Serve with devotion
Strive for perfection



Annual Report on

Performance Pledge

1.4.2005 - 31.3.2006

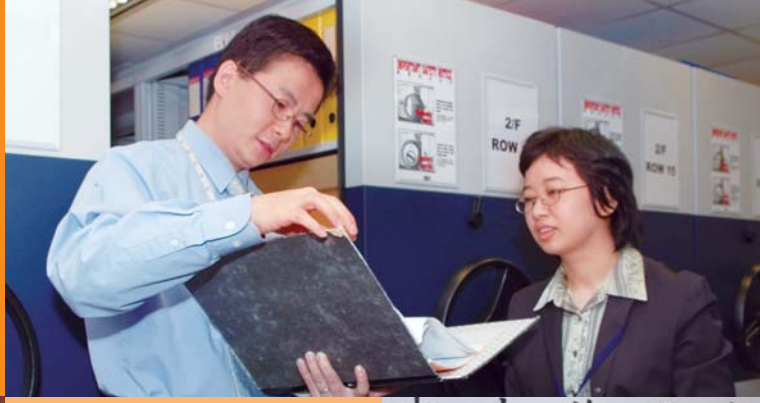
Inland Revenue Department
Hong Kong Special Administrative Region

5 天工作周 day week

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Performance Pledge

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Serve with devotion

Strive for perfection





www.ird.gov.hk

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 –

- **P**rofessionalism
- **E**fficiency
- **R**esponsiveness
- **F**airness
- **E**ffectiveness
- **C**ourtesy
- **T**eamwork

Slogan

Serve with devotion Strive for perfection

Contents

		Page
1	Message from the Commissioner	1
2	Users' Committee	2
3	Service Standards Committee	3
4	Executive Summary	4
5	Work Plan for 2006 - 07	7
6	Enquiry Service	8
7	Written Enquiries	10
8	Returns Processing	11
9	Tax Returns for First-time Taxpayers	12
10	Company Deregistration	13
11	Tax Reserve Certificates	14
12	Notices of Objection	15
13	Tax Holdover Claims	16
14	Receipts for Tax Payments Made by Electronic Means	17
15	Refunds of Tax	18
16	Tax Audit and Investigation	19
17	Documents Stamping	20
18	Business Registration	21
19	Estate Duty Affidavits / Statements in lieu of Affidavits	22
20	Complaints and Compliments	23
21	Tax Education and e-Seminars	25
22	Electronic Filing of Tax Returns	26
23	The Taxpayer's Charter	27

1 Message from the Commissioner

I am pleased to report that the Inland Revenue Department has achieved the targets in most of its performance pledges in the year ended 31 March 2006. It has also excelled in some of the targeted performance.

The Department is committed to making tax compliance easier for taxpayers through vigorous use of IT. There are continuous enhancements to the e-filing function that effectively reduce the time required to complete the electronic tax return. To encourage e-filing, automatic extension of one month is granted to last year's successful e-filers. Other e-filers are also granted a two-week extension. The growing number of e-filers speaks for our continuous efforts to meet customer needs.

Lately, in response to comments from taxpayers, IRD set up a working committee to review the design of salaries tax and personal assessment demand notes and the Assessor's Notes. The committee came up with a new design for the demand note and a new set of Assessor's Notes, which aims at providing taxpayers with more information and making the tax demand notes more comprehensible. The new demand notes were put to use in July 2005. Credit not only goes to the committee, it also goes to each of the members of the Users' Committee whose valuable advice gives an added impetus in making the Assessors' Notes more user-friendly.

Riding on the useful suggestions on our services from the Users' Committee, the Department spares no efforts in service improvement. We are on the track to enhance the pledge on written enquiries - simple matters. Effective from 1 July 2006, the Department will implement 5-day week. With a view to maintaining the standard and efficiency of our existing service, the pledged time for delivering our services has been shortened by one working day for every six working days pledged.

The achievement in relation to our Performance Pledge is entirely attributable to the dedicated efforts of IRD colleagues. In recognition of the service spirit of our front-line officers, 36 awards had been presented in the mid-year to those officers voted by the public as the "Outstanding Customer Service Staff".

My hearty gratitude also goes to the taxpaying public who showed support and encouragement in the past year that has inevitably acted as a key driver behind our pursuit of excellence.

LAU MAK Yee-ming, Alice, 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 pledge.

