

Revenue collected by the Department includes tax, additional tax, surcharge and fines. **Schedules 16** and **17** provide details of additional tax, surcharge and fines imposed by the Department in respect of earnings and profits tax during 2007–08.

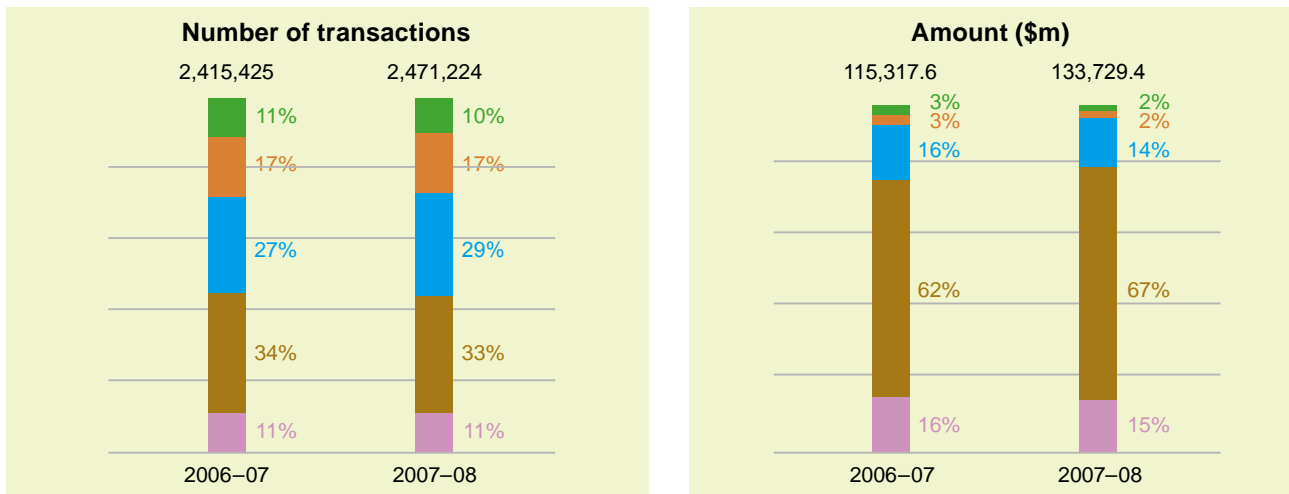
Collection of Tax

There are various payment methods that a taxpayer can choose to settle his tax liability, including electronic payments (by phone, bank ATM or the Internet), payment in person or payment by post. Electronic tax payments have been well received by the public. For earnings and profits tax, 56% of the payment transactions in 2007–08 were made through electronic means, representing a modest increase of 1% over last year. **Figure 28** shows the respective percentages of the different payment methods used by taxpayers under earnings of profits tax and total revenue.

