Collecting taxes is obviously the primary focus of the operations of the Inland Revenue Department. In this regard I am pleased to report that overall revenue collection increased by 7.2%, after declining for the previous two years. The result reflected the improved economic situation in Hong Kong.

At the same time, the Department is also very aware of the purpose behind its role; in essence, it plays an important part in obtaining the funds that enable the Government to serve the community. During the year under review the Department itself took further steps to improve the quality of the services we provide.

Since December 2000, the Department has been participating in the Government’s Electronic Service Delivery (ESD) Scheme. The scheme is directed at enhancing the efficiency, productivity and quality of services, by allowing members of the public to make use of the Internet and public kiosk facilities. Through the scheme, we are now able to handle the following matters on an “on-line” basis -

1. applications for Business or Branch Registration by sole proprietors;
2. Business Registration Number enquiries and applications for the Supply of Information on the Business Register;
3. change of address notifications;
4. filing of tax returns;
5. purchase of Tax Reserve Certificates;
6. interactive enquiries by taxpayers; and
7. tax payments.
The Department also joined the Government’s “Electronic Submission of Forms” project. Seventeen of the Department’s more commonly used forms have already been incorporated into the project, and plans are in hand to expand the range.

Within the Department, systems have been upgraded to facilitate our provision of services. In this regard, an important achievement during the year was the completion of the upgrading of the imaging and document management system for Business Registration applications. Implementation of the upgraded system has enabled our Business Registration Office to shorten its response time in respect of applications for extracts of business registration information from 4 working days to 2 working days. It was gratifying to see the improved service win a prize in the 2001 “Helping Business Awards Scheme” of the Business and Services Promotion Unit.

A hard fact of life in almost any large organization is that from time to time complaints are received. The Department is not an exception. However, it cannot be said that we treat complaints lightly. To the contrary, any complaint is regarded as a serious matter. Reflecting this attitude, the Department’s Performance Pledge lays down a standard complaint response time for our staff to observe. Procedures and guiding principles have been established for staff to help ensure that they are able to investigate complaints in an objective and impartial manner. If the Department is found to be at fault, we aim to respond promptly and provide appropriate redress. At the same time we can learn from our shortcomings; complaints provide a means of identifying ways in which our methods and systems can be improved.
In relation to complaints, the outcome we aim for is one where taxpayers, staff and the Department benefit – taxpayers are satisfied with the treatment they receive; our staff are confident that they have the skills and means to do their work properly; and, where change is necessary, the Department improves the standard of service it provides. Judging by the fact that the Department has now won the Ombudsman’s “Grand Award” for public sector organizations dealing with complaints three times (including the current year), I think it is fair to say that with this positive complaint culture we are on the right track.

During the year an increasing emphasis was placed on long-term goals, as against simply achieving particular work targets. This reflected our appreciation of the likelihood that, in the longer term, the requirements placed on the Department’s resources would diminish if we took further steps to make it easier for taxpayers to both understand and comply with their taxation obligations. By way of illustration, to assist taxpayers in completing their tax returns, we aimed for “EEC”, namely the provision of tax information that is “Easy to understand”; tax returns that are “Easy to complete”; and new measures to facilitate “Communicating with taxpayers”.

We focus on long-term goals as opposed to simply achieving short-term targets. This reflects our recognition that, in the longer term, the demands placed on the Department’s resources would diminish if we took further steps to make it easier for taxpayers to both understand and comply with their taxation obligations. By way of illustration, to assist taxpayers in completing their tax returns, we aimed for “EEC”, namely the provision of tax information that is “Easy to understand”; tax returns that are “Easy to complete”; and new measures to facilitate “Communicating with taxpayers”.
The Department is goal oriented. We aim to be an excellent tax administration that plays an important part in promoting Hong Kong’s prosperity and stability. The accelerated integration of the world economies requires us to deal with many new global issues – cross-border transactions, transfer pricing, tax treaties, advance rulings, exchange of information etc. During the year, we put emphasis on the international dimension of our tax administration. We sent officers to attend courses run by other overseas tax authorities and international organizations, e.g. OECD, to broaden their international outlook. We became a full member of The Study Group on Asian Tax Administration and Research (SGATAR). SGATAR is an organization comprising 12 tax authorities from Asian and Pacific countries and regions and provides a forum to discuss tax issues.

Our accomplishments during the year can be attributed to the collective efforts, dedication and co-operation of the Department’s staff. I take this opportunity to thank my colleagues for their hard work and dedication towards achieving our corporate goals. It would be remiss of me not to also acknowledge the considerable efforts of Mr. Elmo D’Souza, who retired in March 2001, in administering the Department during the period in which he acted as the Commissioner of Inland Revenue.

LAU MAK Yee-ming, Alice, J.P.
Commissioner of Inland Revenue