



Revenue

Our economy recovered throughout 2004. This, coupled with the implementation of phase II tax increase measures introduced in the 2003-04 Budget, has boosted our Earnings and Profits Tax collection to a record high. There was an increase of \$16.2 billion in Earnings and Profits Tax collections, representing a growth of 20.2% as compared with the previous year (**Figure 1, Schedules 1 and 2**). The booming property and stock markets in the year also brought about a substantial increase of \$4.6 billion in stamp duty collections.

Figure 1
Revenue collected by tax type

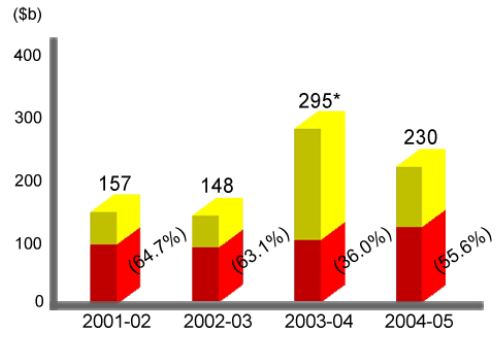
Type of tax	2001-02 (\$m)	2002-03 (\$m)	2003-04 (\$m)	2004-05 (\$m)
Profits Tax-				
Corporations	39,272.4	33,692.9	43,666.3	52,562.2
Unincorporated Businesses	5,103.3	5,106.6	5,103.7	6,077.5
Salaries Tax	28,634.6	29,733.1	27,976.9	33,990.5
Property Tax	1,135.7	1,180.1	983.0	1,115.6
Personal Assessment	3,603.0	3,315.9	2,744.4	2,963.4
Total Earnings & Profits Tax	77,749.0	73,028.6	80,474.3	96,709.2
Estate Duty	1,927.8	1,402.7	1,455.3	1,468.4
Stamp Duty	8,636.6	7,458.2	11,245.4	15,851.4
Betting Duty	11,571.3	10,920.7	11,635.9	12,057.2
Business Registration Fees	1,240.2	127.7	1,233.3	1,348.7
Hotel Accommodation Tax	202.9	201.0	155.6	247.4
Total revenue collected	<u>101,327.8</u>	<u>93,138.9</u>	<u>106,199.8</u>	<u>127,682.3</u>
% change over previous year	0.9%	-8.1%	14.0%	20.2%

Overall, revenue collected by the Department during 2004-05 totalled \$127.7 billion (about 60% of the Government General Revenue, see **Figure 2**). This represents an increase of \$21.5 billion or 20.2%, from that collected in the previous year. The major part of the revenue collected came from Profits Tax and Salaries Tax, which together contributed 72.5% (**Figure 3**).

Figure 2
Government General Revenue

Other General Revenue
Inland Revenue Department collections

Total Government General Revenue



* including a transfer of \$120 billion from the Land Fund

Figure 3
Composition of the revenue collection

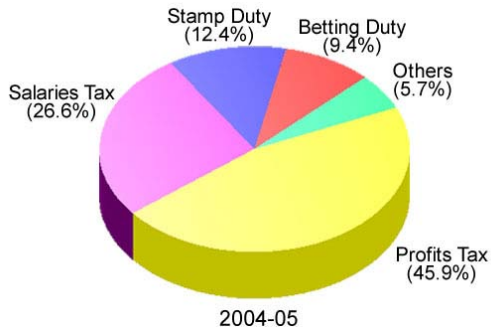
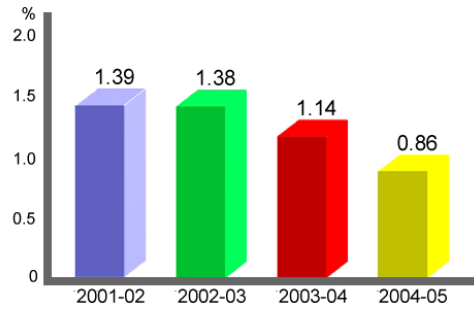


Figure 4
Cost of collection



With material productivity savings and an increase in revenue collections during the year, the cost of collection of revenue decreased from 1.14% to 0.86% (Figure 4).