

Annual Report on Performance Pledge 2010/11

Tax by the Law, Service from the Heart



Inland Revenue Department
Hong Kong Special Administrative Region

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

Slogan

Tax by the Law, Service from the Heart

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Message from the Commissioner


I am pleased to report that the Inland Revenue Department has achieved all the targets of our performance pledges in the year ended 31 March 2011. We have also excelled in some of the targeted performance with remarkable results.

From 1 April 2011, the Department has further enhanced the performance target on processing refunds arising from revised assessments.



The commendable results of our performance pledges are attributed to the collective efforts, devotion and perseverance of our colleagues in serving the community. In recognition of the exemplary service of our frontline officers, 34 awards were presented during the year to the officers voted by the public as “Outstanding Customer Service Staff”.

It has all along been the Department’s commitment to make tax compliance easier for taxpayers. Towards this end, we continue to enhance our service through the provision of electronic services and advancing the information technology. On the platform of eTAX, an on-line tax service portal, taxpayers can do business with the Department in an easy, convenient and environment-friendly way. For example, taxpayers can, on the Internet, receive and file tax returns, receive and pay tax bills, view their tax position, update their personal particulars, lodge objections or holdover applications, receive alerts for filing or payment deadline, etc. The electronic service has also been extended to return filing by “small” businesses, and will further be extended to return filing by employers in the coming months. Furthermore, a new personalized portal – MyGovHK – was



introduced under GovHK in December 2010. Taxpayers can access eTAX services directly through linking up MyGovHK account with eTAX account.

The electronic service is also available for stamping of property documents and for business registration. This year, the eTAX Internet service for application of business registration online has been extended to allow the owners of sole proprietorship and partnership businesses to use password, in addition to digital signature, to authenticate their application. Besides, in line with the joint-up and e-Government strategy, the Companies Registry and the Department has jointly launched a new service of one-stop company and business registration and one-stop notification of change of company particulars from 21 February 2011. Under the new service, companies will only require to lodge one single application at the Companies Registry for both company and business registration. For successful application, the Companies Registry will issue the business registration certificate together with the certificate of incorporation / registration.

Taking this opportunity, I would express my gratitude to taxpayers for their support and encouragement. I also thank members of the Users' Committee for their valuable advice and constructive suggestions on our services. We will strive to continuously provide quality and effective services to the community, as we "Tax by the Law, Service from the Heart".

CHU Yam-yuen, J.P.
Commissioner of Inland Revenue

2 Users' Committee

An independent Users' Committee monitors the Department's performance in relation to matters covered by the Performance Pledge.

The Committee meets quarterly to review the actual achievements of the Department and makes suggestions for improving the Department's services. Members visited the Department during the year to gain a better understanding of the operations of the Stamp Office, and the work procedures on processing tax returns, handling complaints, and to seek the views of the division staff on the pledges.

To ensure broad representation, the membership includes a legal practitioner, tax practitioners, academics and professionals. Members of the Committee in 2010-11 were as follows:

Mrs Teresa CHU WONG Lai-fun (Chairman)	Professor Amy LAU Hing-ling
Ms Agnes CHAN Sui-kuen	Ms Elizabeth LAW
Dr Daniel CHEUNG	Mr K C LAW
Mr Joseph CHEUNG Wang-ngai	Dr Eric LI Ka-cheung
Mr Peter C W CHOY	Mr Brian RENWICK
Mr FUNG Pui-cheung	Mrs Natalia SENG
Mr Patrick HO Kin-wai	Mr Leonard WONG Ching-ping
Ms Katy LAM	Ms LUI Yee-fun (Secretary)



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Service Standards Committee

A Departmental Service Standards Committee is established and tasked to provide the Users' Committee with quarterly statistical reports on the Performance Pledge and to formulate plans to improve the Department's services. A sub-committee is formed each year to organize the Outstanding Customer Service Awards Competition. Members of the Committee in 2010-11, who represented different operating units and sections, were as follows:

Mrs Teresa CHU WONG Lai-fun (Chairman)	Ms LEUNG Pui-ying
Ms CHAN Fung-kuen	Ms LUI Yee-fun
Ms Imelda CHIU Hau-lin	Mr Francis TSE Kin-chuen
Mr CHIU Sai-ming	Ms TSE Woon-ping
Ms Teresa LAI Choi-lin	Mrs Ellen LAU MA Ching-suen (Secretary)
Mr GO Shun-yuk	



4 Executive Summary

From April 2010 onwards, the Department has enhanced the pledges on refund of tax arising from overpayment of tax in excess of the amount demanded and issue of Access Code notice to eTAX Account holders.

