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Collection

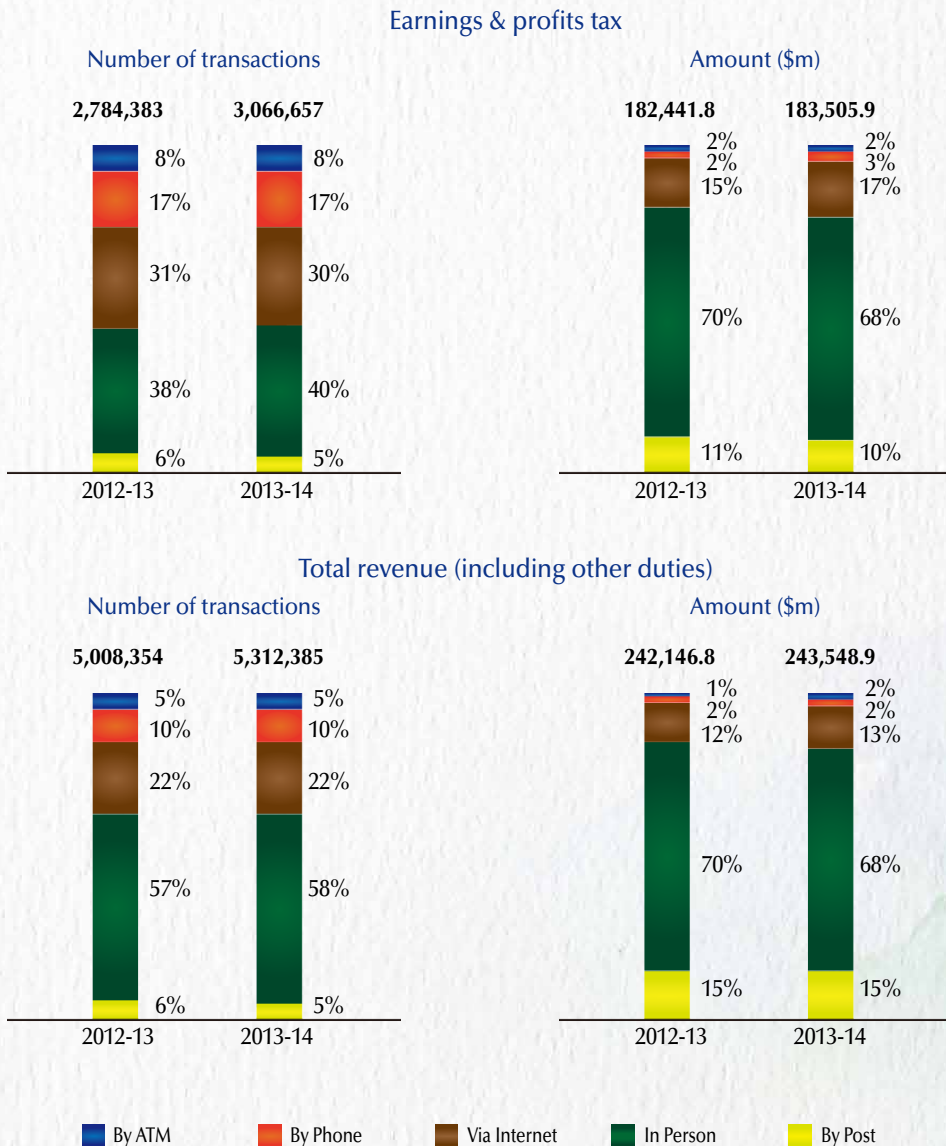


Revenue collected by the Department includes tax, additional tax, surcharge and fines. **Schedules 13 and 14** provide details of additional tax, surcharge and fines imposed by the Department in respect of earnings and profits tax during 2013-14.

Collection of Tax

Taxpayers can conveniently settle their tax liabilities by various payment methods, including electronic payment (by phone, bank ATM or via the Internet), payment in person or payment by post. For earnings and profits tax, electronic payment remains most popular. 55% of the earnings and profits tax payment transactions in 2013-14 were made through electronic means. **Figure 25** shows the respective percentages of the different payment methods used by taxpayers under earnings and profits tax and total revenue.

