

Press Conference 3 May 2011

The Gist of CIR's Speech

I shall speak mainly on 4 topics: this year's tax returns, Internet filing, international tax treaties, and the revenue collections in the last financial year.

2010-11 Tax returns for individuals

I shall start with the tax returns. Today, IRD is sending out 2 million and 50 thousand individuals tax returns for the year of assessment 2010-11. The filing deadline is one month, i.e. the 3rd of June. If an individual carries on a sole-proprietorship business, the filing deadline for him is 3 months, i.e. the 3rd of August.

The Financial Secretary has in this year's Budget proposed some tax relief measures. They include increasing child allowance, dependent parent and grandparent allowance, and the deduction ceiling for elderly residential care expenses. He also proposed a tax reduction of 75% for the year 2010-11, subject to a ceiling of \$6,000 per case.

Salary earners should complete this year's tax return as usual. No application is needed for the new measures.

The Government has started the law amendment process. After enactment of the relevant legislation, IRD will effect the relief measures in this year's tax bills.

Internet filing

I would now talk about Internet filing.

It could not be easier to file your tax return on-line, particularly if you are a salary earner. The IRD's computer system will fill in the data fields in advance with the data you input on-line last year and those provided by your employer. All you will need to do is to input deduction items like home loan interest and charitable donations, and then submit your tax return on-line. You can calculate instantly the tax amount payable next year, and can also save the e-return in your personal computer for future reference.

To encourage on-line filing, we are granting an extension to e-filers. Individuals will have an automatic extension of one month to the 4th of July.

Sole proprietors will also have an automatic extension of one month to the 3rd of September.

International Tax Treaties

Apart from tax returns, I would take this opportunity to talk about Hong Kong's latest development in international tax treaties.

In the past year, Hong Kong has achieved substantial results in international tax treaties. In March 2010, we completed legislative amendments enabling Hong Kong to exchange tax information with our treaty partners using the latest standards of the OECD. Since then, we have signed comprehensive double taxation agreements (CDTAs) with 15 countries, 5 of which have already entered into force. Taking into account of the 5 agreements signed before 2010, we have now concluded a total of 20 agreements. This will be a great help to Hong Kong's economic development.

In determining the negotiation partners and the timetable, we will give priority to our major trading partners and those with potential for economic development. We will also readily consider suggestions from the industry. The number of agreements signed is not our prime concern.

Once a tax treaty is signed, Hong Kong will seek to complete the legislative procedures as quickly as possible, while time would be allowed for our treaty partner to do the same in its home country. To update the public with the latest position, we have redesigned our web corner on double taxation relief to show more information, including the progress of ratification. The new web corner has been put into use this afternoon.

IRD Revenue Collections

Finally, let me round up with IRD's revenue collections in the financial year 2010-11.

Total IRD collections reached an all-time high of \$209 billion in 2010-11.

Earnings and profits tax, made up of profits tax, salaries tax and property tax stood at \$143 billion, accounting for 68% of our total collections.

Stamp duty recorded a growth of 20% to \$51 billion. Betting duty climbed 16% to \$14.8 billion.

Further details can be found in the papers distributed.

Thank you.