The results achieved in the year 2010-11 were all within target.

Services	Performance Targets	Actual Achievement	
		2010-11	2009-10
1. Counter enquiries <ul style="list-style-type: none"> attended to within 10 minutes (in peak times) 	95%	99.3%	98.8%
2. Telephone enquiries <ul style="list-style-type: none"> answered within 3 minutes (in peak period) 	80%	90.9%	92.4%
3. Written enquiries - simple matters <ul style="list-style-type: none"> replied within 7 working days 	95%	99.9%	99.9%
4. Written enquiries - technical matters <ul style="list-style-type: none"> replied within 21 working days 	98%	99.9%	99.9%
5. Returns processing			
Profits tax returns <ul style="list-style-type: none"> assessed within 9 months 	80%	89.6%	88.5%
Property tax returns <ul style="list-style-type: none"> assessed within 9 months 	96%	97.5%	98.1%
Composite tax returns <ul style="list-style-type: none"> assessed within 9 months 	96%	98.4%	97.9%
6. Tax Returns for first-time taxpayers			
Profits tax <ul style="list-style-type: none"> issued within 3 months 	98%	100%	100%
Salaries tax <ul style="list-style-type: none"> issued within 5 months 	98%	100%	100%
7. Requests for issuance of Notice of No Objection for Company Deregistration <ul style="list-style-type: none"> processed within 21 working days 	98%	99.9%	99.9%

Services	Performance Targets	Actual Achievement	
		2010-11	2009-10
8. Tax reserve certificate transactions <ul style="list-style-type: none"> processed within 12 working days (in peak period) 	99%	100%	100%
9. Replies to notices of objection <ul style="list-style-type: none"> processed within 18 working days (in peak period) 	98%	99.9%	99.9%
10. Processing of objections <ul style="list-style-type: none"> processed within 4 months 	98%	99.9%	99.9%
11. Applications for holdover of provisional tax <ul style="list-style-type: none"> processed within 12 working days 	98%	99.9%	99.9%
12. Issue receipts for tax payments made by electronic means <ul style="list-style-type: none"> issued within 6 working days (in peak period) 	99%	100%	100%
13. Refunds arising from overpayment of tax <ul style="list-style-type: none"> made within 18 working days[@] 	98%	99.9%	99.9%
14. Refunds arising from revision of assessment <ul style="list-style-type: none"> made within 12 working days 	98%	100%	100%
15. Tax audit and investigation <ul style="list-style-type: none"> processed within 2 years 	80%	89.9%	92.5%
16. Stamping of assignments, sale and purchase agreements and lease agreements through GovHK <ul style="list-style-type: none"> Payment by on-line mode <ul style="list-style-type: none"> issued instantly Payment by off-line mode <ul style="list-style-type: none"> issued within 2 working days 	98%	100%	100%
17. Processing of requests for stamping of assignments and sale and purchase agreements <ul style="list-style-type: none"> stamped within 5 working days 	98%	99.9%	99.9%

Services	Performance Targets	Actual Achievement	
		2010-11	2009-10
18. Contract notes and lease agreements <ul style="list-style-type: none"> stamped on the same day 	98%	99.7%	99.7%
19. Claims for exemption (for transfers between group companies) <ul style="list-style-type: none"> processed within 3 months 	85%	99.4%	99.2%
20. New business registration certificates <p>Applications over the counter*</p> <ul style="list-style-type: none"> issued within 30 minutes <p>Applications by post or through GovHK</p> <ul style="list-style-type: none"> issued within 2 working days 	99%	100%	100%
21. Certified extracts of information on business register <ul style="list-style-type: none"> issued within the next working day 	99%	100%	100%
22. Change of business registration particulars <p>Notifications over the counter*</p> <ul style="list-style-type: none"> updated within 30 minutes <p>Notifications by post or through GovHK</p> <ul style="list-style-type: none"> updated within 5 working days 	97%	100%	100%
23. Issue of Access Code Notice <p>Applications through GovHK</p> <ul style="list-style-type: none"> issued within 2 working days 	98% [@]	100%	100%
24. Issue electronic receipts to eTAX Account holders for tax payments made by electronic means <ul style="list-style-type: none"> issued within 2 working days 	99%	100%	99.9%
25. Handling of complaints <ul style="list-style-type: none"> Interim replies made within 7 working days Substantive replies made within 15 working days 	99%	100%	100%

* Not applicable to (i) the applications and notifications submitted to the Receipt and Despatch Centre located in the Companies Registry, or (ii) applications submitted to the Companies Registry from 21 February 2011 onwards.