The Committee meets quarterly to review the actual achievement of the Department and to make suggestions for improving the Department's services. Members also visited the Document Processing Centre during the year, and sought views of front-line staff on the relevant pledge.

To ensure broad representation, the membership includes tax practitioners, professionals and academics. Members of the Committee are as follows:

Mr Tam Kuen-chong (Chairman)	Mr Louis LEUNG Kent-ning
Mr Owen CHAN Shui-shing	Dr Eric LI Ka-cheung
Dr Daniel CHEUNG	Mr Tim LUI Tim-leung
Mr Peter C W CHOY	Mr Michael A OLESNICKY
Mr Andrew J HALKYARD	Ms Samantha SUEN
Mr Patrick HO Kin-wai	Mr TAI Hay-yuen
Ms Katy LAM	Mr Leonard WONG Ching-ping
Mr K C LAW	Ms Stella YAU Mun-wah (Secretary)





3 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, who represent different operating units and sections, are as follows:

Mr Tam Kuen-chong (Chairman)	Ms LAU Pui-yee
Mrs CHU TSANG Hin-ngor	Ms TSE Woon-ping
Mr John George Austin GRADY	Mr WONG Kai-keung
Ms HO Man-li	Ms Stella YAU Mun-wah
Mrs LAI CHI Lai-ming	Mrs Ellen LAU MA Ching-suen (Secretary)
Mrs LEE HO Wing-man	





4 Executive Summary

From April 2005 onwards, the Department has introduced 4 enhanced pledges on stamp duty, issue of certified extracts of information for business registration, change of business registration particulars and assessment of estate duty affidavits.

The results achieved in the year under review were all within target.

The trend of electronic payment of tax

A continuous growth is recorded for electronic payments - by telephone, bank ATM or the Internet. The total number of such transactions made increased by 93,146 or 7.4% over the previous year.

Number of transactions

2004 - 05 **1,251,328**

2005 - 06 **1,344,474**

Service	Performance Target	Actual Achievement 2005 - 06	Actual Achievement 2004 - 05
Counter enquiries			
• attended to within 10 minutes (in peak times)	95%	98.7%	98.9%
2 Telephone enquiries			
• answered within 3 minutes (in peak period)	80%	89.1%	83.7%
3 Written enquiries – simple matters			
• replied within 10 working days	99%	100%	100%
4 Written enquiries – technical matters			
• replied within 25 working days	98%	99.9%	99.9%
5 Returns processing			
Profits tax returns • assessed within 9 months	80%	86.5%	87.4%
Property tax returns • assessed within 9 months	96%	98.5%	98.7%
Composite tax returns • assessed within 9 months	96%	99.2%	99%

Service	Performance Target	Actual Achievement	
		2005 - 06	2004 - 05
6 Tax Returns for first-time taxpayers			
Profits tax • issued within 3 months	98%	100%	100%
Salaries tax • issued within 5 months	98%	100%	100%
7 Request for issuance of notice of no objection for company deregistration			
• processed within 25 working days	98%	100%	100%
8 Tax reserve certificate transactions			
• processed within 14 working days (in peak period)	98%	100%	100%
9 Acknowledgements of objection			
• processed within 21 working days (in peak period)	98%	99.8%	99.8%
10 Processing of objections			
• processed within 4 months	98%	99.9%	99.9%
11 Applications for holdover of provisional tax			
• processed within 14 working days	98%	100%	100%
12 Issue receipts for tax payments made by electronic means			
• issued within 7 working days	98%	100%	100%
13 Refunds arising from overpayment of tax			
• made within 25 working days	98%	99.8%	99.8%
14 Refunds arising from revision of assessment			
• made within 25 working days	98%	100%	100%
15 Tax audit and investigation			
• processed within 2 years	80%	86.9%	88.3%
16 Assignments / sale and purchase agreements and application for deferred payment of stamp duty on agreements for sale of residential property			
• stamped / processed within 6 working days	98%	99.3%	99.5%
17 Contract notes and lease agreements			
• stamped on the same day	98%	99.9%	99.9%
18 Claims for exemption (for transfers between group companies)			
• processed within 3 months	85%*	93%	93.3%

