



# Inland Revenue Department

The Government of the Hong Kong Special Administrative Region



治稅以法 服務以誠

Tax by the Law Service from the Heart

Annual Report 2018-19 年報

# Vision, Mission and Values

## 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 –**

- |                   |                 |
|-------------------|-----------------|
| • Professionalism | • Effectiveness |
| • Efficiency      | • Courtesy      |
| • Responsiveness  | • Teamwork      |
| • Fairness        |                 |



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# 1 Commissioner's Foreword



“The Inland Revenue Department has witnessed an unusual year. First, in terms of revenue collection, the total revenue collection in 2018-19 was \$341.4 billion, which is again a record high. It was \$12.8 billion higher than the collection of last year, representing a rise of 3.9%.

Profits Tax recorded an increase of 20% (\$27.5 billion), which was mainly attributable to the growth in the assessable profits of corporations. There was a decrease of 16% (\$15.2 billion) in the total stamp duty collection. Comparing to last year, stamp duty collections from property and share transactions dropped by 20% (\$11.5 billion) and 10% (\$3.8 billion) respectively.”

**WONG Kuen-fai**

Commissioner of Inland Revenue





Next, an unprecedented high number of revenue-related bills were enacted in 2018-19. The following tax concessions and deductions are applicable to the year of assessment from 2018-19 onwards:

- A taxpayer who is eligible to claim an allowance under the Government's Disability Allowance Scheme may claim a newly introduced Personal Disability Allowance of \$75,000.
- A married person may elect for personal assessment separately from or jointly with his/her spouse.
- A 300% tax deduction will be allowed for the first \$2 million qualifying research and development expenditure, and a 200% deduction for the remainder.
- Capital expenditure incurred in procuring eligible energy efficient building installations and renewable energy devices will be allowed in full in one year instead of five years.
- The scope of deduction for capital expenditure incurred for the purchase of intellectual property rights is expanded from five types to eight.
- Introduction of the two-tiered profits tax rates regime: The tax rate for the first \$2 million of assessable profits of a corporation is lowered to 8.25% while that for an unincorporated business is reduced to 7.5%. Assessable profits exceeding \$2 million is to be taxed at 16.5% and 15% respectively.

In addition, the following two types of tax deductions are introduced under Salaries Tax and Personal Assessment for the year of assessment commencing on or after 1 April 2019:

- Qualifying premiums paid by the taxpayer or his/her spouse under a certified plan of Voluntary Health Insurance Scheme for themselves or their specified relatives.
- Premiums paid to qualifying deferred annuities and contributions made to tax deductible Mandatory Provident Fund voluntary contribution accounts.

The Department has reached an important milestone in international tax cooperation in 2018-19. To meet the international standard in respect of tax information exchanges, Hong Kong needs to adopt the multilateral approach to implement the relevant initiatives. After the passage of the Inland Revenue (Amendment) Ordinance 2018 and the deposit of declaration by the Central People's Government to the Organisation for Economic Cooperation and Development (OECD) for extending the application of the Convention on Mutual Administrative Assistance in Tax Matters (the Convention) to Hong Kong, the Chief Executive in Council made an order to declare that the Convention shall have effect in Hong Kong. The order entered into force in Hong Kong on 1 September 2018. It provides the legal framework and platform for Hong Kong to take forward the automatic exchange of financial account information in tax matters (AEOI) and country-by-country (CbC) reports; and spontaneous exchange of information on tax rulings under the base erosion and profit shifting package promulgated by the OECD.

Hong Kong has smoothly completed the first round of AEOI. During the year 2018, the financial institutions in Hong Kong submitted financial account information returns and the required information for the year 2017 via the AEOI Portal. In the same year, the Department conducted the first AEOI with the other jurisdictions through the OECD Common Transmission System. To prepare for the next round of AEOI, the Department has issued notices requiring financial institutions to file financial account information returns for the year 2018 in January 2019.

To facilitate multinational enterprise group to file CbC reports, the Department has developed the CbC Reporting Portal for reporting entities to submit notifications and file CbC Returns electronically. The CbC Reporting Portal was formally launched on 5 March 2018.

As a responsible member of the international community, Hong Kong must keep pace with the international development in tax matters. The Department also has to make appropriate arrangements timely. On the other hand, the number of taxpayers has increased year on year, which resulted in the Department's increased workloads concerning processing tax assessments and collection of tax. I am deeply thankful for colleagues' hard work in achieving all the targets in the performance pledges and offering assistance in law amendment, development of the CbC Reporting Portal and handling of additional tasks brought about by the international tax development.