[@] The 2010-11 enhanced target.

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Work Plan for 2011-12

After reviewing its performance pledges in 2010, the Department enhanced the service standard in processing refunds of tax arising from revision of assessment. The revised target took effect from 1 April 2011, details are as follows:

Performance Target Adjusted	Revised Target	Existing Target
Refunds of Tax <ul style="list-style-type: none">Issue refunds arising from revision of assessment	10 working days	12 working days

6 Enquiry Service

Description of Service

The Enquiry Service Centre is located on the first and second floors of Revenue Tower. It handles general counter and telephone enquiries received through the general enquiry hotline number 187 8088. The Centre also handles enquiries received through the eTAX help desk hotline number 183 2011.

The Centre is equipped with a computer network linked to the Department's Knowledge Database and aims to provide, as far as possible, a "one-stop" service.

For the convenience of callers, the Centre has installed an electronic queuing system, so that taxpayers can be served in the order of their arrival time.

The Centre operates an Interactive Telephone Enquiry System 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 and obtaining facsimile copies of leaflets and forms. Callers can choose to speak to operators during office hours. A "Leave-and-call-back" facility for recording requests and a "Fax-in enquiry" service are also available.

Information leaflets on topics of general interest are available for collection on the ground and first floors of the Revenue Tower. The public may also obtain general tax information and download forms from the Department's web site at <www.ird.gov.hk>.



Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Counter enquiries		Achieved	Achieved
<i>Performance evaluation</i>			
Peak times (10:30 a.m. to 5:00 p.m.)			
• Waiting time within 10 minutes	95%	99.3%	98.8%
Outside peak times			
• Waiting time within 10 minutes	99%	100%	99.9%
Number of counter enquiries		374,013	425,215
2. Telephone enquiries		Achieved	Achieved
<i>Performance evaluation</i>			
July to April			
• Connected telephone calls answered by staff within 3 minutes	90%	93.9%	95%
• Connected telephone calls answered by staff within 4 minutes	95%	98.8%	99.2%
• Number of telephone calls answered by staff		467,720	487,264
May and June			
• Connected telephone calls answered by staff within 3 minutes	80%	90.9%	92.4%
• Connected telephone calls answered by staff within 4 minutes	90%	98.7%	98.9%
• Number of telephone calls answered by staff		202,416	151,106
Full year			
• Average waiting time		1 minute	1 minute
• Number of telephone calls			
- answered by system		486,918	598,801
- answered by staff		670,136	638,370
• Number of fax requests		5,085	9,103
• Number of leave-and-call-back requests		34,963	28,522

7 Written Enquiries

Description of Service

Enquiries are classified into enquiries on “simple matters” or “technical matters” depending on the level of complexity. Enquiries on simple matters can usually be handled without reference to the specific files as in most cases the information is available from the Department’s database. They include questions related to the lodgement of returns, requests for duplicate returns or copies of notices of assessment, eligibility for personal assessment and tax payment status. All other enquiries are classified as technical matters.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Enquiries - simple matters			
<i>Performance evaluation</i>		Achieved	<i>Achieved</i>
• Replied within 7 working days	95%	99.9%	99.9%
• Replied within 9 working days	99%	100%	100%
• Number of replies		236,480	215,888
2. Enquiries - technical matters			
<i>Performance evaluation</i>		Achieved	<i>Achieved</i>
• Replied within 21 working days	98%	99.9%	99.9%
• Replied within 42 working days	99%	100%	100%
• Number of replies		201,893	210,726

Description of Service

The bulk of the composite tax return is issued to individuals in May whereas the bulk of the profits tax return (corporations and partnership businesses) and property tax return (jointly owned properties) is issued in April each year. Apart from these bulk issues, returns are also issued periodically as and when necessary.