Service	Performance Target	Actual Achievement	
		2005 - 06	2004 - 05
19 New business registration certificates			
• Application over the counter issued within 30 minutes	99%	100%	100%
• Application by post or through the Electronic Service Delivery Scheme issued within 2 working days	99%	100%	100%
20 Certified extracts of information on business register			
• issued within the next working day	99%	100%	100%@
21 Change of business registration particulars			
• Notifications over the counter to be updated within 30 minutes	97%	100%	100%
• Notifications by post or through the Electronic Service Delivery Scheme updated within 6 working days	99%	100%	100%#
22 Estate duty affidavits / statements in lieu of affidavit			
• dutiable or complicated cases finalized within 3 years	90%	93.3%	92.2%

* *The 2005-06 enhanced target.*
@ *The 2004-05 target was to "issue extracts of information within 2 working days".*
\# *The 2004-05 target was to complete 99% "within 6 working days for notifications by post".*

5 Work Plan for 2006-07

It is always our goal to make electronic filing a convenient and customer-centric service through enhancements. To help taxpayers who had forgotten their passwords to regain access to the service conveniently, the Department has enhanced the function to allow them to re-apply for a new e-Tax Password via the Internet or telephone.

With effect from April 2006, the Department has further upgraded the Internet filing function. In addition to the direct linkage to our homepage for viewing tax rates and various allowances, there will also be plenty of useful filling tips and enhanced functions.

To further promote electronic filing service, as from May 2006, the Department will grant 1-month automatic extension to taxpayers who successfully filed their tax returns electronically last year for filing of their tax returns for year of assessment 2005-06.

From 1 July 2006 onwards, the Department will implement 5-day week. With a view to maintaining the standard and efficiency of our existing service, the pledged time for delivering our services has been shortened by 1 working day for every 6 working days pledged.

From April 2006 onwards, the Department has enhanced the standard in processing written enquiries. The time required for processing enquiries on simple matters is shortened. The relevant details are set out below:

		Enhanced Targets	Existing Targets
1	**Written Enquiries**		
	Simple matters		
	April to June 2006		
	• replied within 8 working days	95%	-
	• replied within 10 working days	99%	99%
	From July 2006 onwards #		
	• replied within 7 working days	95%	-
	• replied within 9 working days	99%	99%

From 1 July 2006 onwards, the Department will implement 5-day week. With a view to maintaining the standard and efficiency of our existing service, the pledged time for delivering our services has been shortened by 1 working day for every 6 working days pledged.

6 Enquiry Service

Description of Service

The Enquiry Service Centre situates at the first and second floors of the Revenue Tower and handles general counter and telephone enquiries. The Centre, equipped with a computer network linked to the Department's Knowledge Database, aims at providing an immediate "one-stop" service as far as possible.

For the convenience of callers, the Centre has installed an electronic queuing system to enable taxpayers requiring counter services to be served according to tag numbers in sequence.

A taxpayer service team manned by professional officers is also situated at the Centre to provide fast and convenient service to the public on specific urgent cases.

The Centre makes use of an Interactive Telephone Enquiry System with 120 telephone lines. The general enquiry hotline is 187 8088. Callers can speak to operators during office hours or, on a 24-hour basis, gain access to a wide range of tax information by listening to recorded messages or obtaining facsimile copies of the information and forms. A leave-and-call-back facility is also available.

To provide more tax information to the public, many information leaflets are written on topics of common interest and made available on the two form stands installed on the ground and first floors of the Revenue Tower. In addition, the public can get tax information and download forms from the Department's web site at <www.ird.gov.hk>.





Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Counter enquiries			
Performance evaluation		*Achieved*	*Achieved*
Peak Times (10:30 am to 4:30 pm)			
• Waiting time within 10 minutes	95%	98.7%	98.9%
Outside Peak Times			
• Waiting time within 10 minutes	99%	100%	100%
Number of counter enquiries		401,593	394,968
2 Telephone enquiries			
Performance evaluation		*Achieved*	*Achieved*
July to April			
• Connected telephone calls answered by staff within 3 minutes	90%	97.2%	97.7%
• Connected telephone calls answered by staff within 4 minutes	95%	99.7%	99.8%
• Number of telephone calls answered by staff		511,061	513,523
May and June			
• Connected telephone calls answered by staff within 3 minutes	80%	89.1%	83.7%
• Connected telephone calls answered by staff within 4 minutes	90%	99.4%	98.4%
• Number of telephone calls answered by staff		193,647	172,085
Full year			
• Average waiting time		1 minute	1 minute
• Number of telephone calls			
- answered by system		570,372	655,626
- answered by staff		704,708	685,608
• Number of fax requests		8,481	12,905
• Number of leave-and-call-back requests		67,118	62,552

