

Press Conference 2 May 2017

The Gist of CIR's Speech

I shall speak on 5 topics: matters relating to this year's individuals tax returns, tax treaty negotiations, automatic exchange of financial account information in tax matters (AEOI), property demand-side management measures and revenue collections in 2016-17.

2016/17 Tax Returns for Individuals

Today, the IRD is sending out 2.6 million individuals tax returns for the year of assessment 2016/17.

In the Budget for this year, the Financial Secretary has proposed to increase the marginal tax bands for salaries tax; increase the disabled dependant allowance and dependent brother or dependent sister allowance; raise the deduction ceiling for self-education expenses and extend the entitlement period for home loan interest deduction. Besides, he has proposed a one-off reduction of 75% of profits tax, salaries tax and tax under personal assessment for the year of assessment 2016/17, subject to a ceiling of \$20,000 per case.

The Government has started the legislative amendment exercise for these proposals. After enactment of the relevant legislation, the IRD will effect the tax reduction in the 2016/17 tax bills, and will automatically apply the new allowances / deduction ceiling, if applicable, in calculating the 2017/18 provisional tax. Taxpayers should complete their tax returns as usual. No application is required for the proposed tax measures.

A one-month period is allowed for filing individuals tax returns. The deadline is 2 June 2017. For sole proprietors of unincorporated businesses, a three-month period is allowed, i.e. the filing deadline is 2 August 2017. For on-line filing via eTAX, all taxpayers will get an automatic extension of 1 month.

Now, I will report the progress of some major work of the IRD.

Tax Treaty Negotiations

Up to 31 March 2017, Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with 37 jurisdictions and concluded CDTA negotiations with 4 countries. Hong Kong is actively conducting negotiations with other countries for CDTAs. Hong Kong aims at concluding more CDTAs so as to eliminate the incidence of double taxation faced by Hong Kong taxpayers and to secure more treaty benefits for them.

AEOI

Exchanging financial account information on an automatic basis is an international standard which aims to enhance tax transparency and combat cross-border tax evasion. Since establishing the legal framework for implementing AEOI through the amendment of the Inland Revenue Ordinance in June 2016, Hong Kong has signed bilateral Competent Authority Agreements with 11 countries for conducting AEOI.

To implement the arrangement for AEOI more effectively and to respond to latest international developments, the Government introduced the Inland Revenue (Amendment) (No.3) Bill 2017 into the Legislative Council in March 2017 with a proposed effective date on 1 July 2017. We will provide full support to the Legislative Council and keep on expanding the network of AEOI.

Property Demand-side Management Measures

To address the overheated residential property market, the Government announced a new round of demand-side management measure on 4 November 2016 to raise the ad valorem stamp duty (AVD) rate of residential property transactions to a flat rate at 15%, in lieu of the existing AVD rates at Scale 1, with effect from 5 November 2016. AVD rates at Scale 2 will continue to be applicable to exempted and excluded circumstances, including residential property transactions where the buyer is a Hong Kong permanent resident (HKPR) acting on his/her own

behalf and is not a beneficial owner of any other residential property in Hong Kong at the time of acquisition. The Government introduced the Stamp Duty (Amendment) Bill 2017 (the Bill), which seeks to implement the New Residential Stamp Duty (NRSD), into the Legislative Council in February 2017. The Legislative Council has formed a Bills Committee to scrutinise the Bill.

To prevent local investors from acquiring multiple residential properties under a single instrument to avoid the payment of NRSD, thus undermining the effectiveness of the new measure, the Government announced on 11 April 2017 to tighten up the exemption arrangement for HKPRs under the NRSD measure. If a HKPR-buyer acquires more than one residential property under a single instrument, the transaction will no longer be exempted and will be subject to the NRSD rate of 15%. The tightened up exemption arrangement takes effect on 12 April 2017. The Government will introduce relevant proposed legislative amendments into the Legislative Council as soon as possible.

IRD Revenue Collections

I will next give an account of the revenue collections by the IRD in the year 2016-17, and the forecast collection for the coming year.

In the year 2016-17, the IRD collected \$290.2 billion which is \$1.1 billion lower than that of last year. Profits tax collection reduced slightly by 1% to \$139.3 billion, while salaries tax collection increased by 2% to \$59.1 billion. Stamp duty decreased by 1% to \$61.9 billion.

In the coming year, the forecast total revenue collection is \$286 billion.

I hope you will find the information sheets on revenue collections helpful.