The Department will examine the returns filed by the taxpayers and issue notices of assessment. Cases assessed per return in the first instance may be selected for audit later. In some cases, further information may be sought before assessments are made. Where returns are not submitted, the Department may raise an estimated assessment on the taxpayers.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Profits tax returns (Corporations and partnership businesses) <i>Performance evaluation</i> <ul style="list-style-type: none"> From the date of issue of tax returns, assessments made within: <ul style="list-style-type: none"> - 9 months - 12 months - 15 months Number of tax returns issued during April 2009 to June 2010 	80% 95% 100%	89.6% 99.5% 100% 389,243	88.5% 99.5% 100% 382,823
2. Property tax returns (Jointly owned properties) <i>Performance evaluation</i> <ul style="list-style-type: none"> From the date of issue of tax returns, assessments made within: <ul style="list-style-type: none"> - 6 months - 9 months - 12 months Number of tax returns issued during April 2009 to September 2010 	85% 96% 99.5%	91.2% 97.5% 99.9% 297,798	91.6% 98.1% 99.9% 292,037
3. Composite tax returns <i>Performance evaluation</i> <ul style="list-style-type: none"> From the date of issue of tax returns, assessments made within: <ul style="list-style-type: none"> - 6 months - 9 months - 12 months Number of tax returns issued during April 2009 to September 2010 	85% 96% 99.5%	92.9% 98.4% 99.8% 4,715,874	92.4% 97.9% 99.8% 4,672,685

Description of Service

Profits Tax

Notifications of chargeability to profits tax are received from new businesses from time to time. Profits tax returns will be issued within 3 months upon receipt of such notifications.

Salaries Tax

Notifications of chargeability to tax for first-time salaries taxpayers are normally given to the Department either by the employees in a letter or by the employers on a specified form (IR56E).

Responses to the notifications include:

- the issue of a return for provisional or final tax to the employee if he is liable to tax;
- the issue of a reply to the employee advising that a tax return will be issued to him in the next annual bulk issue if the date of notification is close to the bulk issue date;
- the issue of a reply to the employee advising that a tax return will not be issued to him as he is not liable to tax.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Profits Tax			
<i>Performance evaluation</i>		Achieved	<i>Achieved</i>
<ul style="list-style-type: none"> After receiving notifications of chargeability from taxpayers, replies made within 3 months 	98%	100%	100%
<ul style="list-style-type: none"> Number of replies made 		23	29
2. Salaries Tax			
Non-taxable Cases			
<i>Performance evaluation</i>		Achieved	<i>Achieved</i>
<ul style="list-style-type: none"> After receiving notifications of employment from employees, replies made within 21 working days 	98%	100%	100%
<ul style="list-style-type: none"> Number of replies made 		37	26
Taxable Cases			
<i>Performance evaluation</i>		Achieved	<i>Achieved</i>
April to November			
<ul style="list-style-type: none"> In response to notifications, tax returns issued within 3 months 	98%	100%	100%
December to March			
<ul style="list-style-type: none"> In response to notifications, tax returns issued within 5 months 	98%	100%	100%
Number of tax returns issued		12,306	12,933

10 Company Deregistration

Description of Service

Section 88B of Inland Revenue Ordinance provides that in response to a request made by a person who is entitled to apply for the deregistration of a private company under the Companies Ordinance, the Commissioner of Inland Revenue may issue a notice of no objection.

The Commissioner of Inland Revenue will issue a notice of no objection to a company applying for deregistration if the company has no outstanding tax matters or liabilities. Otherwise, the Commissioner will issue a letter to the company stating the matters or liabilities that are outstanding. Upon clearance of all outstanding matters or liabilities, the applicant can re-submit the request by completing the lower portion of the letter. No further fee is payable on the re-submission.

The applicant can expect to receive a reply within 21 working days after the date of lodgement of a valid application and the payment of the prescribed fee.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
Processing of requests for issuance of Notice of No Objection for Company Deregistration <i>Performance evaluation</i> <ul style="list-style-type: none"> Processed within 21 working days Number of requests processed 	98%	Achieved 99.9%	Achieved 99.9%
		40,807	43,962

Description of Service

Taxpayers may purchase tax reserve certificates to save up for meeting their future tax liabilities. Interest is payable on the tax reserve certificates when they are redeemed to pay tax.