**WONG Kuen-fai**

Commissioner of Inland Revenue

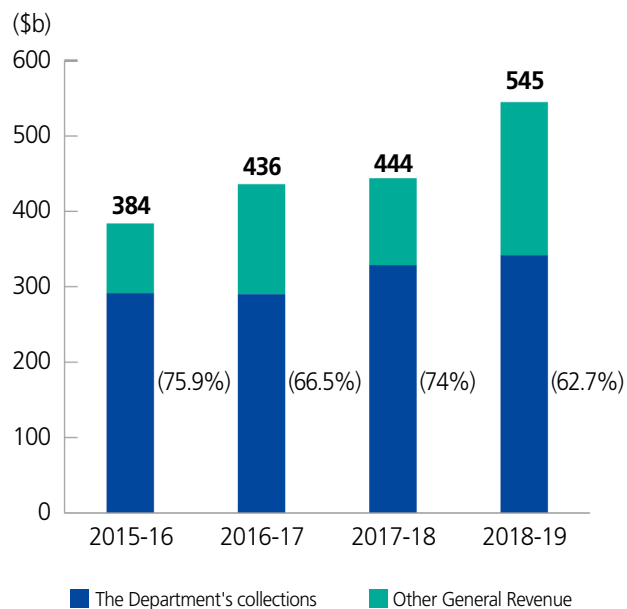
In 2018-19, the Inland Revenue Department collected \$341.4 billion which represents an increase of \$12.8 billion or 3.9% as compared with the previous year. The increase mainly came from Profits Tax (Corporations). Collections from Profits Tax (Corporations) increased by 20.5% to \$160.8 billion. Salaries tax collections slightly decreased by 1.1% to \$60.1 billion. Stamp Duty collections, on the other hand, decreased by 16% to \$80 billion. An analysis of the revenue collected by tax type is provided in **Figure 1**.

**Figure 1 Revenue collected by tax type**

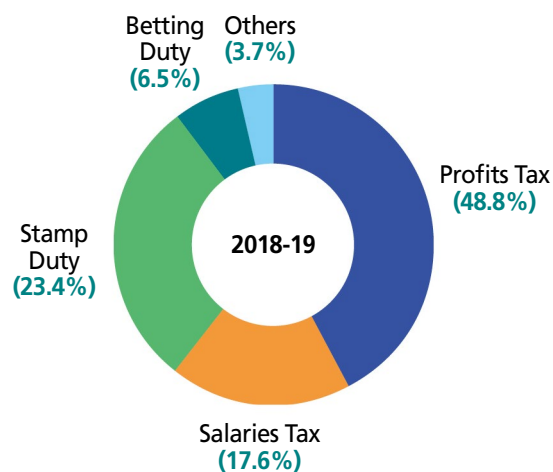
Type of tax	2015-16 (\$m)	2016-17 (\$m)	2017-18 (\$m)	2018-19 (\$m)
Profits tax -				
Corporations	135,574.0	134,031.3	133,459.3	<b>160,833.2</b>
Unincorporated businesses	4,652.6	5,206.8	5,640.9	<b>5,786.5</b>
Salaries tax	57,867.8	59,077.5	60,838.8	<b>60,145.9</b>
Property tax	2,998.0	3,371.7	3,447.8	<b>3,624.4</b>
Personal assessment	4,790.0	5,220.0	5,342.5	<b>5,963.1</b>
<b>Total earnings &amp; profits tax</b>	<b>205,882.4</b>	<b>206,907.3</b>	<b>208,729.3</b>	<b>236,353.1</b>
Estate duty	30.0	18.8	31.3	<b>88.7</b>
Stamp duty	62,680.3	61,899.0	95,172.8	<b>79,978.7</b>
Betting duty	20,127.2	21,119.0	21,959.1	<b>22,194.4</b>
Business registration fees	2,607.1	227.7	2,726.7	<b>2,826.7</b>
<b>Total revenue collected</b>	<b>291,327.0</b>	<b>290,171.8</b>	<b>328,619.2</b>	<b>341,441.6</b>
<b>% change over previous year</b>	<b>-3.5%</b>	<b>-0.4%</b>	<b>13.2%</b>	<b>3.9%</b>

The revenue collected by the Department during 2018-19 accounted for 62.7% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 66.4% of the total revenue collected while stamp duty made up a further 23.4% (**Figure 3**).

**Figure 2 Government General Revenue**

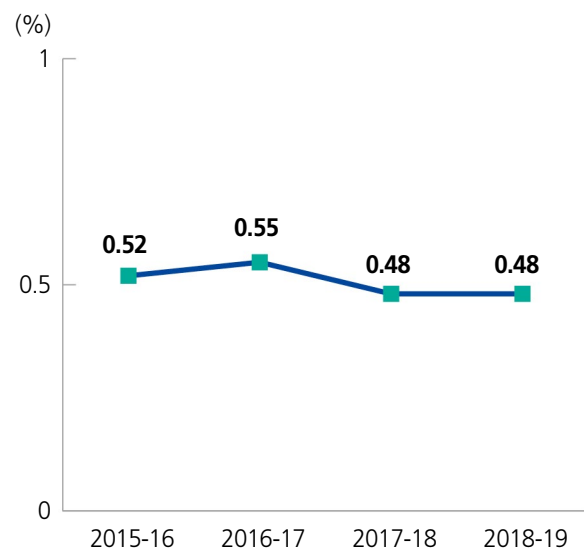


**Figure 3 Composition of the revenue collections**



In 2018-19, the cost of collection remained unchanged at 0.48% (**Figure 4**).

**Figure 4 Cost of collection**



The Department raises revenue through taxes, duties and fees in accordance with the relevant legislation. Earnings and profits tax are assessed by reference to the incomes/profits of the taxpayers in the previous year, whereas duties and fees are charged at the time the relevant activities occur. For 2018-19, earnings and profits tax assessed increased by \$29.1 billion (13.4%) (**Schedule 2**) as compared with the previous year. The total amount of duties and fees collected decreased by \$14.8 billion (12.3%).

