

# Revenue

In 2006, Hong Kong's economy continued to expand. IRD collections reached a new high. There was an increase of \$3.6 billion in Earnings and Profits Tax collections, representing a growth of 3.2% as compared with the previous year (**Figure 1, Schedules 1 and 2**). The booming stock market also brought about a 40% increase in total Stamp Duty collections to \$25 billion.

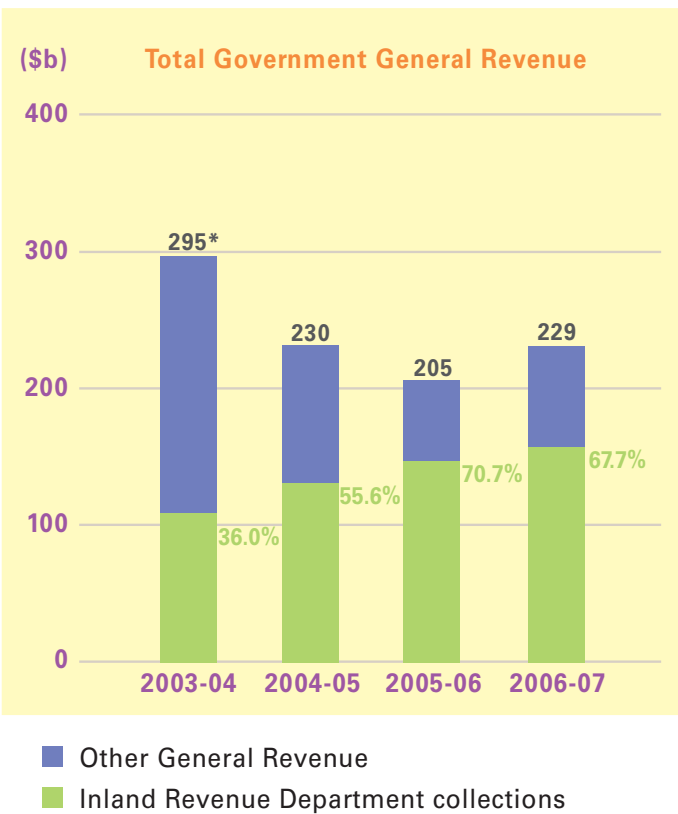
**Figure 1 Revenue collected by tax type**

Type of tax	2003-04 (\$m)	2004-05 (\$m)	2005-06 (\$m)	2006-07 (\$m)
Profits Tax -				
Corporations	43,666.3	52,562.2	65,586.1	<b>65,499.6</b>
Unincorporated Businesses	5,103.7	6,077.5	4,210.4	<b>6,419.4</b>
Salaries Tax	27,976.9	33,990.5	37,493.9	<b>38,585.6</b>
Property Tax	983.0	1,115.6	1,267.1	<b>1,247.4</b>
Personal Assessment	2,744.4	2,963.4	3,193.9	<b>3,565.6</b>
<b>Total Earnings &amp; Profits Tax</b>	<b>80,474.3</b>	<b>96,709.2</b>	<b>111,751.4</b>	<b>115,317.6</b>
Estate Duty	1,455.3	1,468.4	1,675.7	<b>777.7</b>
Stamp Duty	11,245.4	15,851.4	17,867.2	<b>25,076.6</b>
Betting Duty	11,635.9	12,057.2	11,938.1	<b>12,047.4</b>
Business Registration Fees	1,233.3	1,348.7	1,478.8	<b>1,497.9</b>
Hotel Accommodation Tax	155.6	247.4	310.0	<b>384.2</b>
<b>Total revenue collected</b>	<b><u>106,199.8</u></b>	<b><u>127,682.3</u></b>	<b><u>145,021.2</u></b>	<b><u>155,101.4</u></b>
<b>% change over previous year</b>	<b>14.0%</b>	<b>20.2%</b>	<b>13.6%</b>	<b>7.0%</b>

Overall, revenue collected by the Department during 2006-07 totalled \$155.1 billion (close to 70% of the Government General Revenue, see **Figure 2**). This represents an increase of \$10.1 billion or 7%, from that collected in the previous year. The major part of the revenue collected came from Profits Tax and Salaries Tax, which together contributed 71.2% (**Figure 3**).

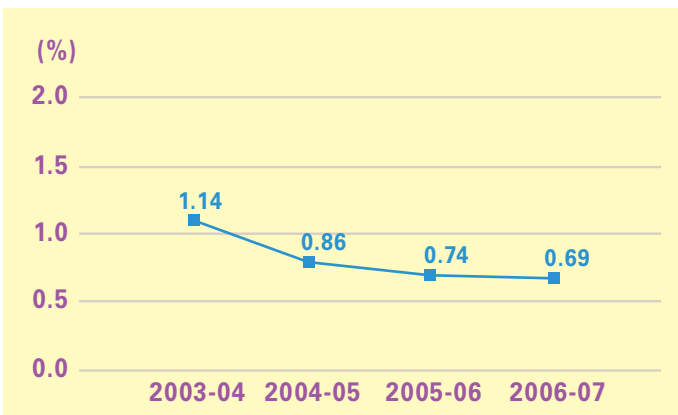


**Figure 2 Government General Revenue**

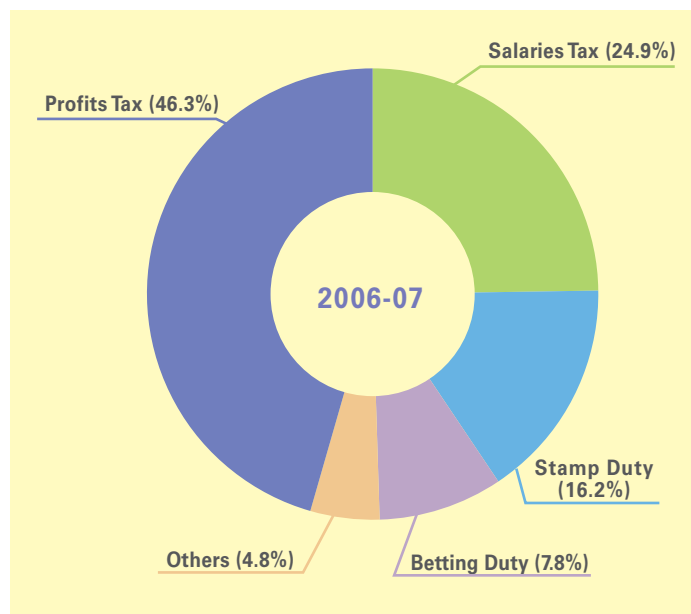


\* including a transfer of \$120 billion from the Land Fund

**Figure 4 Cost of collection**



**Figure 3 Composition of the revenue collection**



With continuous cost control and an increase in revenue collections during the year, the cost of collection of revenue decreased from 0.74% to 0.69% (Figure 4).