



In 2007, the Hong Kong economy registered a strong growth. IRD in 2007–08 broke its record once again. The prospering economy brought about a significant growth in business profits and a general increase in salary income. The stock market was particularly active and the property market was gradually blooming. Earnings and profits tax collections and stamp duty collections surged by \$18.4 billion and \$26.5 billion respectively, representing an increase of 16% and 106% compared with the previous year (**Figure 1, Schedules 1 and 2**).

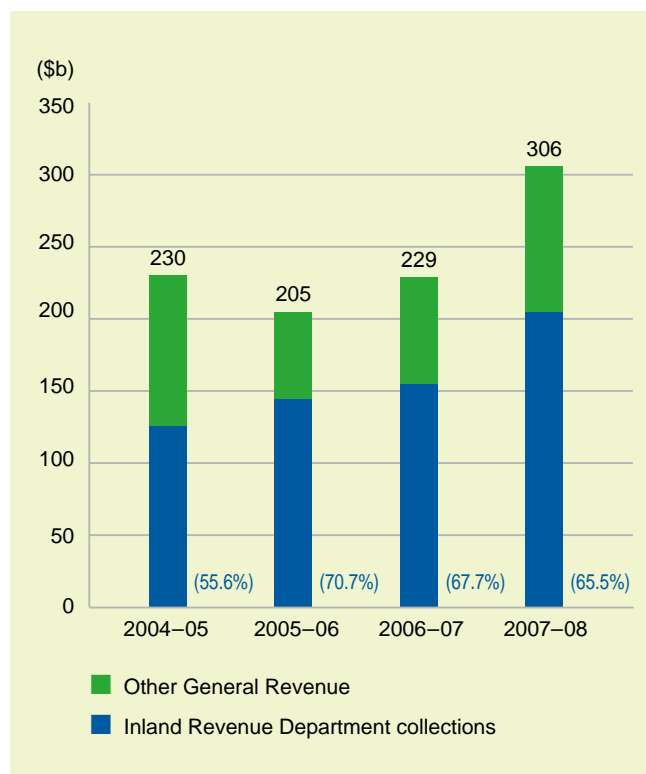
**Figure 1 Revenue collected by tax type**

Type of tax	2004–05 (\$m)	2005–06 (\$m)	2006–07 (\$m)	2007–08 (\$m)
Profits tax –				
Corporations	52,562.2	65,586.1	65,499.6	<b>86,775.6</b>
Unincorporated businesses	6,077.5	4,210.4	6,419.4	<b>4,647.1</b>
Salaries tax	33,990.5	37,493.9	38,585.6	<b>37,479.5</b>
Property tax	1,115.6	1,267.1	1,247.4	<b>1,240.6</b>
Personal assessment	2,963.4	3,193.9	3,565.6	<b>3,586.6</b>
<b>Total earnings &amp; profits tax</b>	<b>96,709.2</b>	<b>111,751.4</b>	<b>115,317.6</b>	<b>133,729.4</b>
Estate duty	1,468.4	1,675.7	777.7	<b>353.4</b>
Stamp duty	15,851.4	17,867.2	25,076.6	<b>51,549.1</b>
Betting duty	12,057.2	11,938.1	12,047.4	<b>13,048.4</b>
Business registration fees	1,348.7	1,478.8	1,497.9	<b>1,565.8</b>
Hotel accommodation tax	247.4	310.0	384.2	<b>450.4</b>
<b>Total revenue collected</b>	<b><u>127,682.3</u></b>	<b><u>145,021.2</u></b>	<b><u>155,101.4</u></b>	<b><u>200,696.5</u></b>
<b>% change over previous year</b>	<b>20.2%</b>	<b>13.6%</b>	<b>7.0%</b>	<b>29.4%</b>

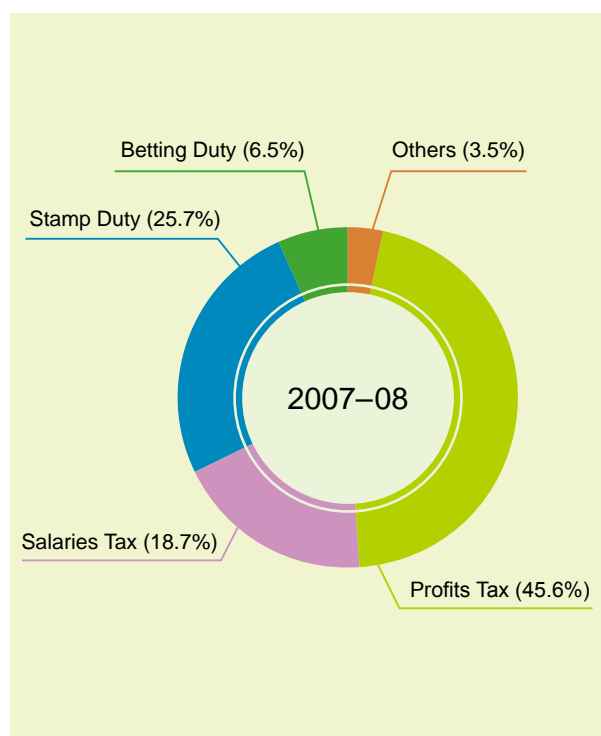
The revenue collected by the Department during 2007–08 is close to 65.5% of the Government General Revenue (**Figure 2**). This represents an increase of \$45.6 billion or 29.4%, from that collected in the previous year. Profits tax contributed the largest part of the total revenue collected. The stamp duty

collection recorded a significant growth of more than 100% and became the second largest type of revenue collected. The revenue collected from profits tax and stamp duty accounted for 71.3% of total revenue collected (**Figure 3**).

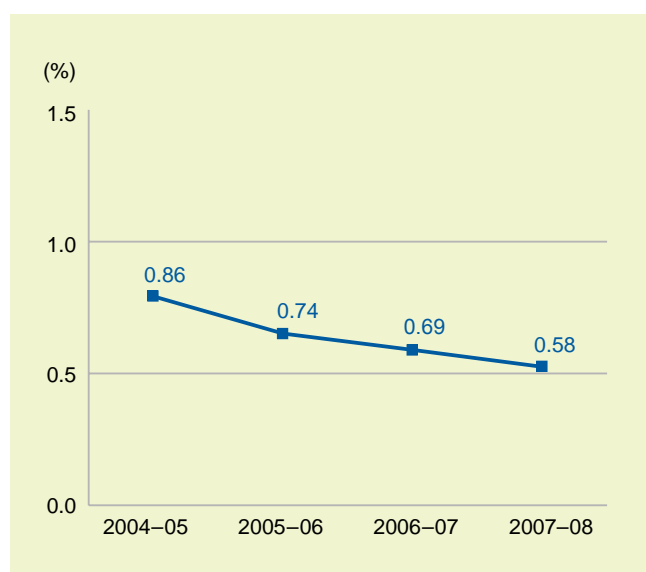
**Figure 2 Government General Revenue**



**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 0.69% to 0.58% (**Figure 4**).