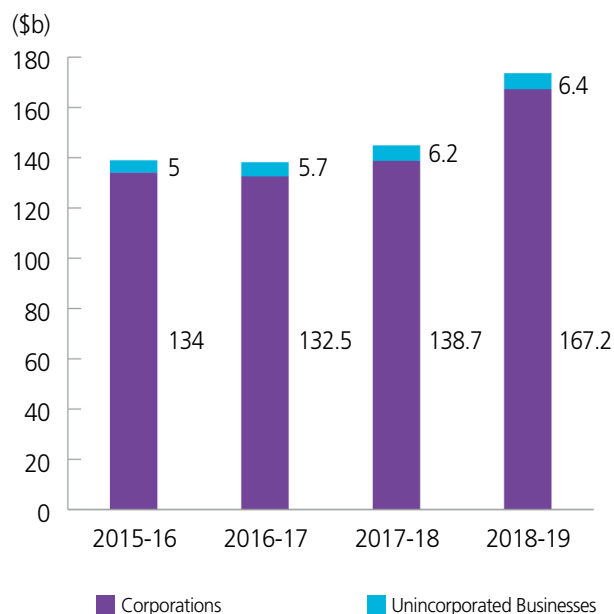
## Profits Tax

Profits tax is levied on individuals, corporations, bodies of persons and partnerships, in respect of assessable profits arising in or derived from Hong Kong. The tax rates for corporations and non-corporate persons are 16.5% and 15% respectively.

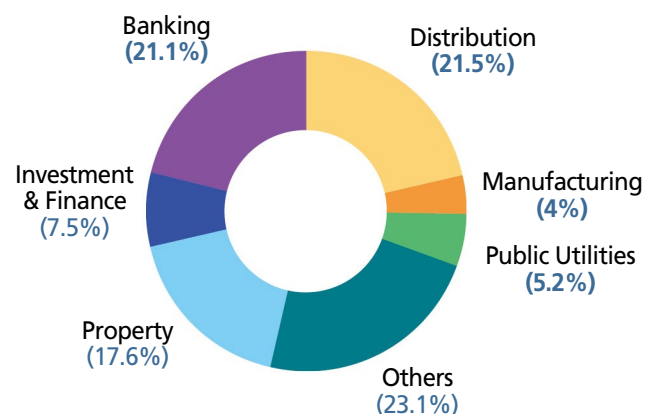
Reflecting a notable expansion of the Hong Kong economy in 2017, there was a stable growth in the amount of assessable profits in various business sectors. The amount of profits tax assessed in 2018-19 reached \$173.6 billion, a significant increase of \$28.7 billion (19.8%) as compared to that of the previous year (**Figure 5**).

The amounts of final tax assessed in respect of different business sectors are shown in **Schedules 3** and **4**. Of the total final tax assessed for the year of assessment 2017-18, the property, financial and banking sectors together contributed 46.2% and the distribution sector generated 21.5% (**Figure 6**).

**Figure 5 Profits tax assessed**



**Figure 6 Ratios of corporation profits tax assessed under 2017-18 final assessments by business sectors**

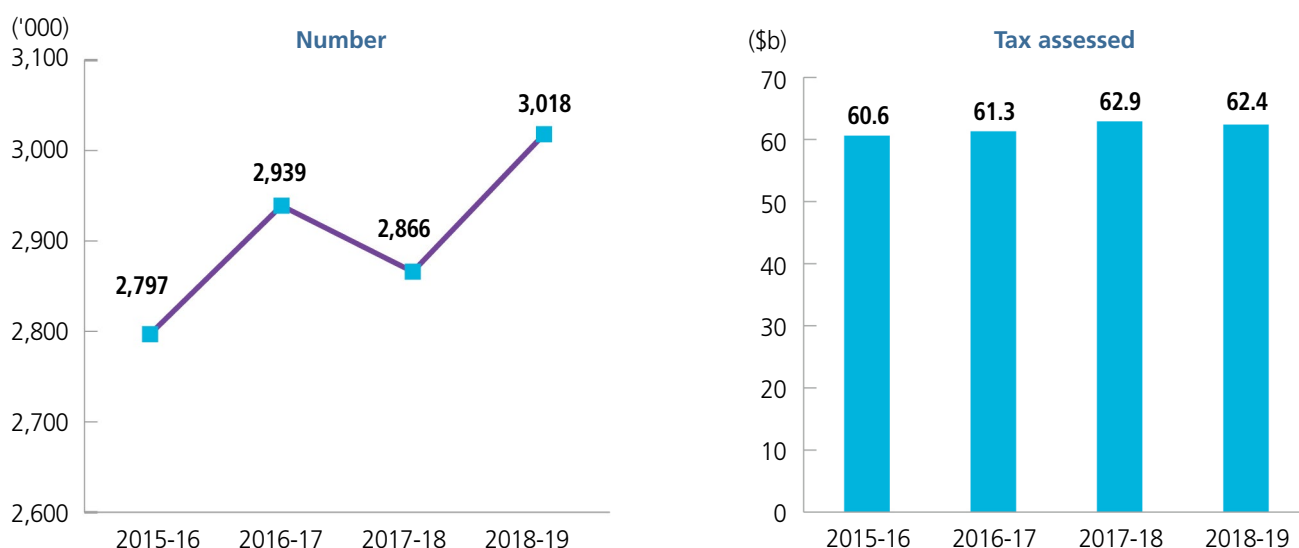


## Salaries Tax

Salaries tax is charged on all incomes from any office (e.g. a directorship) or employment and pension arising in or derived from Hong Kong. The total amount of tax payable is restricted to the standard rate (15%) on the net total income (without deduction of allowances) of the individual concerned.

