year of assessment 2021-22, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$6.9 billion and \$7.4 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 55,189 visits were made during the year.

Internal Audit

Internal auditors carry out audit activities on various Units and sections regularly to ensure that the work performed 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.

Relocation of the Inland Revenue Department



Opening Ceremony of Inland Revenue Centre and “Past and Future” Exhibition

All offices of the Inland Revenue Department were relocated from the Revenue Tower, Wan Chai to the Inland Revenue Centre (“IRC”) at 5 Concorde Road, Kai Tak, Kowloon by phases from December 2022 to May 2023. The opening ceremony of the IRC was held on 30 March 2023. The Financial Secretary, Mr Paul Chan, delivered a pre-recorded speech for the event. Officiating at the ceremony were the Secretary for Financial Services and the Treasury, Mr Christopher Hui; the Permanent Secretary for Financial Services and the Treasury (Treasury), Miss Cathy Chu; the Acting Commissioner of Inland Revenue, Mr Leung Kin-wa; and the Director of Architectural Services, Mr Edward Tse. Some 50 guests from the Financial Services and the Treasury Bureau, Architectural Services Department, the construction contractor, accounting professional bodies and the IRD Users’ Committee were also invited to attend the ceremony. An exhibition under the theme “Past and Future” was held at the IRC from December 2022 to March 2023 to showcase the achievement and future development of the Department.





The new office building

The IRC is the new dedicated office building for the Department and is adjacent to the Trade and Industry Tower and the MTR Kai Tak Station. With a site area of about 9,832 square metres, the main building is 17 storeys above ground, accommodating more than 3,000 staff members. During its course of design and construction, emphasis was placed on the incorporation of green elements in different aspects, including the choice of building materials, energy use, water consumption, greenery and indoor and outdoor environmental quality, in order to enhance the environmental performance of the building on various fronts.

The IRC was constructed through a design-and-build approach with the Architectural Services Department serving as the project agent. It incorporates new design and user-friendly concepts, including baby care rooms for public use, touchless lift button technology, “healthy staircase” for inter-floor access, etc. The building also adopts a number of environment-friendly and energy-saving designs, including the installation of energy-efficient lighting system, a photovoltaic system on the building roof, rainwater harvesting system, and utilisation of the efficient and reliable District Cooling System at Kai Tak Development in order to reduce energy consumption and enhance energy efficiency.





Furthermore, the IRC is designed as a green building, featuring a green roof, vertical greening and planting strips, tinted glass panels and greening in public open space, thereby enhancing urban ecology and improving the visual appeal of the area.



Central Enquiry Counter





Stamp Office



Business Registration Office



Schedules

- 1** ■ Tax Assessed and Collections for the year ended 31 March 2023
- 2** ■ Demand Notes Issued, Tax Assessed and Collections (2019-20 to 2022-23)
- 3** ■ Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2019-20 to 2021-22
- 4** ■ Profits Tax Contributions from Various Business Sectors (Unincorporated Businesses) for years of assessment 2019-20 to 2021-22
- 5** ■ Analysis of Salaries Tax Assessments for the year of assessment 2021-22
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- 7** ■ Property Statistics (as at 31 March 2023)
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- 9** ■ Stamp Duty Collections and Stamp Office Activities (2019-20 to 2022-23)
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- 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 2023