Terms Used

In this report, performance achievements have been classified using the following terms:

- *"Achieved" - result meets or exceeds target*
- *"Substantially Achieved" - result falls short of target by not more than 2%*

7 Written Enquiries

Description of Service

Enquiries are classified as enquiries on "simple matters" or "technical matters" depending on the level of complexity. Enquiries on simple matters can usually be handled without reference to specific files as in most cases the information is available from the Department's database. These enquiries 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 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Enquiries – simple matters			
Performance evaluation		*Achieved*	*Achieved*
• Replied within 10 working days	99%	100%	100%
• Number of replies		211,510	206,032
2 Enquiries – technical matters			
Performance evaluation		*Achieved*	*Achieved*
• Replied within 25 working days	98%	99.9%	99.9%
• Replied within 50 working days	99%	100%	100%
• Number of replies		249,182	238,167

8 Returns Processing

Description of Service

Composite tax returns are issued annually to individuals in bulk in May whereas profits tax returns (corporations and partnership businesses) and property tax returns (jointly-owned properties) are issued in bulk in April. Apart from these issues, returns are also issued periodically as and when necessary.

Following lodgement and processing of returns, notices of assessment are issued. Cases assessed per return in the first instance may be selected for audit later. For others, further information is sometimes requested before assessments are made. If returns are not submitted within the prescribed time, officers may estimate the amount of assessable profit or income of the taxpayers.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Profits tax returns (Corporations and partnership businesses)			
Performance evaluation		*Achieved*	*Achieved*
• From the date of issue of tax returns, assessments made within:			
- 9 months	80%	86.5%	87.4%
- 12 months	95%	99.3%	99.2%
- 15 months	100%	100%	100%
• Number of tax returns issued during April 2004 to June 2005		346,846	342,610
2 Property tax returns (Jointly-owned properties)			
Performance evaluation		*Substantially Achieved*	*Substantially Achieved*
• From the date of issue of tax returns, assessments made within:			
- 6 months	80%	91.5%	91.6%
- 9 months	96%	98.5%	98.7%
- 12 months	100%	99.8%	99.9%
• Number of tax returns issued during April 2004 to September 2005		298,660	290,073
3 Composite tax returns			
Performance evaluation		*Substantially Achieved*	*Substantially Achieved*
• From the date of issue of tax returns, assessments made within:			
- 6 months	80%	93.8%	93.8%
- 9 months	96%	99.2%	99%
- 12 months	100%	99.9%	99.9%
• Number of tax returns issued during April 2004 to September 2005		4,110,489	4,139,469

9 Tax Returns for First-time Taxpayers

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 (I.R.56E).

Responses to the notifications include :

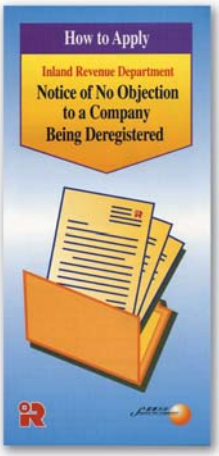
- the issue of a return for provisional or final tax to the employee if he is liable to tax;
- the issue of a reply to the employee advising that a tax return will be issued to him in the next annual bulk issue if the date of notification is close to the bulk issue date;
- the issue of a reply to the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

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Profits Tax			
Performance evaluation		*Achieved*	*Achieved*
• After receiving notifications of chargeability from taxpayers, replies made within 3 months	98%	100%	100%
• Number of replies made		145	124
2 Salaries Tax			
Non-Taxable Cases			
Performance evaluation		*Achieved*	*Achieved*
• After receiving notifications of employment from employees, replies made within 25 working days	98%	100%	100%
• Number of replies made		7	1
Taxable Cases			
Performance evaluation		*Achieved*	*Achieved*
April to November			
• In response to notifications, tax returns issued within 3 months	98%	100%	100%
December to March			
• In response to notifications, tax returns issued within 5 months	98%	100%	100%
• Number of tax returns issued		11,676	9,807

10 Company Deregistration

Description of Service



Section 88B of Inland Revenue Ordinance (Cap.112) 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 written notice stating that he has no objection to the company being deregistered.

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 notification 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 notification. No further fee is payable on the re-submission.

The applicant can expect to receive a notification within 25 working days from the date of lodgement of a valid application and the payment of the prescribed fee.