As compared with the previous year, the number of salaries tax assessments made during 2018-19 increased by 5.3%. However, the amount of tax assessed was 0.8% less after implementing the salaries tax relief measures in the 2018-19 Budget (**Figure 7**).

**Figure 7 Salaries tax assessments**



Analyses of salaries tax assessments and allowances granted in respect of taxpayers at various income levels for the year of assessment 2017-18 are provided in **Schedules 5** and **6**.

For the year of assessment 2017-18, the number of standard rate taxpayers increased by 949 to 28,395. These taxpayers together contributed 40.4% of the salaries tax assessed, an increase of 4.6% compared with last year (**Figure 8**).

**Figure 8 Standard rate taxpayers**

Percentage of total number of taxpayers

	2016-17	2017-18
Total number of taxpayers	1,764,543	1,869,593
Standard rate taxpayers	27,446	28,395
Percentage	1.6%	1.5%



### Percentage of total salaries tax assessed

	2016-17	2017-18
Total salaries tax assessed (\$M)	58,774	60,379
Tax contributed by standard rate taxpayers (\$M)	21,042	24,369
Percentage	35.8%	40.4%

### Notification Requirements of Employers

Employers are required to notify the Department of commencements and cessations of employment as well as employees' impending departure from Hong Kong for more than 1 month. Besides, employers are required to prepare annual employer's returns to report the emoluments of each of their employees. During the year, 385,637 employers filed employer's returns with the Department.

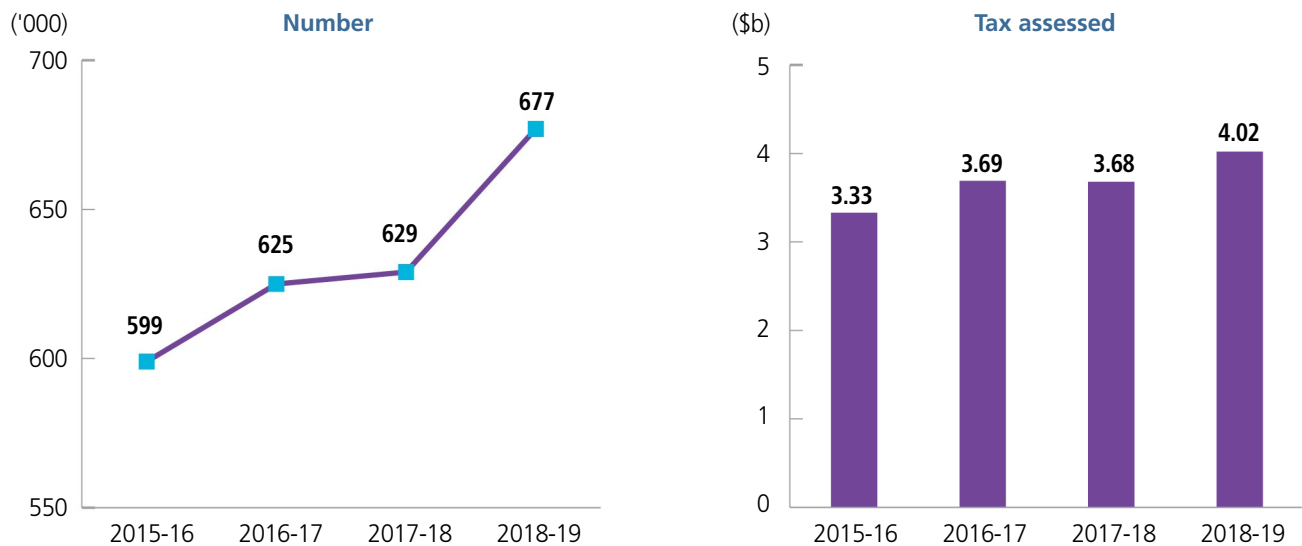
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain specimens of completed employer's returns and notification through the Fax-A-Form service.

## Property Tax

Property owners (including corporations) are subject to property tax which is charged at the standard rate (15%) in respect of the net assessable value of the property. Rents received from properties solely owned by individuals should be declared in Tax Returns-Individuals (BIR60); whilst rents received from properties jointly owned or co-owned by individuals or properties held by corporations/bodies of persons should be declared in Property Tax Returns (BIR57 / BIR58). Property owners that pay property tax in respect of premises used for their businesses can have such payments set off against their profits tax liabilities. For corporations, income arising from properties owned by them is also subject to profits tax at the corporation rate. To obviate the need for yearly set-off of property tax against profits tax, a corporation can apply for exemption of property tax on the property concerned.

Statistics on the classification of properties and classification by number of owners, based on the records of the Department, are provided in **Schedule 7**. The number of assessments made in 2018-19 was more than that in the previous year by 7.6%. The amount of property tax assessed increased by 9.2% (**Figure 9**).