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2020-21 and earlier years	466,480,495	489,721,438	3,692,972,525	(126,798,675)	453,770,702	4,976,146,485
2021-22 Final Tax only	227,013,138	(32,962,937)	(2,631,149,821)	761,596,921	6,223,860,023	4,548,357,324
2022-23 Provisional Payments and Final Tax	3,695,524,873	83,063,889,693	169,099,415,463	6,752,617,460	5,310,396	262,616,757,885
Total Tax Assessed	4,389,018,506	83,520,648,194	170,161,238,167	7,387,415,706	6,682,941,121	272,141,261,694
Add: Collectables -						
Tax outstanding as at 31 March 2022 bought forward	1,392,609,182	15,654,844,157	42,480,104,904	4,126,379,939	694,847,770	64,348,785,952
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	81,968,807	395,703,936	719,367,108	231,643,592	11,336,849	1,440,020,292
Interest on Tax Held Over	361,335	864,641	28,754,024	4,880,419	1,470,420	36,330,839
Write-off re-opened	608,568	9,557,529	1,005,106	2,894,858	959,060	15,025,121
Total of Tax Assessed and Collectables (a)	5,864,566,398	99,581,618,457	213,390,469,309	11,753,214,514	7,391,555,220	337,981,423,898
Collections during the year -						
Net Tax collected	3,777,607,409	79,195,053,736	166,695,260,994	6,908,813,156	6,709,901,230	263,286,636,525
(After allowing for refunds of tax)	203,349,897	5,622,364,106	11,409,476,068	463,716,323	659,431,717	18,358,338,111
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	64,202,574	294,498,440	365,479,893	212,846,491	8,476,528	945,503,926
Interest on Tax Held Over	342,200	822,140	27,152,960	2,916,873	1,463,244	32,697,417
Total Net Collections (b)	3,842,152,183	79,490,374,316	167,087,893,847	7,124,576,520	6,719,841,002	264,264,837,868
Balance of Tax, Surcharge, etc. payable (a) - (b)	2,022,414,215	20,091,244,141	46,302,575,462	4,628,637,994	671,714,218	73,716,586,030
Less: Not collected by virtue of set-off	509,911,088	4,572,018,095	0	284,138,538	0	5,366,067,721
Written-off as irrecoverable	2,816,798	29,494,921	87,128,318	5,653,853	1,355,781	126,449,671
Tax, Surcharge, etc. outstanding as at 31 March 2023 carried forward	1,509,686,329	15,489,731,125	46,215,447,144	4,338,845,603	670,358,437	68,224,068,638
Less: Under objection or appeal	10,172,361	493,198,724	25,732,503,715	294,656,215	241,512,832	26,772,043,847
Listed for write-off but awaiting approval	0	182,179	453,112	66,480	145,041	846,812
Assessed but not yet due	586,333,506	8,945,070,573	10,589,546,184	757,682,176	135,518,231	21,014,150,670
Net Tax, Surcharge, etc. in arrears as at 31 March 2023	913,180,462	6,051,279,649	9,892,944,133	3,286,440,732	293,182,333	20,437,027,309

Schedule
2

EARNINGS AND PROFITS TAX – DEMAND NOTES ISSUED, TAX ASSESSED AND COLLECTIONS

	2019-20		2020-21		2021-22		2022-23	
	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed
		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Profits Tax -								
Corporations	134,444	153,198,153	122,577	132,513,843	126,024	148,753,113	142,447	170,161,238
Unincorporated Businesses	34,483	7,934,344	38,181	6,426,279	35,672	5,642,014	39,403	7,387,416
Salaries Tax	1,547,020	69,486,659	1,528,966	68,611,414	1,401,941	77,670,397	1,467,390	83,520,648
Property Tax	137,194	4,146,971	150,134	4,241,087	157,405	4,097,603	168,171	4,389,019
Personal Assessment	106,785	5,349,170	124,906	5,928,213	134,076	6,152,117	137,968	6,682,941
Total	1,959,926	240,115,297	1,964,764	217,720,836	1,855,118	242,315,244	1,955,379	272,141,262

	2019-20		2020-21		2021-22		2022-23	
	Collections		Collections		Collections		Collections	
		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Profits Tax -								
Corporations		149,427,519		129,489,658		162,088,120		167,087,894
Unincorporated Businesses		6,472,804		6,050,008		5,247,452		7,124,577
Salaries Tax		50,412,460		75,027,324		75,570,184		79,490,374
Property Tax		2,806,485		3,957,178		3,984,485		3,842,152
Personal Assessment		4,999,787		6,293,727		6,457,339		6,719,841
Total		214,119,055		220,817,895		253,347,580		264,264,838