Lastly, I wish to remind taxpayers to file the tax returns on or before the deadlines and to pay sufficient postage if they send in the returns by post.

Thank you.

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表一 各項稅收
Table 1 Revenue Collected by Tax Type

| 財政年度 Financial Year | 2016-17 | 2015-16 | 變動 | |
|--|--------------------------------|------------------|------------------|---------------|
| | 臨時數字 Provisional figures | | Change | |
| | 百萬元 (\$m) | 百萬元 (\$m) | 百萬元 (\$m) | |
| 利得稅 Profits Tax | 139,250 | 140,226.6 | - 976.6 | - 1% |
| 薪俸稅 Salaries Tax | 59,114 | 57,867.8 | + 1,246.2 | + 2% |
| 物業稅 Property Tax | 3,375 | 2,998.0 | + 377.0 | + 13% |
| 個人入息課稅 Personal Assessment | 5,221 | 4,790.0 | + 431.0 | + 9% |
| 入息及利得稅總額 Total Earnings & Profits Tax | 206,960 | 205,882.4 | + 1,077.6 | + 0.5% |
| 遺產稅 Estate Duty | 19 | 30.0 | - 11.0 | - 37% |
| 印花稅 Stamp Duty | 61,899 | 62,680.3 | - 781.3 | - 1% |
| 博彩稅 Betting Duty | 21,119 | 20,127.2 | + 991.8 | + 5% |
| 商業登記費 Business Registration Fees | 228 | 2,607.1 | - 2,379.1 | - 91% |
| 稅收總額 Total Revenue Collected | 290,225 | 291,327.0 | - 1,102.0 | - 0.4% |

表二 發出的稅單
Table 2 Demand Notes Issued

| 財政年度 Financial Year | 2016-17 | 2015-16 | 變動 | |
|-------------------------------|-----------------------------|------------------|----------------|---------------|
| | 臨時數字 Provisional figures | | Change | |
| 利得稅 Profits Tax | 163,000 | 153,000 | + 10,000 | + 7% |
| 薪俸稅 Salaries Tax | 1,590,000 | 1,627,000 | - 37,000 | - 2% |
| 物業稅 Property Tax | 146,000 | 136,000 | + 10,000 | + 7% |
| 個人入息課稅 Personal Assessment | 237,000 | 223,000 | + 14,000 | + 6% |
| 總額 Total | 2,136,000 | 2,139,000 | - 3,000 | - 0.1% |

表三 評定的稅款
Table 3 Tax Assessed

| 財政年度 Financial Year | 2016-17 | 2015-16 | 變動 | |
|-------------------------------|-----------------------------|----------------|--------------|---------------|
| | 臨時數字 Provisional figures | | Change | |
| | 百萬元 (\$m) | 百萬元 (\$m) | 百萬元 (\$m) | |
| 利得稅 Profits Tax | 138,240 | 139,000 | - 760 | - 1% |
| 薪俸稅 Salaries Tax | 61,280 | 60,580 | + 700 | + 1% |
| 物業稅 Property Tax | 3,690 | 3,330 | + 360 | + 11% |
| 個人入息課稅 Personal Assessment | 5,270 | 4,850 | + 420 | + 9% |
| 總額 Total | 208,480 | 207,760 | + 720 | + 0.3% |

表四 本年度欠稅情況
Table 4 Current Year Arrears Position

| 財政年度 Financial Year 截至 As at | 2016-17 臨時數字 Provisional figures (31-3-2017) | 2015-16 (31-3-2016) | 變動 Change | |
|------------------------------------|---|------------------------|--------------|-------------|
| | 百萬元 (\$m) | 百萬元 (\$m) | 百萬元 (\$m) | |
| 利得稅 Profits Tax | 2,049 | 2,015 | + 34 | + 2% |
| 薪俸稅 Salaries Tax | 1,600 | 1,571 | + 29 | + 2% |
| 物業稅 Property Tax | 202 | 217 | - 15 | - 7% |
| 個人入息課稅 Personal Assessment | 83 | 95 | - 12 | - 13% |
| 總額 Total | 3,934 | 3,898 | + 36 | + 1% |