**Figure 9 Property tax assessments**

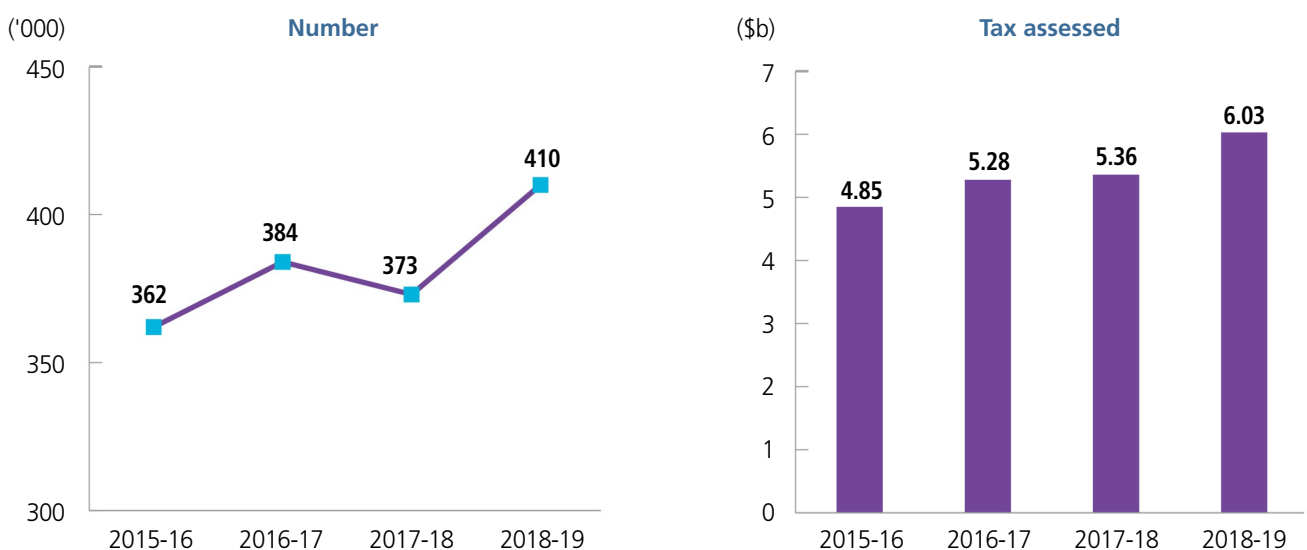


## Personal Assessment

If an individual has income chargeable to profits tax and/or property tax, he/she may elect for personal assessment. Under personal assessment, all the incomes of the taxpayer and his or her spouse (if married) are aggregated and, after deduction of allowances, are assessed at the progressive tax rates applicable to salaries tax. In appropriate circumstances, this would reduce the total tax liability of the taxpayer and his or her spouse.

As compared with the previous year, the number of personal assessments made in 2018-19 increased by 9.9% and the amount of tax assessed was 12.5% higher (**Figure 10**).

**Figure 10 Assessments made under personal assessment**



## Tax Treaty Network

Double taxation arises where the same item of income or profit of a taxpayer is subject to tax in Hong Kong as well as in another tax jurisdiction. A wide tax treaty network can help minimise exposure of Hong Kong residents and residents of the tax treaty partners to double taxation. It will also facilitate the flows of trade, investment and talent between Hong Kong and the rest of the world, and enhance Hong Kong's competitiveness as an international financial, investment and commercial hub.

As at 31 March 2019, Hong Kong has signed comprehensive avoidance of double taxation agreements (covering various types of income) with 40 jurisdictions. They are Austria, Belarus, Belgium, Brunei, Canada, the Mainland of China, the Czech Republic, Finland, France, Guernsey, Hungary, India, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Luxembourg, Malaysia, Malta, Mexico, the Netherlands, New Zealand, Pakistan, Portugal, Qatar, Romania, Russia, Saudi Arabia, South Africa, Spain, Switzerland, Thailand, the United Arab Emirates, the United Kingdom and Vietnam.

To comply with the international standard on exchange of information, Hong Kong entered into tax information exchange agreements (TIEAs) with appropriate partners since 2014. As at 31 March 2019, Hong Kong has signed TIEAs with 7 jurisdictions. They are Denmark, the Faroes, Greenland, Iceland, Norway, Sweden and the United States of America.

Hong Kong is committed to enhancing tax transparency and preventing tax evasion. The Central People's Government has deposited a declaration to the Organisation for Economic Cooperation and Development (OECD) for extending the application of the Convention on Mutual Administrative Assistance in Tax Matters (the Convention) to Hong Kong. With the entry into force of the Convention in Hong Kong on 1 September 2018, Hong Kong can now ride on a multilateral platform under the Convention to implement various forms of administrative co-operation in the assessment and collection of taxes, including exchange of information on request, automatic exchange of financial account information and automatic exchange of country-by-country reports and spontaneous exchange of information on tax rulings under the base erosion and profit shifting package promulgated by the OECD.

## Advance Rulings

Taxpayers may apply for an advance ruling on how a provision of the Inland Revenue Ordinance applies in relation to a particular arrangement. A fee is charged for the service on a "cost recovery" basis. The applicant is required to pay an initial application fee of \$45,000 for a ruling concerning the application of the "Territorial Source Principle" in a profits tax case, or \$15,000 for a ruling on any other matter. An additional fee is payable if the processing time exceeds the specified limit. The Department endeavours to respond within 6 weeks of the date of application, provided that all relevant information is supplied with the application and further information from the applicant is not required.