CORPORATIONS – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2019-20		2020-21		2021-22	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Distribution -						
Retail	2,542,225	1.8	1,768,392	1.3	2,468,503	1.5
Wholesale, Import and Export	25,494,442	18.0	27,728,764	19.9	39,672,508	24.9
Foreign Corporations carrying on Import and Export	28,444	0.1	42,898	0.1	40,306	0.1
Public Utilities	5,578,012	4.0	4,397,678	3.2	5,458,278	3.4
Property	27,527,758	19.6	25,380,903	18.3	24,054,135	15.1
Investment and Finance (other than Banking)	10,630,913	7.6	12,877,756	9.3	13,973,442	8.8
Banking	35,538,836	25.3	29,705,530	21.4	27,628,564	17.3
Manufacturing -						
Clothing and Textiles	503,708	0.4	396,978	0.3	473,922	0.3
Food and Beverage Products	531,111	0.4	369,466	0.3	369,848	0.2
Steel and Other Metals	270,132	0.2	266,242	0.2	274,918	0.2
Printing and Publishing	309,354	0.2	242,326	0.2	306,247	0.2
Others	2,884,283	2.0	2,910,471	2.0	3,581,543	2.2
Shipping (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,123,075	0.8	1,857,669	1.3	3,635,569	2.3
Hotels, Restaurants and Amusement Centres	1,844,570	1.3	707,721	0.5	1,094,989	0.7
Stevedoring, Wharfing and Godowns	919,067	0.6	1,255,734	0.9	2,004,899	1.3
Clubs and Associations	1,684,950	1.2	1,697,379	1.2	2,466,140	1.5
Insurance Companies and Insurance Agents	2,897,168	2.1	3,651,102	2.6	4,564,976	2.9
Non-resident Corporations Trading through Agents (including Consignment Tax)	1,464,589	1.0	1,618,252	1.2	2,150,946	1.3
Building Contractors and Engineering Works	3,386,491	2.4	2,996,093	2.1	2,972,257	1.9
Aircraft Owners and Operators	229,675	0.2	194,125	0.1	231,543	0.1
Taxis, Hire Cars, Public Light Buses and Motor Boats	122,655	0.1	118,769	0.1	126,596	0.1
Miscellaneous	15,011,535	10.7	18,697,280	13.5	21,825,345	13.7
Total	140,522,993	100.0	138,881,528	100.0	159,375,474	100.0

Schedule

4

UNINCORPORATED BUSINESSES – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2019-20		2020-21		2021-22	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Property Developers, Property Dealers, Property Agents and Subletting Businesses	37,454	0.9	32,474	0.8	40,624	0.9
Finance and Securities including Brokers, Dealers and Insurance Agents	562,952	13.1	400,561	10.0	369,611	8.0
Builders, Decorators and Civil Engineering Works	49,919	1.2	53,871	1.4	58,010	1.3
Distribution -						
Import and Export	49,248	1.2	57,641	1.5	61,271	1.3
Wholesale	25,403	0.6	28,554	0.7	34,451	0.7
Retail	221,418	5.1	215,047	5.4	256,476	5.6
Manufacturing -						
Agricultural Trades and Food & Beverage Products Manufacturers	3,411	0.1	3,153	0.1	4,358	0.1
Cloth and Clothing	1,645	0.0	1,535	0.0	2,318	0.1
Chemical Products and Mechanical Engineering	39,770	0.9	60,120	1.5	63,427	1.4
Printing and Publishing	4,511	0.1	4,072	0.1	5,547	0.1
Others	12,041	0.3	15,460	0.4	18,520	0.4
Hotels, Restaurants and Amusement Centres	53,402	1.2	37,784	0.9	43,865	0.9
Transport (including Wharfing and Godowns)	31,549	0.7	33,167	0.8	35,807	0.8
Professions -						
Accountants	323,104	7.5	405,707	10.1	368,514	8.0
Architects, Engineers, Surveyors, etc.	3,598	0.1	1,714	0.0	2,772	0.1
Doctors and Dentists	959,297	22.3	783,146	19.5	945,132	20.5
Solicitors and Barristers	1,457,345	33.9	1,438,282	35.8	1,809,252	39.3
Other Professions	442,883	10.3	412,807	10.3	443,162	9.6
Miscellaneous	21,929	0.5	29,106	0.7	43,596	0.9
Total	4,300,879	100.0	4,014,201	100.0	4,606,713	100.0