Performance for 12 months ending on 31 March 2006

		Target	Output	
			2005 - 06	2004 - 05
1	**Processing of requests for issuance of notice of no objection for company deregistration**			
	Performance evaluation		*Achieved*	*Achieved*
	• Processed within 25 working days	98%	100%	100%
	• Number of requests processed		31,155	28,311

11 Tax Reserve Certificates

Description of Service

Taxpayers may purchase tax reserve certificates to save fund for paying their tax liability in future. Upon lodging objection against their assessments, taxpayers may be required to purchase tax reserve certificates to cover, in whole or in part, the tax in dispute. Interest is payable on tax reserve certificates when they are redeemed to pay tax and, for objection cases, payable if the taxpayer's objection is successful.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Purchase & Redemptions			
Performance evaluation		*Achieved*	*Achieved*
July to December			
• Processed within 10 working days	98%	100%	100%
• Number of transactions		45,585	47,093
January to June			
• Processed within 14 working days	98%	100%	100%
• Number of transactions		132,642	115,118

12 Notices of Objection

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".

"Notice of settlement of objection" includes:
- notice of revised assessment,
- notification of refund, and
- letter notifying the settlement of objection.

"Notice of decision by Assessing Officer" will advise the taxpayer that the objection cannot be settled and at the same time will:
- seek further information,
- propose a basis of settlement of objection,
- advise the withdrawal of objection, or
- notify the submission of the case for the Commissioner's determination.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Acknowledgements of objection			
Performance evaluation		*Achieved*	*Achieved*
May to August			
• Issued within 14 working days	98%	99.8%	99.7%
• Issued within 21 working days	99%	99.9%	99.9%
• Number of acknowledgements		14,528	15,522
September to April			
• Issued within 21 working days	98%	99.8%	99.8%
• Issued within 28 working days	99%	99.9%	99.9%
• Number of acknowledgements		58,227	56,629
2 Processing of objections			
Performance evaluation		*Achieved*	*Achieved*
• Processed within 4 months	98%	99.9%	99.9%
• Number of cases processed		71,937	72,087

13 Tax Holdover Claims

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, a reply is given by :

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

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Tax Holdover Claims			
Performance evaluation		*Achieved*	*Achieved*
• Replied within 14 working days	98%	100%	100%
• Replied within 21 working days	99%	100%	100%
• Number of replies		52,655	44,317



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, the bank automated teller machine and the Internet. Electronic payments are safe and convenient to taxpayers and cost-efficient to the Department. To promote the use of electronic payments, the Department issues an official receipt for each electronic payment received.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Receipts for tax payments made by electronic means			
Performance evaluation		*Achieved*	*Achieved*
July to November			
• Issued within 4 working days	98%	100%	100%
December to June			
• Issued within 7 working days	98%	100%	100%
• Number of cases processed		1,344,474	1,251,328





15 Refunds of Tax

Description of Service

Any tax overpaid will be refunded to the taxpayer within 25 working days of 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 25 working days from the date of notification to revise the assessment.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Overpayment of Tax			
Performance evaluation		*Achieved*	*Achieved*
• Refunds issued within 25 working days	98%	99.8%	99.8%
• Number of refunds issued		27,998	27,638
2 Revision of Assessment			
Performance evaluation		*Achieved*	*Achieved*
• Refunds issued within 25 working days	98%	100%	100%
• Number of refunds issued		58,729	54,537

16 Tax Audit and Investigation

Description of Service

The Field Audit and Investigation Unit serves to promote voluntary compliance and to counter tax evasion and avoidance through tax audit and investigation.

Tax audit is conducted on Profits Tax, Salaries Tax and Property Tax cases to ensure the correctness of tax returns filed by taxpayers while tax investigation involves an in-depth inquiry into the affairs of taxpayers where tax evasion is suspected.

Depending on the complexity of each case, the time required for the completion of tax audit or investigation varies from one case to another.

With a view to improving taxpayers' service and increasing transparency in the conduct of field audit and investigation, the Department has published its penalty policy on the web site and through the Fax-A-Form service. Where penalty in the form of additional tax is imposed on a taxpayer, the notice of additional tax assessment shall disclose the basis for computing the penalty.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Field Audit and Tax Investigation			
Performance evaluation		*Achieved*	*Achieved*
Processed within:			
• 6 months	45%	74.7%	74.4%
• 1 year	65%	81.1%	81.4%
• 2 years	80%	86.9%	88.3%
• 3 years	90%	92.6%	92.2%
• Number of cases processed		1,873	1,863





17 Documents Stamping

Description of Service



Instruments chargeable with stamp duty (e.g. assignments, sale and purchase agreements of landed properties, contract notes and transfer deeds of Hong Kong stock, and lease agreements) 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.