During 2018-19, the Department completed the processing of 27 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

**Figure 11 Advance rulings**

	2017-18 Number	2018-19 Number
Awaiting decision at the beginning of the year	18	<b>11</b>
Add: Applications received during the year	<u>33</u>	<u><b>27</b></u>
	51	<b>38</b>
Less: Disposed of -		
Rulings made	26	<b>18</b>
Applications withdrawn	8	<b>6</b>
Rulings declined	<u>6</u>	<u><b>3</b></u>
	40	<b>27</b>
Awaiting decision at the end of the year	<u><u>11</u></u>	<u><u><b>11</b></u></u>

## Advance Pricing Arrangement

An Advance Pricing Arrangement (APA) is an arrangement that determines in advance an appropriate set of criteria for the determination of the transfer pricing of cross-border transactions between associated enterprises over a fixed period of time. The APA process gives enterprises the opportunity to reach agreements with tax administrations on the method of applying the arm's length principle so that transfer pricing issues can be more efficiently dealt with in real time, thus avoiding the risk of transfer pricing audit later. This arrangement enables enterprises to better assess their tax exposure and facilitates their business operation.

A unilateral APA is an arrangement between the Commissioner and the enterprise concerning the transfer pricing of its cross-border transactions with an associated enterprise. As the APA process does not involve the agreement with a comprehensive avoidance of double taxation agreement (CDTA) partner, it does not guarantee the agreement of the CDTA partner to the arrangement made.

A bilateral APA is an arrangement between the Commissioner and the competent authority of a CDTA partner concerning the transfer pricing of cross-border transactions. It provides certainty to enterprises that double taxation will not arise. The same also applies to a multilateral APA which is a similar arrangement involving the partners of two or more CDTAs.

The Department rolled out the APA programme in April 2012 and introduced a statutory APA regime in July 2018. Up to 31 March 2019, the Department has received quite a number of bilateral APA applications which involve CDTA with different partners including the Mainland of China, Italy, Japan, Korea, Malaysia, the Netherlands and Thailand. These cases are currently under different stages of the APA programme and a few of them have already been completed.

## Objections

A taxpayer who is aggrieved by an assessment may lodge a notice of objection to the Commissioner within the prescribed time limit. If the objection is against an estimated assessment raised in the absence of a tax return, a properly completed return, together with the supporting accounts where applicable, must also be accompanied with the notice of objection. A significant proportion of the objections received each year arise from estimated assessments. Most of these objections are settled promptly by reference to the returns subsequently received. Many of the other types of objections are also settled by agreement between the taxpayers and the assessors concerned. Only relatively few objections are ultimately referred to the Commissioner for determination. During 2018-19, the Department completed the processing of 93,384 objections (**Figure 12**).

**Figure 12 Objections**

	2017-18 Number			2018-19 Number		
Being processed at the beginning of the year	40,011			<b>41,303</b>		
Add: Received during the year	80,497			<b>95,314</b>		
	120,508			<b>136,617</b>		
Less: Disposed of -						
Settled without determination	78,695			<b>92,801</b>		
Determinations:						
Assessments confirmed	285			<b>277</b>		
Assessments reduced	122			<b>176</b>		
Assessments increased	97			<b>124</b>		
Assessments annulled	6	510	79,205	<b>6</b>	<b>583</b>	<b>93,384</b>
Being processed at the end of the year	41,303			<b>43,233</b>		

## Appeals to the Board of Review

A taxpayer who is dissatisfied with the Commissioner's determination of his objection may appeal to the Board of Review (Inland Revenue Ordinance) (the Board). The Board is an independent statutory body. As at 31 March 2019, the Board consisted of a chairman and 8 deputy chairmen, who have legal training and experience, as well as 66 members. During 2018-19, the Board settled 39 appeal cases (**Figure 13**).

**Figure 13 Appeals to the Board of Review**

	Number		
Awaiting hearing or decision as at 1 April 2018			31
Add: Received during the year			49
			<u>80</u>
Less: Disposed of -			
Withdrawn	15		
Decided:			
Assessments confirmed	8		
Assessments reduced in part	2		
Assessments increased	14		
Assessments annulled	0		
Others	0	24	39
		<u>24</u>	<u>39</u>
Awaiting hearing or decision as at 31 March 2019			<u>41</u>

## Appeals to the Courts

A decision of the Board is final, provided that either the taxpayer or the Commissioner may, pursuant to section 69 of the Inland Revenue Ordinance, appeal to the Court of First Instance against the Board's decision on a question of law. Before 1 April 2016, taxpayers or the Commissioner may only appeal to the court by way of case stated from the Board. With effect from that date, the case stated procedure was abolished and no appeal may be made unless leave to appeal has been granted by the court, on the application of the taxpayer or the Commissioner.

During 2018-19, the Court of First Instance ruled on an appeal relating to additional tax assessments and two applications for leave to appeal lodged by the taxpayers. In rejecting the leave application, the court of First Instance also ruled against a taxpayer as to whether certain benefit accrued upon termination of employment should be chargeable to tax.