Schedule
5

ANALYSIS OF SALARIES TAX ASSESSMENTS FOR THE YEAR OF ASSESSMENT 2021-22 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	Tax Deductible MPF Voluntary Contributions	Qualifying Annuity Premiums	Qualifying Premiums under the Voluntary Health Insurance Scheme Policy				
(\$)		(%)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(%)	(\$)
132,001 - 200,000	174,072	9.63	0	29,922,844	23,151,155	31,004	93,738	63,124	2,123	614,430	34,935	12,411	69,046	5,850,878	0	0.00	0
200,001 - 300,000	385,154	21.32	18	97,302,955	58,827,583	305,398	400,349	545,143	27,246	2,468,927	181,869	248,883	262,444	34,035,113	13,083	0.02	34
300,001 - 400,000	323,760	17.92	2,150	112,232,417	60,956,442	501,612	539,596	969,770	55,350	3,036,811	274,060	454,460	294,998	45,149,318	879,781	1.10	2,717
400,001 - 500,000	227,201	12.58	6,680	101,393,890	51,503,698	473,997	581,840	1,125,101	62,778	2,583,545	311,954	670,142	268,994	43,811,841	2,004,116	2.50	8,821
500,001 - 600,000	163,227	9.03	8,443	89,187,401	42,380,156	334,601	575,246	1,099,134	62,809	1,904,401	329,917	846,275	229,605	41,425,257	2,879,097	3.59	17,639
600,001 - 700,000	110,979	6.14	8,907	71,765,297	31,676,180	225,169	480,640	982,608	45,980	1,367,671	316,916	832,497	180,119	35,657,517	3,122,616	3.89	28,137
700,001 - 800,000	92,789	5.14	7,635	69,180,859	28,034,004	186,204	523,291	1,005,489	46,010	1,188,973	321,131	984,822	168,487	36,722,448	3,716,937	4.63	40,058
800,001 - 900,000	69,555	3.85	5,526	59,254,347	21,645,850	140,675	494,975	870,765	43,349	939,449	298,625	921,273	138,719	33,760,667	3,814,471	4.75	54,841
900,001 - 1,000,000	45,028	2.49	3,984	42,572,775	14,402,641	95,878	327,838	597,994	29,795	584,754	225,195	624,609	86,753	25,597,318	3,097,175	3.86	68,783
1,000,001 - 1,500,000	112,126	6.21	7,322	134,687,193	35,676,271	234,437	1,055,169	1,585,272	77,540	1,412,624	671,680	1,841,751	210,685	91,921,764	12,489,612	15.56	111,389
1,500,001 - 2,000,000	42,792	2.37	2,173	73,197,746	13,770,637	82,878	548,399	629,440	28,193	514,078	292,182	745,943	75,088	56,510,908	8,408,742	10.48	196,503
2,000,001 - 3,000,000	31,769	1.76	1,295	76,061,040	9,200,744	58,080	528,522	480,044	18,403	364,093	225,198	497,758	48,107	64,640,091	9,867,857	12.29	310,613
3,000,001 - 5,000,000	16,734	0.93	439	62,858,059	3,503,882	23,269	414,152	219,877	8,859	186,968	119,760	218,754	21,184	58,141,354	8,876,335	11.06	530,437
5,000,001 - 7,500,000	5,678	0.31	36	34,149,794	315,286	6,177	203,198	75,730	2,423	62,176	33,500	56,511	6,104	33,388,689	4,991,206	6.22	879,043
7,500,001 - 10,000,000	2,138	0.12	9	18,350,049	7,775	2,001	121,150	28,267	583	22,663	11,174	19,586	2,022	18,134,828	2,699,918	3.36	1,262,824
10,000,001 & over	3,643	0.20	3	90,191,259	384	2,554	521,204	40,579	377	38,543	12,605	25,773	2,669	89,546,571	13,395,603	16.69	3,677,080
Total	1,806,645	100.00	54,620	1,162,307,925	395,052,688	2,703,934	7,409,307	10,318,337	511,818	17,290,106	3,660,701	9,001,448	2,065,024	714,294,562	80,256,549	100.00	44,423

Note: "No. of Taxpayers" represents the population with tax assessed before the implementation of a one-off tax reduction of 100% (capped at \$10,000).