Duty payers can apply for a stamp certificate in respect of assignments, sale and purchase agreements of landed properties and lease agreements through the Internet under the ESD Scheme.

Performance for 12 months ending on 31 March 2006

		Target	Output	
			2005 - 06	2004 - 05
1	**Assignments and sale & purchase agreements / Processing of applications for deferred payment of stamp duty on agreements for sale of residential property**			
	Performance evaluation		*Achieved*	*Achieved*
	• Stamped / processed within 6 working days	98%	99.3%	99.5%
	• Number of documents / applications		163,263	277,757
2	**Contract notes and lease agreements**			
	Performance evaluation		*Achieved*	*Achieved*
	• Stamped within the same day	98%	99.9%	99.9%
	• Number of documents		1,009,356	896,162
3	**Claims for exemption (for transfers between group companies)**			
	Performance evaluation		*Achieved*	*Achieved*
	• Processed within 3 months	85%	93%	93.3%*
	• Processed within 12 months	95%	99.1%	100%*
	• Number of claims processed		691	550

* *The 2004-05 target was to complete 80% "within 3 months" and 90% "within 12 months".*

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. On completion of the registration procedures, a valid business registration certificate for the business will be issued.

Any person may, on payment of the prescribed fee, apply for 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.

Performance for 12 months ending on 31 March 2006

		Target	Output	
			2005 - 06	2004 - 05
1	**New certificates**			
	Performance evaluation		Achieved	Achieved
	• Applications over the counter issued within 30 minutes	99%	100%	100%
	• Number of new certificates issued		125,110	114,600
	• Applications by post or through the Electronic Service Delivery Scheme issued within 2 working days	99%	100%	100%
	• Number of new certificates issued		3,154	3,064
	Total number of new certificates issued		128,264	117,664
2	**Certified extracts of information**			
	Performance evaluation		Achieved	Achieved
	• Issued within the next working day	99%	100%	100%*
	• Number of certified extracts of information issued		206,760	210,719#
3	**Change of business registration particulars**			
	Performance evaluation		Achieved	Achieved
	• Notifications over the counter to be updated within 30 minutes	97%	100%	100%
	• Number of business registration records updated		107,765	92,908
	• Notifications by post or through the Electronic Service Delivery Scheme to be updated within 6 working days	99%	100%	100%@
	• Number of business registration records updated		67,125	68,716
	Total Number of business registration records updated		174,890	161,624

* *The 2004-05 target was to "issue extracts of information within 2 working days".*
\# *Number of extracts of information issued during April 2004 to March 2005.*
@ *The 2004-05 target was to complete 99% "within 6 working days for notifications by post".*

19 Estate Duty Affidavits / Statements in lieu of Affidavits

Description of Service

Any person applying to the Court for a grant of representation to administer a deceased person's estate must first obtain estate duty clearance from the Estate Duty Office. He / she will need to complete and submit an estate duty affidavit or for small estate, a statement in lieu of affidavit. After examination and verification, the Estate Duty Office will issue an estate duty assessment or a certificate of exemption, whichever appropriate. The processing time varies according to the complexity of each case.

Following the enactment of the Revenue (Abolition of Estate Duty) Ordinance 2005, no estate duty affidavits or statements need to be filed in respect of persons who passed away on or after 11 February 2006.

Performance for 12 months ending on 31 March 2006

	Target	Output	
		2005 - 06	2004 - 05
1 Exempt & Simple Cases			
not involving landed properties, private shares or business interests			
Performance evaluation		*Achieved*	*Achieved*
• Assessments or certificates issued within 6 weeks	98%	98.4%	98.9%
• Number of cases processed		8,760	8,382
2 Exempt & Simple Cases			
involving landed properties, private shares or business interests			
Performance evaluation		*Achieved*	*Achieved*
• Assessments or certificates issued within:			
- 3 months	85%	93.8%	98%*
- 12 months	99%	100%	100%
• Number of cases processed		7,541	6,791
3 Dutiable or Complicated Cases			
Performance evaluation		*Achieved*	*Achieved*
• Assessments or certificates issued within:			
- 1 year	55%	63.2%	63.8%
- 2 years	80%	87.2%	86.9%
- 3 years	90%	93.3%	92.2%
• Number of cases processed		736	730

* *The 2004-05 target was to complete 85% "within 6 months".*

20 Complaints and Compliments

Description of Service

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

- by telephone at 2594 5000
- at 37th Floor, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong
- by mail to GPO Box 11234, Hong Kong
- by fax to 2802 7625, or
- by e-mail to taxinfo@ird.gov.hk

Complaints are dealt with immediately when the information is available on computer. In other cases, a written response is provided within 18 working days of receipt of the respective complaint. Interim replies are issued within 10 working days.