During the year, the Court of Appeal handed down two judgments on appeals lodged by the taxpayers. In the case concerning chargeability of benefits accrued upon termination of employment, the Commissioner has been granted leave to appeal.

The Hong Kong Court of Final Appeal Ordinance provides that, a taxpayer or the Commissioner may, with the leave of the Court of Appeal or the Court of Final Appeal, appeal against the judgment of the Court of Appeal. During 2018-19, the Court of Final Appeal has granted leave to a taxpayer to appeal in relation to a case concerning whether there had been a change of the taxpayer's intention with respect to a piece of land.

**Figure 14** sets out the statistics concerning appeals to the Courts during 2018-19.



**Figure 14 Appeals to the Courts**

	Court of First Instance	Court of Appeal	Court of Final appeal	Total
Awaiting hearing or decision as at 1 April 2018	2	2	0	4
Add: Lodged during the year	2	1	2	5
	4	3	2	9
Less: Disposed of	1	2	0	3
Awaiting hearing or decision as at 31 March 2019	3	1	2	6

## Business Registration

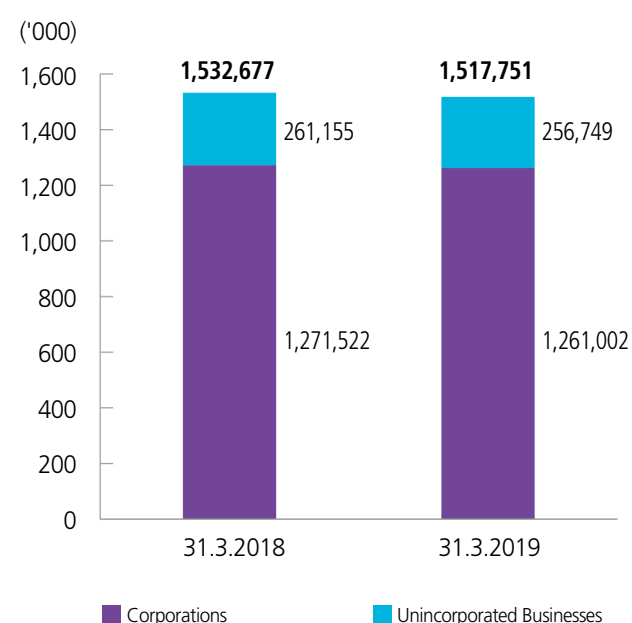
The Department aims to maintain an efficient business registration system. A person carrying on a business in Hong Kong must register the business and pay the required fee and levy. The number of business registrations as at 31 March 2019 stood at 1,517,751. It was 14,926 less than that as at 31 March 2018 (**Figure 15**).

Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2019, 26,088 businesses held 3-year certificates.

The amount of business registration fees and penalties collected in 2018-19 increased slightly to \$2.8 billion, an increase of 3.7% compared with last year (**Figure 16**). Due to the waiver of business registration fees for 2019-20, collection in the next year is expected to decrease significantly. Business registration statistics are set out in **Schedule 8**.

**Figure 16 Business registration statistics**

	2017-18	2018-19	Increase
Number of certificates paid (Main and Branch)	1,493,423	1,517,791	+1.6%
Fees (inclusive of penalties) collected (\$m)	2,726	2,826	+3.7%

**Figure 15 Number of business registrations**

Under the Business Registration Ordinance, a small business with average monthly sales or receipts below a specified limit (\$10,000 for businesses deriving profits mainly from the sale of services, and \$30,000 for other businesses) can apply for exemption from payment of the business registration fee and levy. Where an application for exemption is not allowed, the business operator may appeal to the Administrative Appeals Board. The number of exemptions granted during 2018-19 was 16,658, representing an increase of 12.1% from the previous year. Only two appeal cases were received by the Board during 2018-19.

**Figure 17 Appeals to the Administrative Appeals Board**

	2017-18 Number	2018-19 Number
Awaiting hearing at the beginning of the year	0	0
Add: Lodged during the year	0	2
	0	2
Less: Disposed of -		
Appeal allowed	0	0
Appeal dismissed	0	0
Appeal withdrawn	0	1
Awaiting hearing at the end of the year	0	1

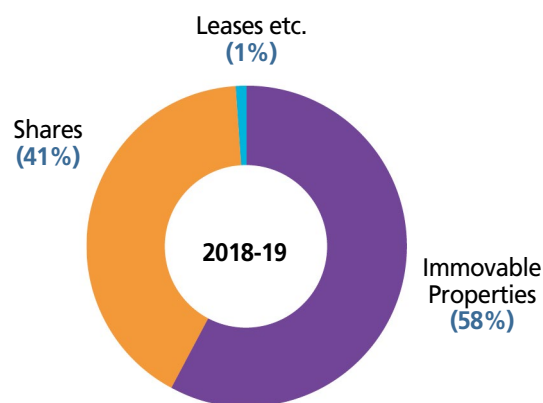
## Stamp Duty

Stamp duty is charged on instruments effecting property transactions, stock transactions and leasing of property in Hong Kong (**Figure 18**).