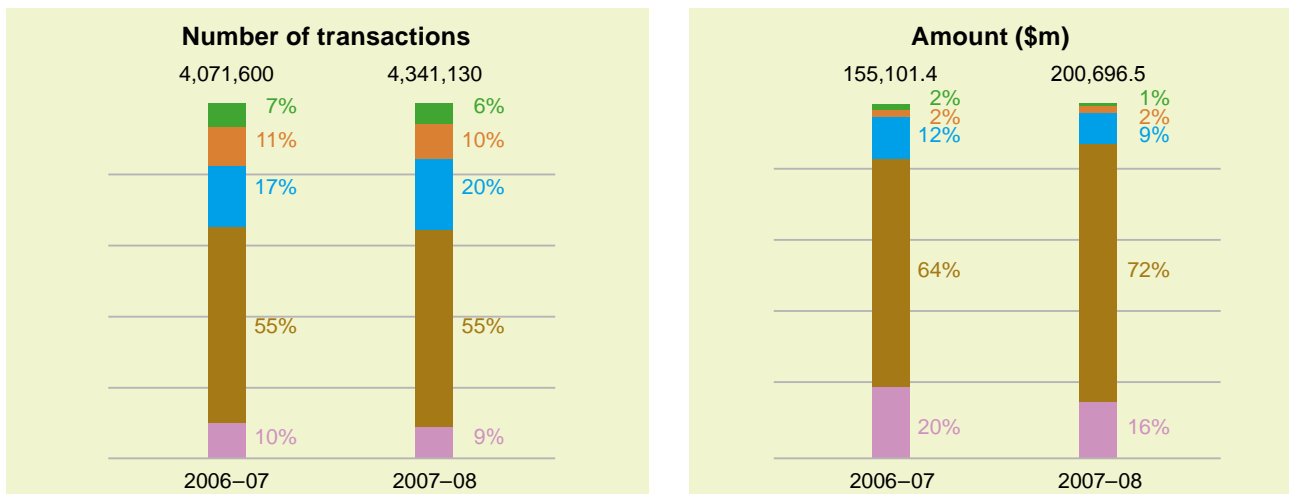


Figure 28 Payment methods

Earnings & profits tax



Total revenue (including other duties)



■ By ATM ■ By Phone ■ Via Internet ■ In Person ■ By Post

Refund of Tax

Refunds were made to taxpayers for various reasons, such as overpayment of tax or revision of an assessment. Owing to the waiver of 2006–07 salaries tax and tax under personal assessment, both the number and amount of refunds made in 2007–08 have increased as compared with the previous year. Around 430,000 tax refund cases totalling \$7.3 billion were made, representing an increase of 15% in the number of cases and 6% in the amount of refunds (**Figure 29**).

Figure 29 Tax refunds

Type of tax	2006–07		2007–08	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	29,900	3,732.0	29,838	3,642.9
Salaries tax	292,934	1,732.2	346,314	2,025.7
Property tax	15,002	123.7	15,335	149.6
Personal assessment	23,970	215.4	25,655	255.5
Others	15,370	1,082.7	15,276	1,258.5
Total	377,176	6,886.0	432,418	7,332.2

Recovery of Tax in Default

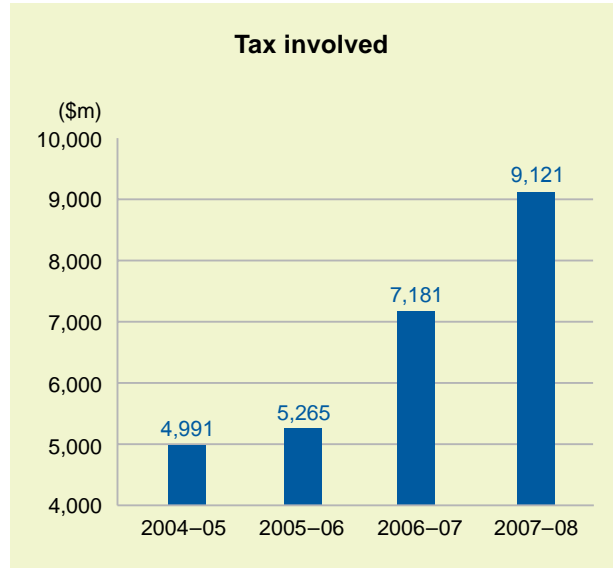
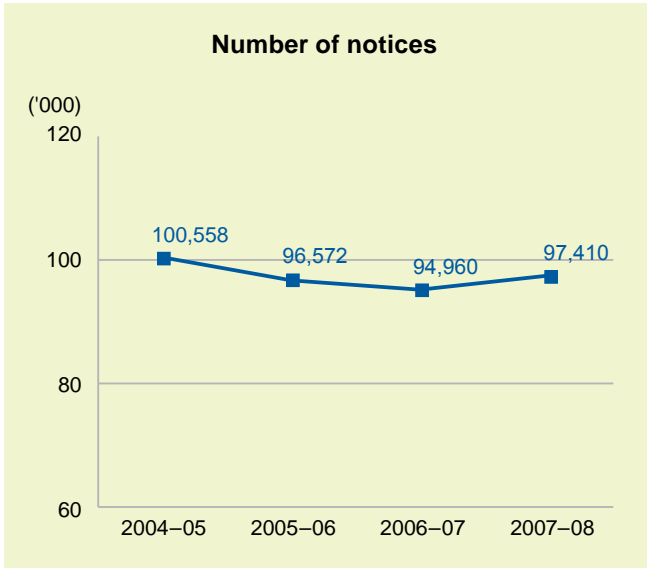
Taxpayers should pay tax on or before the due date shown on the demand notes issued to them. The vast majority of taxpayers settle their tax liabilities in a timely manner.