表五 本年度欠稅佔評定稅款比率
Table 5 % of Current Year Arrears over Tax Assessed

| 財政年度 Financial Year | 2016-17 臨時數字 Provisional figures | | 2015-16 | | 比率變動 Change in % point |
|-------------------------------|-------------------------------------|-------------------------|---------------|-------------------------|------------------------------|
| | 比率 % point | 評定的稅款 Tax Assessed | 比率 % point | 評定的稅款 Tax Assessed | |
| 利得稅 Profits Tax | 1.5% | 百萬元 (\$m) 138,240 | 1.4% | 百萬元 (\$m) 139,000 | + 0.1 |
| 薪俸稅 Salaries Tax | 2.6% | 61,280 | 2.6% | 60,580 | -- |
| 物業稅 Property Tax | 5.5% | 3,690 | 6.5% | 3,330 | - 1.0 |
| 個人入息課稅 Personal Assessment | 1.6% | 5,270 | 2.0% | 4,850 | - 0.4 |
| 總額 Total | 1.9% | 208,480 | 1.9% | 207,760 | -- |

表六 處理的緩繳暫繳稅申請個案
Table 6 Provisional Tax Holdover Applications Processed

| 財政年度 Financial Year | 利得稅 Profits Tax | 薪俸稅 Salaries Tax | 物業稅 Property Tax | 總數 Total |
|------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
| 2012-13 | 5,800 | 37,700 | 3,400 | 46,900 |
| 2013-14 | 5,400 | 38,800 | 3,100 | 47,300 |
| 2014-15 | 4,700 | 40,100 | 3,000 | 47,800 |
| 2015-16 | 4,600 | 39,300 | 2,800 | 46,700 |
| 2016-17 | 4,700 | 34,700 | 2,600 | 42,000 |
| 2016-17 年度變動 Change for 2016-17 | + 100 + 2% | - 4,600 - 12% | - 200 - 7% | - 4,700 - 10% |

表七 獲准分期繳稅個案
Table 7 Approved Instalment Cases

| 財政年度 Financial Year | 利得稅 Profits Tax | 薪俸稅 Salaries Tax | 物業稅 Property Tax | 個人入息課稅 Personal Assessment | 總數 Total |
|------------------------------------|-----------------------|----------------------|----------------------|-------------------------------|----------------------|
| 2012-13 | 1,350 | 4,360 | 70 | 350 | 6,130 |
| 2013-14 | 1,100 | 4,610 | 70 | 360 | 6,140 |
| 2014-15 | 940 | 4,710 | 80 | 360 | 6,090 |
| 2015-16 | 920 | 4,110 | 100 | 290 | 5,420 |
| 2016-17 | 1,090 | 3,780 | 90 | 220 | 5,180 |
| 2016-17 年度變動 Change for 2016-17 | + 170 + 18% | - 330 - 8% | - 10 - 10% | - 70 - 24% | - 240 - 4% |

表八 薪俸稅納稅人應評稅入息整體增長

Table 8 Overall Growth in Assessable Income under Salaries Tax

| 課稅年度 Year of Assessment | 2015/16 臨時數字 Provisional figures | 2014/15 |
|-------------------------------|--|---------|
| 年薪 Annual income | | |
| 90 萬元以上 Above \$900,000 | + 3% | + 4.5% |
| \$600,001 - \$900,000 | + 6% | + 7% |
| \$300,001 - \$600,000 | + 5.5% | + 6.5% |
| 30 萬元或以下 \$300,000 & below | + 7.5% | + 8% |
| 整體增長 Overall growth | + 5% | + 6% |

表九 利得稅納稅人應評稅淨利潤整體增長

Table 9 Overall Growth in Net Assessable Profits under Profits Tax

| 課稅年度 Year of Assessment | 2015/16 臨時數字 Provisional figures | 2014/15 |
|----------------------------|--|---------|
| 整體增長 Overall growth | + 2% | + 7% |

表十 按年薪的薪俸稅納稅人分佈
Table 10 Distribution of Salaries Tax Payers by Annual Income

| 課稅年度 Year of Assessment | 最後評稅 Final Tax | | | |
|----------------------------|-------------------------------------|----------|---------------------------|----------|
| | 2015/16 臨時數字 Provisional figures | | 2014/15 | |
| 年薪 Annual income | 納稅人數目 No. of Taxpayers | 百分比 % | 納稅人數目 No. of Taxpayers | 百分比 % |
| 90 萬元以上 Above \$900,000 | 182,000 | 9.8% | 165,000 | 9.2% |
| \$600,001 - \$900,000 | 200,000 | 10.8% | 175,000 | 9.8% |
| \$400,001 - \$600,000 | 341,000 | 18.4% | 336,000 | 18.7% |
| \$300,001 - \$400,000 | 300,000 | 16.2% | 301,000 | 16.8% |
| \$200,001 - \$300,000 | 427,000 | 23.1% | 413,000 | 23.1% |
| \$120,001 - \$200,000 | 402,000 | 21.7% | 401,000 | 22.4% |
| 總數 Total | 1,852,000 | 100.0% | 1,791,000 | 100.0% |