Taxpayers lodging an objection against their assessments may be required to purchase tax reserve certificates to cover, in whole or in part, the tax in dispute. They will earn interest on the tax reserve certificates so purchased if they succeed in their objection.



Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
Purchase & redemptions		Achieved	Achieved
Performance evaluation			
July to December			
• Processed within 9 working days	99%	100%	100%
• Number of transactions		46,202	45,155
January to June			
• Processed within 12 working days	99%	100%	100%
• Number of transactions		128,384	124,844

12 Objections

Description of Service

Any taxpayer aggrieved by an assessment can exercise his right of objection by giving a written notice of objection to the Commissioner of Inland Revenue within one month of the date of the notice of assessment.

An acknowledgement letter will be issued.

After examining the objection, the Assessing Officer will issue a "notice of settlement of objection" or a "notice of decision by Assessing Officer".

A "notice of settlement of objection" refers to:

- a notice of revised assessment,
- a notification of refund, or
- a letter notifying the settlement of objection.

If the objection cannot be settled right away, a "notice of decision by Assessing Officer" will be issued to the taxpayers to:

- seek further information,
- propose a basis of settlement of the objection,
- invite the taxpayer to withdraw the objection, or
- notify the taxpayer that the case has been referred to the Commissioner for determination.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Replies to notices of objection		Achieved	Achieved
<i>Performance evaluation</i>			
May to August			
• Issued within 12 working days	98%	99.9%	99.9%
• Issued within 18 working days	99%	100%	100%
• Number of replies		14,266	14,778
September to April			
• Issued within 18 working days	98%	99.9%	99.9%
• Issued within 24 working days	99%	100%	100%
• Number of replies		54,056	55,953
2. Processing of objections		Achieved	Achieved
<i>Performance evaluation</i>			
• Processed within 4 months	98%	99.9%	99.9%
• Number of cases processed		66,743	69,362

13 Holdover of Provisional Tax

Description of Service

Taxpayers can apply in writing to have the whole or part of their provisional tax held over for specified reasons stipulated in the Inland Revenue Ordinance. The application must be lodged not later than 28 days before the date on which the provisional tax is due to be paid or 14 days after the date of the notice for payment of provisional tax, whichever is the later.

After examining the validity of each application, the Department will provide a reply to the taxpayer:

- confirming the amount of provisional tax to be held over; or
- requesting for further information.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
Holdover of provisional tax			
<i>Performance evaluation</i>		<i>Achieved</i>	<i>Achieved</i>
• Replied within 12 working days	98%	99.9%	99.9%
• Replied within 18 working days	99%	100%	100%
• Number of replies		42,757	58,906

14 Receipts for Tax Payments made by Electronic Means

Description of Service

Tax can be paid by electronic means, by post or in person. Currently, we are offering three electronic payment channels to the public: the telephone, bank automated teller machines and the Internet. Electronic payments are safe and convenient to taxpayers and cost-efficient to the Department.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
Receipts for tax payments made by electronic means		2010-11	2009-10
<i>Performance evaluation</i>		<i>Achieved</i>	<i>Achieved</i>
July to November			
• Issued within 4 working days	99%	100%	100%
December to June			
• Issued within 6 working days	99%	100%	100%
Number of cases processed		58,120	58,597

Description of Service

Any tax overpaid will be refunded to the taxpayer within 18 working days after the date of receipt of the overpayment.

Refund arising from a revision of assessment (as a result of allowing an objection, an appeal or a claim) will be made to the taxpayer within 12 working days after the date of notification to revise the assessment.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Overpayment of tax			
<i>Performance evaluation</i>		<i>Achieved</i>	<i>Achieved</i>
• Refunds issued within 18 working days	98%	99.9%	99.9% [@]
• Number of refunds issued		28,761	26,889
2. Revision of assessment			
<i>Performance evaluation</i>		<i>Achieved</i>	<i>Achieved</i>
• Refunds issued within 12 working days	98%	100%	100%
• Number of refunds issued		62,070	64,740

[@] The 2009-10 target was to process 98% of tax refunds "within 21 working days".

16 Tax Audit and Investigation

Description of Service

The Field Audit and Investigation Unit combats tax evasion and avoidance and promotes voluntary compliance through conducting tax audits and investigations on businesses and individuals.