Schedule

6

ANALYSIS OF ALLOWANCES GRANTED FOR THE YEAR OF ASSESSMENT 2021-22 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	Personal Disability Allowance	Total Allowances
(\$)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
132,001 - 200,000	22,977,504	0	114	9,787	0	140,225	20,675	2,850	0	0	0	0	0	0	0	23,151,155
200,001 - 300,000	49,841,220	1,998,216	722,231	110,850	166	4,157,975	1,761,625	84,425	22,025	0	38,400	675	0	17,850	71,925	58,827,583
300,001 - 400,000	39,068,832	7,334,976	2,608,270	174,225	17,789	7,306,575	3,781,400	177,975	54,250	13,200	275,775	5,025	12,375	56,175	69,600	60,956,442
400,001 - 500,000	25,319,316	9,342,432	5,310,627	150,263	234,753	6,842,075	3,511,225	201,250	56,925	30,750	340,050	9,375	32,182	71,475	51,000	51,503,698
500,001 - 600,000	16,989,588	9,112,752	7,066,712	97,013	285,516	5,584,350	2,525,900	161,000	44,475	33,750	310,200	8,625	54,300	63,075	42,900	42,380,156
600,001 - 700,000	10,923,396	7,451,664	6,446,725	60,713	221,232	4,249,175	1,771,025	121,475	30,050	23,700	235,650	7,425	54,225	51,600	28,125	31,676,180
700,001 - 800,000	9,080,940	6,334,416	6,382,007	53,062	204,666	3,928,850	1,528,400	102,000	23,475	22,275	232,125	8,250	57,113	51,000	25,425	28,034,004
800,001 - 900,000	6,807,636	4,747,248	5,244,129	40,125	142,587	3,124,400	1,123,875	76,625	15,300	16,050	186,300	6,900	51,825	45,450	17,400	21,645,850
900,001 - 1,000,000	4,180,044	3,527,304	3,629,208	25,537	94,248	1,979,000	701,800	53,975	9,775	10,650	114,300	4,725	30,900	29,700	11,475	14,402,641
1,000,001 - 1,500,000	10,395,792	8,809,680	9,391,876	55,013	231,660	4,680,475	1,482,650	125,800	21,975	21,825	282,825	13,425	79,425	63,150	20,700	35,676,271
1,500,001 - 2,000,000	3,716,592	3,863,904	3,924,768	17,137	81,761	1,561,825	408,425	37,250	5,900	5,700	86,850	3,825	28,650	22,275	5,775	13,770,637
2,000,001 - 3,000,000	1,659,900	3,076,392	3,070,017	10,275	66,660	962,100	237,400	23,050	2,850	4,125	50,250	2,775	19,200	13,350	2,400	9,200,744
3,000,001 - 5,000,000	333,300	1,299,672	1,489,164	2,513	32,208	250,550	60,625	5,050	950	1,125	14,925	750	8,700	3,825	525	3,503,882
5,000,001 - 7,500,000	9,504	115,368	158,280	150	1,584	22,375	5,025	400	50	75	1,050	75	975	225	150	315,286
7,500,001 - 10,000,000	0	2,640	3,960	0	0	500	300	0	0	0	75	0	225	0	75	7,775
10,000,001 & over	0	264	120	0	0	0	0	0	0	0	0	0	0	0	0	384
Total	201,303,564	67,016,928	55,448,208	806,663	1,614,830	44,790,450	18,920,350	1,173,125	288,000	183,225	2,168,775	71,850	430,095	489,150	347,475	395,052,688

PROPERTY STATISTICS (as at 31 March 2023)

Classification of Properties	No. of Properties	%
(i) Solely owned by individuals [excluding those under item (iv)] (Rental income, if any, is reported in Tax Returns-Individuals)	1,223,729	45.65
(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)	119,063	
Other usage or vacant	464,748	21.78
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance	452,712	16.89
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme	350,924	13.09
(v) New ownership - awaiting classification	69,472	2.59
Total	2,680,648	100.00

Classification by Number of Owners	No. of Properties	%
Properties owned by : 1 owner	1,941,325	72.42
2 owners	679,546	25.35
3 owners	34,982	1.30
4 owners	10,729	0.40
5 owners	5,061	0.19
6 - 10 owners	7,192	0.27
11 - 20 owners	1,613	0.06
Over 20 owners	200	0.01
Total	2,680,648	100.00