表十一 按應評稅利潤的公司分佈
Table 11 Distribution of Corporations by Net Assessable Profits

| 課稅年度 Year of Assessment | 2015/16 臨時數字 Provisional figures | | 2014/15 | |
|-----------------------------|-------------------------------------|----------|--------------------------|----------|
| | 公司數目 No. of companies | 百分比 % | 公司數目 No. of companies | 百分比 % |
| 5 千萬元以上 Above \$50 m | 1,800 | 1.7% | 1,800 | 1.8% |
| \$30,000,001 - \$50,000,000 | 1,100 | 1.1% | 1,000 | 1.0% |
| \$20,000,001 - \$30,000,000 | 1,200 | 1.2% | 1,200 | 1.2% |
| \$10,000,001 - \$20,000,000 | 3,000 | 2.9% | 2,900 | 2.9% |
| \$7,500,001 - \$10,000,000 | 1,700 | 1.6% | 1,800 | 1.7% |
| \$5,000,001 - \$7,500,000 | 3,000 | 2.9% | 2,900 | 2.9% |
| \$3,000,001 - \$5,000,000 | 4,800 | 4.6% | 4,700 | 4.7% |
| \$2,000,001 - \$3,000,000 | 4,700 | 4.5% | 4,800 | 4.7% |
| \$1,000,001 - \$2,000,000 | 10,500 | 10.1% | 10,200 | 10.1% |
| 100 萬元或以下 \$1m & below | 72,000 | 69.4% | 69,600 | 69.0% |
| 總數 Total | 103,800 | 100.0% | 100,900 | 100.0% |

表十二 2017-18 預算與 2016-17 稅收比較
Table 12 Comparison of Estimates for 2017-18 and Collections for 2016-17

| 財政年度 Financial Year | 2017-18 預算 Approved Estimates | 2016-17 稅收 Collections 臨時數字 Provisional figures | 變動 Change | |
|--|--|---|----------------|-------------|
| | | | 百萬元 (\$m) | |
| 利得稅 Profits Tax | 139,000 | 139,250 | - 250 | - 0.2% |
| 薪俸稅 Salaries Tax | 61,855 | 59,114 | + 2,741 | + 5% |
| 物業稅 Property Tax | 3,200 | 3,375 | - 175 | - 5% |
| 個人入息課稅 Personal Assessment | 4,800 | 5,221 | - 421 | - 8% |
| 入息及利得稅總額 Total Earnings & Profits Tax | 208,855 | 206,960 | + 1,895 | + 1% |
| 遺產稅 Estate Duty | 15 | 19 | - 4 | - 21% |
| 印花稅 Stamp Duty | 53,000 | 61,899 | - 8,899 | - 14% |
| 博彩稅 Betting Duty | 21,552 | 21,119 | + 433 | + 2% |
| 商業登記費 Business Registration Fees | 2,600 | 228 | + 2,372 | + 1040% |
| 稅收總額 Total Revenue Collected | 286,022 | 290,225 | - 4,203 | - 1% |

表十三 實地審核及調查的成績
Table 13 Results of Field Audit and Investigation

| 財政年度 Financial Year | 2016-17 臨時數字 Provisional figures | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---------|---------|---------|---------|
| 完成個案數目 No. of cases completed | 1,801 | 1,804 | 1,803 | 1,802 | 1,802 |
| 所短報的入息及利潤 Understated earnings & profits (百萬元 / \$m) | 12,409 | 13,889 | 12,858 | 12,936 | 16,348 |
| 平均每個個案所短報的款額 Average understatement per case (百萬元 / \$m) | 7 | 8 | 7 | 7 | 9 |
| 評定的補繳稅款及罰款 Back tax and penalties assessed (百萬元 / \$m) | 2,528 | 2,538 | 2,533 | 2,540 | 3,448 |
| 每個個案平均補繳稅款及罰款 Average back tax and penalties per case (百萬元 / \$m) | 1.4 | 1.4 | 1.4 | 1.4 | 1.9 |

檢控數字

Results of Prosecutions

| 財政年度 Financial Year | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|--------------------------------|---------|---------|---------|---------|---------|
| 個案數目 No. of cases completed | 5 | 3 | 7 | 2 | 1 |