To ascertain the correctness of tax returns filed by businesses, tax audits are conducted through visits to the business premises and the examination of their accounting records. Tax investigation involves in-depth inquiries into the affairs of taxpayers where tax evasion is suspected.

With a view to improving taxpayers' service and increasing transparency in the conduct of field audits and tax investigation, the Department has published its penalty policy. It is available on the Department's Homepage as well as through our Fax-A-Form service. Where a penalty in the form of additional tax is imposed on a taxpayer, the notice of additional tax assessment shall show the basis for computing the penalty.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
Field Audit and Tax Investigation		Achieved	Achieved
<i>Performance evaluation</i>			
Processed within:			
• 6 months	60%	77%	81.3%
• 1 year	70%	83.9%	86.7%
• 2 years	80%	89.9%	92.5%
• 3 years	90%	93.9%	95.1%
• Number of cases processed		1,805	1,803

17 Documents Stamping

Description of Service

Instruments chargeable with stamp duty (e.g. assignments, sale and purchase agreements of landed properties, lease agreements, contract notes and transfer deeds of Hong Kong stock etc.) are examined and assessed by the Stamp Office. Upon payment of stamp duty, the instruments will be stamped and returned to the applicants. Additional processing time is normally required if valuation of the property stated in the instruments has to be ascertained.

Transfers of landed properties and Hong Kong stocks between group companies are exempted from payment of stamp duty. Applications for such exemption have to be made to the Stamp Office by way of statutory declarations. The applicant will be notified of the result of the application in writing.

A stamp certificate has the same legal status as a stamp imprinted on an instrument. Duty payers can apply for a stamp certificate in respect of assignments, sale and purchase agreements of landed properties and lease agreements by using the e-Stamping service under GovHK <www.gov.hk/estamping>. After payment of stamp duty, duty payers can print the stamp certificate at their own printer.



Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Stamping of assignments, sale and purchase agreements and lease agreements through GovHK <i>Performance evaluation</i> Payment by on-line mode		Achieved	<i>Achieved</i>
<ul style="list-style-type: none"> • Issued instantly 	98%	100%	100%
<ul style="list-style-type: none"> • Number of documents 		151,767	123,403
Payment by off-line mode			
<ul style="list-style-type: none"> • Issued within 2 working days 	98%	99.9%	100%
<ul style="list-style-type: none"> • Number of documents 		276,117	237,534
2. Processing of requests for stamping of assignments and sale and purchase agreements <i>Performance evaluation</i>		Achieved	<i>Achieved</i>
<ul style="list-style-type: none"> • Stamped within 5 working days 	98%	99.9%	99.9%
<ul style="list-style-type: none"> • Number of documents 		82,146	94,564
3. Contract notes and lease agreements <i>Performance evaluation</i>		Achieved	<i>Achieved</i>
<ul style="list-style-type: none"> • Stamped within the same day 	98%	99.7%	99.7%
<ul style="list-style-type: none"> • Number of documents 		1,372,409	1,128,731
4. Claims for exemption (for transfers between group companies) <i>Performance evaluation</i>		Achieved	<i>Achieved</i>
<ul style="list-style-type: none"> • Processed within 3 months 	85%	99.4%	99.2%
<ul style="list-style-type: none"> • Processed within 12 months 	95%	100%	100%
<ul style="list-style-type: none"> • Number of claims processed 		856	945

18 Business Registration

Description of Service

A person carrying on a business is required to apply to the Business Registration Office for the registration of that business within one month of its commencement. All applications for registration must be submitted together with the appropriate business registration fee and levy. On completion of the registration procedures, a valid business registration certificate for the business will be issued.

Starting from 21 February 2011, companies are only required to lodge one single application for company and business registration with Companies Registry. Any applicant for company incorporation is deemed to apply for business registration simultaneously, and no longer required to apply to the Business Registration Office for registration. This new arrangement is not applicable to application by other types of businesses such as sole proprietorship, partnership businesses, and branch registration.

Any person may, on payment of the prescribed fee, apply for the supply of extracts of information on the Business Register in respect of a specified registered business.