Figure 25 Payment methods



Refund of Tax

Tax refunds were made mainly due to overpayment of tax by taxpayers and revision of assessments. There were 508,238 refund cases in 2013-14, representing a decrease of 21%. The total amount of refunds was \$12 billion, representing an increase of \$0.65 billion or 6% compared with the previous year (**Figure 26**).

Figure 26 Tax refunds

Type of tax	2012-13		2013-14	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	43,179	6,514.1	44,916	7,240.5
Salaries tax	523,190	3,044.9	385,263	2,908.3
Property tax	16,540	132.2	16,796	156.1
Personal assessment	28,990	273.3	28,205	315.1
Others	<u>30,506</u>	<u>1,415.3</u>	<u>33,058</u>	<u>1,409.0</u>
Total	<u>642,405</u>	<u>11,379.8</u>	<u>508,238</u>	<u>12,029.0</u>

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.

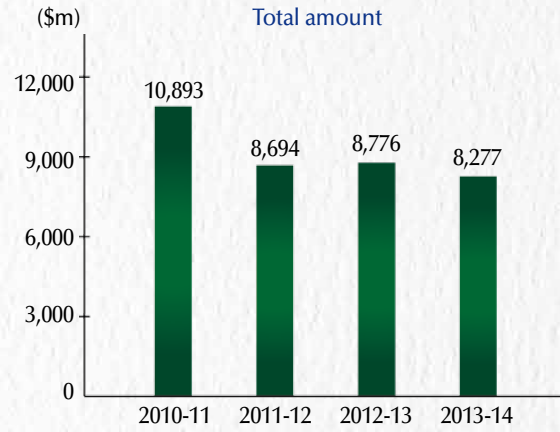
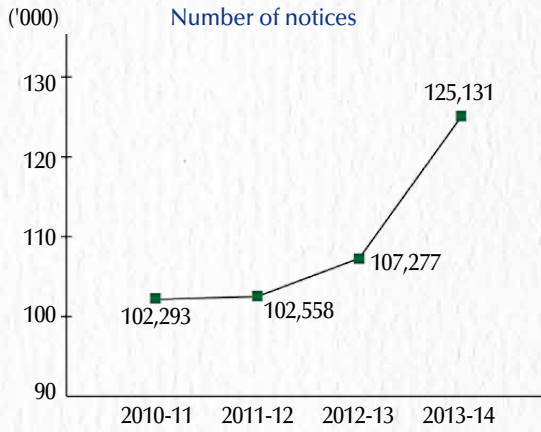
A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 27** 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 28** shows the legal costs and judgment interest collected during 2013-14.



Figure 27 Recovery action

Recovery notices



Recovery actions in the District Court

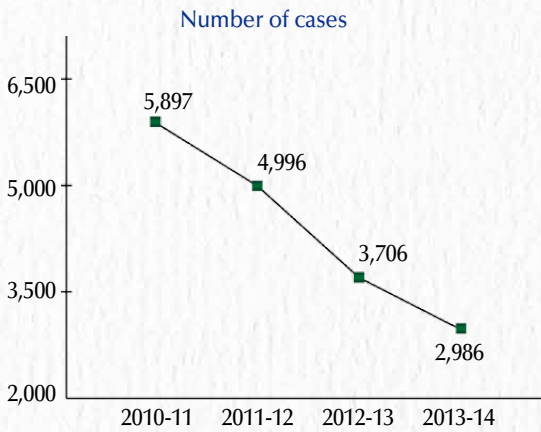


Figure 28 Legal costs and judgment interest collected in 2013-14

	\$	\$
Court cost		
Court fees	1,220,391	
Execution fees	<u>18,589</u>	1,238,980
Fixed cost		484,660
Judgment interest		
Pre-judgment interest	2,181,009	
Post-judgment interest	<u>20,037,883</u>	<u>22,218,892</u>
Total costs and interest collected		<u>23,942,532</u>

Furthermore, the Commissioner may apply to a District Judge to prevent a person with tax in default from leaving Hong Kong. If the District Judge is satisfied that it is in the public interest to ensure that the person does not depart from Hong Kong, or if he returns, does not depart again, without first paying the tax or furnishing security to the satisfaction of the Inland Revenue Department for payment of that tax, he shall issue the “departure prevention direction”. The person concerned has the right to appeal to the Court of First Instance of the High Court against the District Judge’s decision.