A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

Any tax in default is immediately recoverable. Recovery notices can be issued to third parties (including employers, bankers and other parties owing money to or holding money on behalf of the defaulting taxpayers) to effect collection. Actions may also be commenced in the District Court. **Figure 30** summarises the recovery actions taken by the Department. Upon entry of judgment, a defaulting taxpayer becomes liable to legal costs and interest on judgment debt for the period from the date of commencement of proceedings to the date of full settlement in addition to the outstanding tax. **Figure 31** shows the legal costs and judgment interest collected during 2007–08.

Figure 30 Recovery action

Recovery notices



Recovery actions in the District Court

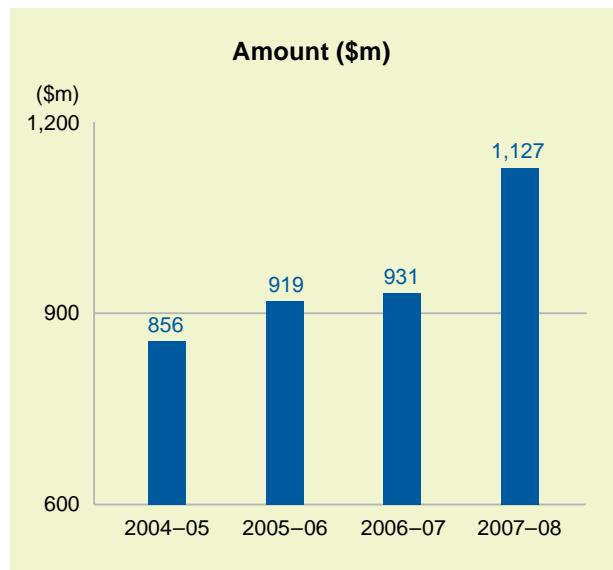
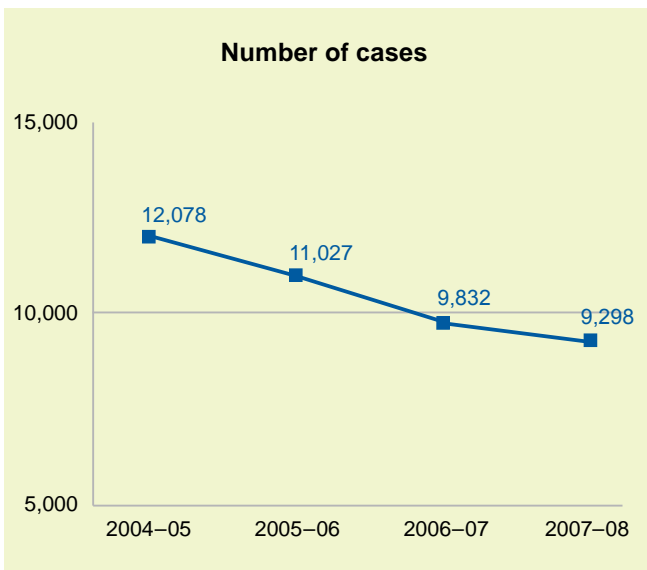


Figure 31 Legal costs and judgment interest collected in 2007–08

	\$	\$
Court cost		
Court fees	2,702,031	
Execution fees	<u>46,560</u>	2,748,591
Fixed cost		1,125,492
Judgment interest		
Pre-judgment interest	6,716,634	
Post-judgment interest	<u>29,311,154</u>	<u>36,027,788</u>
Total costs and interest collected		<u><u>39,901,871</u></u>

A person with tax in default may be prevented from leaving Hong Kong. This, however, requires the Commissioner to satisfy a District Judge that there are reasonable grounds for believing that the person intends to depart, or has departed, from Hong Kong to reside elsewhere without paying his tax or furnishing adequate security for payment of such tax, for his issuance of the "departure prevention direction". The relevant legislation also provides that the person concerned may appeal to the Court of First Instance of the High Court against a District Judge's decision.