Where there are any changes to the particulars of a registered business, such changes must be reported to the Business Registration Office within one month, whereupon the Business Register will be updated accordingly. After the implementation of the one-stop notification service on 21 February 2011, companies are no longer required to notify the Business Registration Office separately of changes of the following particulars:

For local companies

- corporate name
- registered office address

For non-Hong Kong companies

- corporate name
- address of principal place of business in Hong Kong
- name and address of authorized representative



After the notice or return of changes of these company particulars is registered or recorded under the Companies Ordinance (Cap. 32), the Companies Registry will transmit such particulars to the Department.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. New certificates		Achieved	Achieved
<i>Performance evaluation</i>			
Applications over the counter*			
• Issued within 30 minutes	99%	100%	100%
• Number of new certificates issued		197,471	158,781
Applications by post or through GovHK			
• Issued within 2 working days	99%	100%	100%
• Number of new certificates issued		3,788	3,829
Total number of new certificates issued		201,259	162,610
2. Certified extracts of information		Achieved	Achieved
<i>Performance evaluation</i>			
• Issued within the next working day	99%	100%	100%
• Number of certified extracts of information issued		247,542	216,096
3. Change of business registration particulars		Achieved	Achieved
<i>Performance evaluation</i>			
Notifications over the counter*			
• to be updated within 30 minutes	97%	100%	100%
• Number of business registration records updated		179,696	145,522
Notifications by post or through GovHK			
• to be updated within 5 working days	99%	100%	100%
• Number of business registration records updated		81,043	67,012
Total number of business registration records updated		260,739	212,534

* Not applicable to (i) the applications and notifications submitted to the Receipt and Despatch Centre located in the Companies Registry, or (ii) applications submitted to the Companies Registry from 21 February 2011 onwards.

19 eTAX Account

Description of Service

A taxpayer can open an eTAX Account at anytime to enjoy a range of electronic tax services. By a single login to the eTAX Account, the taxpayer can file tax returns through the Internet, receive e-Alerts concerning return-filing and tax-paying due dates, receive electronic receipts after tax payments, view the tax position in relation to returns, assessments and tax payable, etc.



A taxpayer has to input an Access Code for opening an eTAX Account. He can apply for an Access Code through eTAX. An Access Code Notice will be sent to him within the next 2 working days. Upon receipt of the Access Code Notice, he can login eTAX and go through a simple registration process to create his own eTAX Password. If a taxpayer forgets his eTAX Password and has not registered a password hint in his eTAX Account, he has to apply for a new Access Code. Application can be made through eTAX. Starting from December 2010, eTAX account holder can access eTAX services directly through his MyGovHK account by registering for a MyGovHK account and linking up with his eTAX account.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
1. Issue of Access Code Notice <i>Performance evaluation</i> <ul style="list-style-type: none"> Applications through GovHK <ul style="list-style-type: none"> - Issued within 2 working days Number of Access Code Notices issued 	98%	Achieved 100% 133,924	Achieved 100% [@] 166,996
2. Issue electronic receipts for tax payments made by electronic means <i>Performance evaluation</i> <ul style="list-style-type: none"> Issued within 2 working days Number of electronic receipts issued 	99%	Achieved 100% 360,850	Achieved 99.9% 307,828

[@] The 2009-10 target was to process 95% of issue of access code notice "within 2 working days".

Description of Service

Taxpayers dissatisfied with the services provided by the Department may contact the Complaints Officer –

Telephone : 2594 5000

Address : 37th Floor, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong

Post : GPO Box 11234, Hong Kong

Fax : 2802 7625, or

E-mail : taxinfo@ird.gov.hk

Complaints are dealt with immediately if the required information is available on the computer. In other cases, a written response is provided within 15 working days after receipt of the respective complaint. Interim replies are issued within 7 working days.

Performance for the 12 months ending 31 March 2011

	Targets	Performance	
		2010-11	2009-10
Handling of complaints		Achieved	Achieved
<i>Performance evaluation</i>		100%	100%
• Interim replies made within 7 working days	99%	100%	100%
• Substantive replies made within 15 working days	99%	100%	100%
• Number of complaints		292	323

Analysis of complaints	Number	%
• Profits Tax (Corporations and Partnership Businesses)	16	5%
• Profits Tax (Sole Proprietorships), Salaries Tax, Property Tax and Personal Assessment	168	58%
• Tax Collection, Business Registration and Stamp Duty	84	29%
• Field Audit and Tax Investigation	4	1%
• General Enquiries and Appeals	20	7%
Total	292	100%

Findings	Number	%
• Substantiated	19	7%
• Partially substantiated	90	31%
• Not Substantiated	183	62%
Total	292	100%

	Performance	
	2010-11	2009-10
1. Number of Ombudsman complaint cases	12	13
2. Number of Letters of Compliments received from taxpayers	127	158

An Inland Revenue Officer won the 2010 Ombudsman Award for Public Officers.



