

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)033

(Question Serial No. 2822)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: ()

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 26 of the Budget Speech proposes to “reduce profits tax for 2014-15 by 75 per cent, subject to a ceiling of \$20,000. The reduction will be reflected in the final tax payable for 2014-15. This proposal will benefit 130 000 taxpayers in the territory and reduce government revenue by \$1.9 billion.” Could the authorities concerned inform this Committee of the following: list the comparison between the estimated and actual amounts of reduction in profits tax for the past three years? What is the number and its percentage of those who will benefit from the tax reduction up to the ceiling of \$20,000 out of the total number of taxpayers? What are the operational expenses and manpower involved in the said reduction measure?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No.28)

Reply:

In the past three years of assessment, the total amounts of one-off tax reduction under profits tax are as follows -

Years of assessment	Tax reduction measure		Estimated amount of tax reduction (\$million)	Actual amount of tax reduction (\$million)
	% of tax reduced	Ceiling (\$)		
2011-12	75%	12,000	1,120	1,167
2012-13	75%	10,000	970	1,034
2013-14 *	75%	10,000	1,030	1,032*

* As at 28 February 2015

The 2015-16 Budget proposes to reduce profits tax for the year of assessment 2014-15 by 75%, subject to a ceiling of \$20,000. The revenue forgone in relation to this proposal is estimated to be about \$1.9 billion. The Inland Revenue Department (IRD) estimates that 75 000 taxpayers under profits tax will be granted with tax reduction at the ceiling of \$20,000, representing about 58% of the total number of 130 000 taxpayers to be benefitted. IRD will implement the tax reduction measure with existing staff and through internal redeployment of resources.

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