Schedule

8

BUSINESS REGISTRATION STATISTICS

Fiscal Year	2019-20	2020-21	2021-22	2022-23
New registrations	151,654	140,607	140,219	162,265
Re-opened registrations	14,502	9,618	10,002	11,730
Cancelled registrations	146,791	137,193	152,774	138,294
Current registrations as at 31 March	1,537,116	1,550,148	1,547,595	1,583,296
Paid Certificates (including certificates with annual fees waived)*	1,536,705	1,587,411	1,578,054	1,658,152
Businesses exempted from payment of fees	11,403	9,850	9,808	9,448
Extracts of information issued	412,159	457,171	445,024	438,385
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Fees and penalties collected (excluding levy)*	189,560	73,031	57,312	128,926
Court fines	7,092	11,032	8,435	8,016
Fees and penalties in arrears as at 31 March (excluding levy)	106,754	67,712	37,165	27,032

* The annual fees in respect of business and branch certificates with commencement dates falling within the period from 1 April 2019 to 31 March 2023 were waived.

STAMP DUTY COLLECTIONS AND STAMP OFFICE ACTIVITIES

Fiscal Year	2019-20		2020-21		2021-22		2022-23	
		(\$m)		(\$m)		(\$m)		(\$m)
Duties on -								
• Property Assignments and Chargeable Agreements		33,071.5		29,470.0		32,843.6		15,880.7
• Contract notes								
- Collected by Stamp Office		2,951.9		3,506.6		4,770.8		3,327.0
- Collected through The Stock Exchange of Hong Kong Limited		<u>30,278.7</u>	33,230.6	<u>55,138.0</u>	58,644.6	<u>61,150.0</u>	65,920.8	<u>49,796.9</u>
• Leases		672.4		591.0		610.8		693.6
• Transfer deeds		1.2		1.6		1.0		1.2
• Other documents		169.9		254.4		247.6		252.8
Penalties		52.2		82.2		53.0		24.1
Additional duties for delays in payment		0.2		0.8		0.5		0.2
Total duty collections		67,198.0		89,044.6		99,677.3		69,976.5
Average number of callers to Stamp Office per day		1,528		1,454		1,468		1,300
Number of documents stamped during the year		1,599,781		1,637,786		1,580,345		1,581,305

Schedule
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ESTATE DUTY – DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2023

	Assessments issued before 1 April 2022	Assessments issued in 2022-23						Total
		Original Assessments					Additional 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 2021-22	104,383	-	-	-	-	-	-	104,383
Less: Amount discharged	-	-	-	-	-	-	-	-
Net outstanding charges brought forward from 2021-22	104,383	-	-	-	-	-	-	104,383
Net duty assessed	-	4	-	-	-	-	30	34
Penalties charged	-	2	-	-	-	-	8	10
Interest charged	2,361	19	-	-	-	-	15	2,395
Total amount payable	106,744	25	-	-	-	-	53	106,822
Less: Amount paid on account before 1 April 2022	-	-	-	-	-	-	-	-
Net duty, penalties and interest payable in 2022-23	106,744	25	-	-	-	-	53	106,822
Less: Outstanding charges carried forward to 2023-24	103,486	-	-	-	-	-	-	103,486
Net duty, penalties and interest paid in 2022-23	3,258	25	-	-	-	-	53	3,336
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	-	-	-	33	4,600	-	822	5,455
Total collections in 2022-23	3,258	25	-	33	4,600	-	875	8,791

BETTING DUTY COLLECTIONS

Fiscal Year	2020-21		2021-22		2022-23	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Horse Racing						
Day Meetings						
Net Stake Receipts	10,030,735		10,851,570		10,631,360	
Betting Duty		7,291,370		7,935,105		7,774,248
Night Meetings						
Net Stake Receipts	7,658,053		8,857,663		8,768,795	
Betting Duty		5,602,098		6,470,754		6,407,693
Horse Race Betting Duty (For rates, please refer to Figure 22 of Chapter 3)		12,893,468		14,405,859		14,181,941
Lotteries (Mark Six)						
Proceeds from Lotteries	1,835,839		6,101,534		6,769,211	
Lotteries Duty (Rate: 25%)		458,960		1,525,383		1,692,303
Football Betting						
Net Stake Receipts	15,049,296		19,001,968		19,899,282	
Football Betting Duty (Rate: 50%)		7,524,648		9,500,984		9,949,641
Total duty collected		20,877,076		25,432,226		25,823,885