Performance for 12 months ending on 31 March 2006

	Output	
	2005 - 06	2004 - 05
1 Complaints		
• Interim replies made within 10 working days	100%	100%
• Substantive replies made within 18 working days	99.8%	100%
• Number of complaints	410	404

Analysis of complaints	**Number**	**%**
• Profits Tax (Corporations & Partnership Businesses)	27	7%
• Profits Tax (Sole Proprietorships), Salaries Tax, Property Tax and Personal Assessment	253	62%
• Tax Collection, Business Registration, Stamp Duty and Estate Duty	96	23%
• Field Audit and Tax Investigation	12	3%
• General Enquiries and Appeals	22	5%
Total	410	100%

Findings	**Number**	**%**
• Substantiated	46	11%
• Partially substantiated	133	33%
• Not Substantiated	231	56%
Total	410	100%

		Output	
		2005 - 06	2004 - 05
2	Number of Ombudsman complaint cases	11	22
3	Number of Letters of Compliments received from taxpayers	114	163

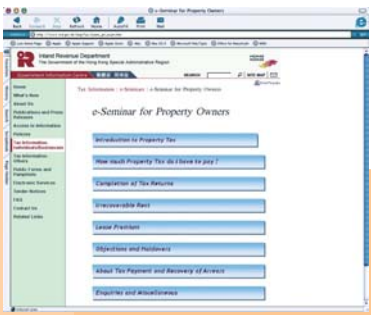
The Inland Revenue Department was awarded the 2005 Ombudsman Awards for Public Organisations. Two Inland Revenue Officers also won the 2005 Ombudsman Awards for Public Officers.



21 Tax Education and e-Seminars

The Department firmly believes that taxpayer education can help promoting voluntary compliance by employers and taxpayers. Hence, in response to and in anticipation of concerns of common interest to taxpayers, we expand and / or update the web content in respect of a number of topics including a series of e-Departmental Interpretation and Practice Notes [e-DIPNs] and e-Seminars in the Department's Homepage. The e-DIPNs contain the Department's interpretation of certain tax provisions of the Inland Revenue Ordinance and the relevant practice it adopts. They facilitate taxpaying public's understanding of both the Department's views and operations. The e-Seminars provide detailed guidance to tax representatives, employers, property owners and individual taxpayers on how to complete tax returns and fulfil other tax obligations. To assist the taxpayers further, the Department uploads the frequently asked questions (FAQs) for their reference. Providing taxpayer education information through the internet is recognized as a very effective communication mode as it enables the taxpayers to reach the Department around-the-clock.









22 Electronic Filing of Tax Returns

Further to the introduction of the 24 hours Automated Telephone Registration Hotline 183 2033, the Department has also introduced in April 2005, the Internet function for on-line registration of e-Tax Password so as to speed up processing of application for e-Tax Password. Once taxpayers set their own passwords, they may file their tax returns through the Internet or telephone and use other relevant electronic services.

Taking into account taxpayers' valuable comments, the Department has also further enhanced the Internet filing function. Apart from upgrading the system performance and redesigning the screen flow, the Department has introduced over 40 new functions / improvements. With effect from April 2005, the main features of the Internet filing function include "Pre-filling of data", "Estimation of salaries tax payable", "Saving of data" and "Viewing and Printing".

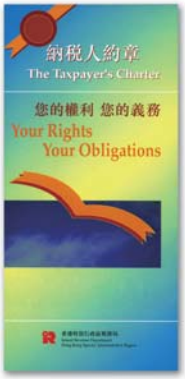
In 2005-06, the Department continued to allow 2-week extension of time to taxpayers who file their tax returns electronically. Electronic filing services were made easier and simpler.





23 The Taxpayer's Charter

Your Rights as a Taxpayer



Your Rights Your Obligations
The Taxpayer's Charter helps the taxpaying public understand their rights and obligations.

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.



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