The Department firmly believes that taxpayer education can help in promoting voluntary compliance by employers and taxpayers. To enable taxpayers to access tax information provided by the Department around the clock, topics of common interest to taxpayers are uploaded to the Department's Homepage. The information uploaded includes a series of Departmental Interpretation and Practice Notes [DIPNs] and e-Seminars. The DIPNs contain the Department's interpretation of certain tax provisions of the Inland Revenue Ordinance and the relevant practices it would adopt. They serve to enhance the public's understanding of both the Department's views and operations. Similarly, the e-Seminars provide detailed guidance to tax representatives, employers, property owners and individual taxpayers on how to complete tax returns and fulfill their tax obligations. To assist the taxpayers further, the Department uploads the frequently asked questions (FAQs) for their ready reference.

The Department has also uploaded to the "Taxes & Duties" cluster under the GovHK tax information and articles specially written for taxpayers such as their rights and obligations under the tax law, what income is chargeable/non-chargeable to tax and what allowances/deductions they may claim.

22 Electronic Filing of Tax Returns

In line with its customer-oriented service strategy, the Inland Revenue Department continues to enhance its electronic services.

Currently, the main features of the Internet filing function for individual tax returns include 'Pre-filling of data', 'Estimation of salaries tax payable', 'Saving of data' and 'Viewing and Printing'. For the 'Pre-filling of data' feature, income amount details supplied by employers for the year of assessment 2010-11, if applicable, will be pre-filled under "Salaries Tax" of the relevant taxpayers' electronic returns. This will save taxpayers' time in completing the tax returns.

The Department also updated its tax computation function to take into account the tax relief measures proposed in the 2011-12 Budget. Before submitting the individual tax return through the Internet filing, a taxpayer can learn the amount of tax payable by him.

The profits tax returns of corporations and partnerships satisfying certain specified conditions can also be filed electronically under eTAX. The e-filing process involves two steps, namely completion and submission of the return. Tax representatives can first complete the profits tax returns for their clients on-line, and then send the electronic records to their clients for checking. The filers, who can be the precedent partners of partnerships or the directors, secretaries or managers of corporations, can then sign and submit the completed returns through their own eTAX Account. The system will issue an instant acknowledgement for each successful submission.

To encourage taxpayers opening eTAX Accounts and filing tax returns on-line, the Department will grant an extension to all e-filers for filing their tax returns. Individuals and sole proprietors will have one month automatic extension. For profits tax returns, in addition to the normal extension granted according to their accounting date, e-filers can apply for another 2-week's extra extension.



23 The Taxpayer's Charter

Your Rights as a Taxpayer

1. Tax Liability

You only have to pay the amount of tax due under the law.

2. Courteous Treatment

You are entitled to courteous treatment in your dealings with us.

3. Professional Service

You are entitled to receive our service in a timely manner in accordance with our pledged standards. You can expect assistance from us to help you understand and meet your tax obligations. You can expect us to act in an impartial, professional and fair manner.

4. Privacy and Confidentiality

You are entitled to expect that the information you provide us will be used only for purposes the law allows; that it will not be disclosed to anyone, except as authorized by law.

5. Access to Information

You are entitled access to your own tax information held by us as permitted by the law.

6. Bilingual Service

You are entitled to our service in Chinese or English, at your choice.

7. Complaints and Appeals

If you are not satisfied with our service, you have the right to give

comments and complain to us or to the Ombudsman. If you disagree with the amount of your tax assessment, you have the right of objection and appeal.

Your Obligations as a Taxpayer

1. Honesty

You should be honest in your dealings with us.

2. Lodgement of Returns, Documents and Information

You should file correct returns and documents and provide complete and accurate information within time limits specified.

3. Tax Payment

You should pay your tax due on time.

4. Record Keeping

You should keep sufficient records to enable your tax liability to be ascertained accurately.

5. Keeping IRD Posted

You should keep us informed upon change of business or correspondence address.