Schedule 12

TAX RESERVE CERTIFICATES

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
2019-20		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	1	7	4	-
• Save-As-You-Earn Scheme	41,285	78,907	32,424	70,075	74
• Electronic Tax Reserve Certificates Scheme	45,481	388,134	39,687	390,941	358
Security for Tax in Dispute	1,196	2,514,175	1,618	2,401,318	3,285
Total	87,963	2,981,217	73,736	2,862,338	3,717
2020-21		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	2	5	10	1
• Save-As-You-Earn Scheme	42,567	79,867	54,493	92,504	162
• Electronic Tax Reserve Certificates Scheme	47,377	372,485	54,622	351,308	451
Security for Tax in Dispute	1,344	2,896,920	1,693	2,781,430	9,639
Total	91,289	3,349,274	110,813	3,225,252	10,253
2021-22		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	1	14	25	1
• Save-As-You-Earn Scheme	40,009	80,436	46,387	87,417	119
• Electronic Tax Reserve Certificates Scheme	44,113	349,979	46,936	379,170	326
Security for Tax in Dispute	1,092	3,133,413	1,430	3,486,200	8,232
Total	85,215	3,563,829	94,767	3,952,812	8,678
2022-23		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	-	-	1	-	-
• Save-As-You-Earn Scheme	38,954	83,830	41,010	84,968	88
• Electronic Tax Reserve Certificates Scheme	41,997	339,574	44,766	363,250	198
Security for Tax in Dispute	946	2,413,492	1,602	3,028,070	4,500
Total	81,897	2,836,896	87,379	3,476,288	4,786

2022-23

	Inland Revenue Ordinance										Total	
	Failure to submit return and other 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
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Profits Tax												
• Corporations	16,231	44,066,400	1,437	6,603,650	0	0	0	0	0	0	17,668	50,670,050
• Unincorporated Businesses	538	1,426,000	182	776,400	26	822,781	0	0	0	0	746	3,025,181
Salaries Tax												
• Employees	2,772	5,276,300	385	1,514,700	0	0	0	0	0	0	3,157	6,791,000
• Employers	1,086	3,118,450	253	1,246,100	0	0	0	0	0	0	1,339	4,364,550
Property Tax												
• Individuals	77	142,300	4	13,000	0	0	0	0	0	0	81	155,300
Total	20,704	54,029,450	2,261	10,153,850	26	822,781	0	0	0	0	22,991	65,006,081

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

Note 2 : Convictions under section 82 are liable to court fines and imprisonment

Note 3 : The number of cases pending hearing as at 31 March 2023 is 30,668

Schedule

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EARNINGS AND PROFITS TAX – SURCHARGES ADDED, OFFENCES COMPOUNDED, ADDITIONAL TAX IMPOSED AND COSTS AWARDED BY THE BOARD OF REVIEW

2022-23

	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	25,361	54,362,745	211,703	345,190,551	21,220	205,017,038	10,594	49,580,553	10,051	10,843,599	278,929	664,994,486
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	14	96,600	0	0	0	0	14	96,600
• section 80(1)	55	322,600	1,038	2,865,600	131	7,317,000	130	5,242,000	0	0	1,354	15,747,200
• section 80(2)	1,062	24,111,262	7,147	39,607,826	6,152	405,002,470	981	133,962,039	53	411,850	15,395	603,095,447
• section 80G/H/I	0	0	0	0	4	12,000	0	0	0	0	4	12,000
• section 82(1)	24	2,767,700	69	7,610,859	92	97,088,100	70	39,142,400	1	65,000	256	146,674,059
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	67	404,500	59	424,100	517	4,823,900	37	3,716,600	4	16,400	684	9,385,500
Costs awarded by the Board of Review	0	0	1	5,000	1	10,000	0	0	0	0	2	15,000
Total	26,569	81,968,807	220,017	395,703,936	28,131	719,367,108	11,812	231,643,592	10,109	11,336,849	296,638	1,440,020,292

* Including penalties imposed by the Court