Overall, there was a decrease of 16% (\$15.2 billion) in the total stamp duty collection for the year 2018-19 (**Figure 19** and **Schedule 9**). The decrease in the total stamp duty collection is attributable to the following factors:

- (1) The Stamp Duty (Amendment) Ordinance 2018 (2018 Amendment Ordinance) was gazetted on 19 January 2018 (Gazettal Date). The 2018 Amendment Ordinance stipulates that unless exempted, the ad valorem stamp duty (AVD) rate on certain instruments executed on or after 5 November 2016 for dealing with residential properties is increased to a flat rate of 15%. For the relevant instruments of residential property transaction executed between 5 November 2016 and 18 January 2018 (the Transitional Period) and chargeable with AVD at the rate of 15%, the time for paying additional stamp duty (ASD) was within 30 days commencing immediately after the Gazettal Date (i.e. on or before 18 February 2018). In 2017-18, the Stamp Office collected ASD of \$7.9 billion from the instruments executed during the Transitional Period. There was a significant decrease in the ASD collected from the instruments of the Transitional Period in 2018-19.

**Figure 18 Composition of stamp duty collections**



- (2) There was a decrease in the number of property transactions in 2018-19 when compared with that for 2017-18.
- (3) The decrease in total turnover of the stock market in 2018-19 leads to a drop in the amount of stamp duty collection from Hong Kong stock transactions.

**Figure 19 Stamp duty collections**

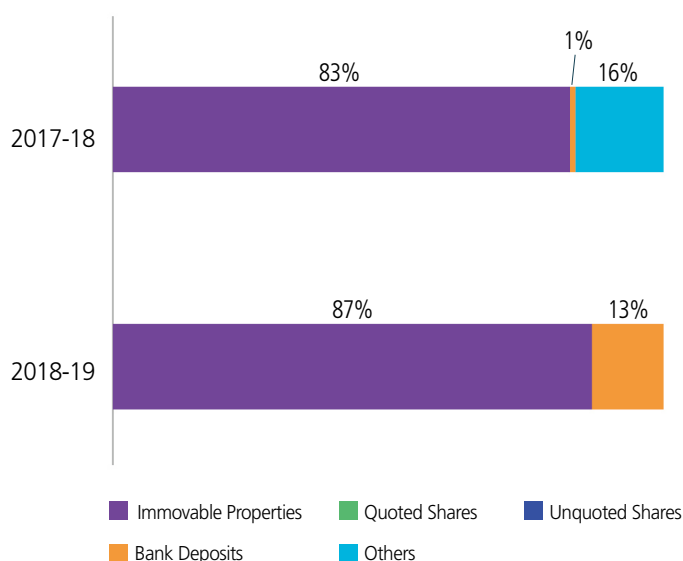
	2017-18 (\$m)	2018-19 (\$m)	Increase / Decrease
Immovable Properties	57,376	<b>45,899</b>	-20%
Shares	36,930	<b>33,102</b>	-10%
Leases and other documents	867	<b>978</b>	+13%
Total	95,173	<b>79,979</b>	-16%

## Estate Duty

Estate duty is charged on a deceased person's estate situated in Hong Kong. The threshold for levying duty is \$7.5 million and the duty rates range from 5% to 15%, depending on the value of the estate.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 abolishing estate duty in respect of persons passing away on or after that date. The estate duty chargeable in respect of estates of persons died between the period 15 July 2005 to 10 February 2006, with the principal value exceeding \$7.5 million, is reduced to a nominal amount of \$100. The number of new cases stood at 551 in 2018-19, a decrease of 17% from the last year (**Figure 21**).

**Figure 20 Composition of estates**



**Figures 20 and 21** show the composition of estates and cases processed for the past two years.

**Figure 21 Estate duty cases**

	2017-18 Number	2018-19 Number
New cases	665	<b>551</b>
Cases finalised		
- Dutiable	3	<b>2</b>
- Exempt	632	<b>565</b>
	635	<b>567</b>

Estate duty of \$88 million was collected during the year (**Schedule 10**), an increase of \$57 million (183%) compared with the previous year.

Estate duty is payable on delivery of an estate duty affidavit or account (or within 6 months from the date of the deceased's death, whichever is the earlier). \$84.5 million was received during the year in advance of the issue of formal assessments (**Schedule 10**).

## Betting Duty

Betting duty is charged on the net stake receipts from betting on horse races and football matches and on the proceeds of Mark Six lotteries, all administered by the Hong Kong Jockey Club. In 2018-19, the rates of betting duty on these betting activities remained unchanged (**Figure 22**).

**Figure 22 Rates of betting duty in 2018-19**

			Rate
Horse racing			
Local bets on local horse races	Net stake receipts		
	the first \$11 billion		72.5%
	the next \$1 billion		73%
	the next \$1 billion		73.5%
	the next \$1 billion		74%
	the next \$1 billion		74.5%
	the remainder		75%
Local bets on non-local horse races	Net stake receipts		72.5%
Mark Six lotteries	Proceeds		25%
Football betting	Net stake receipts		50%

The total betting duty collected in 2018-19 was 1.1% higher than that of the previous year (**Figure 23** and **Schedule 11**).

**Figure 23 Betting duty collections**

	2017-18 (\$m)	2018-19 (\$m)	Increase / Decrease
Horse racing	13,281.8	<b>12,696.7</b>	-4.4%
Mark Six lotteries	2,023.3	<b>1,987.1</b>	-1.8%
Football betting	6,654.0	<b>7,510.6</b>	+12.9%
Total	21,959.1	<b>22,194.4</b>	+1.1%

## Tax Reserve Certificates

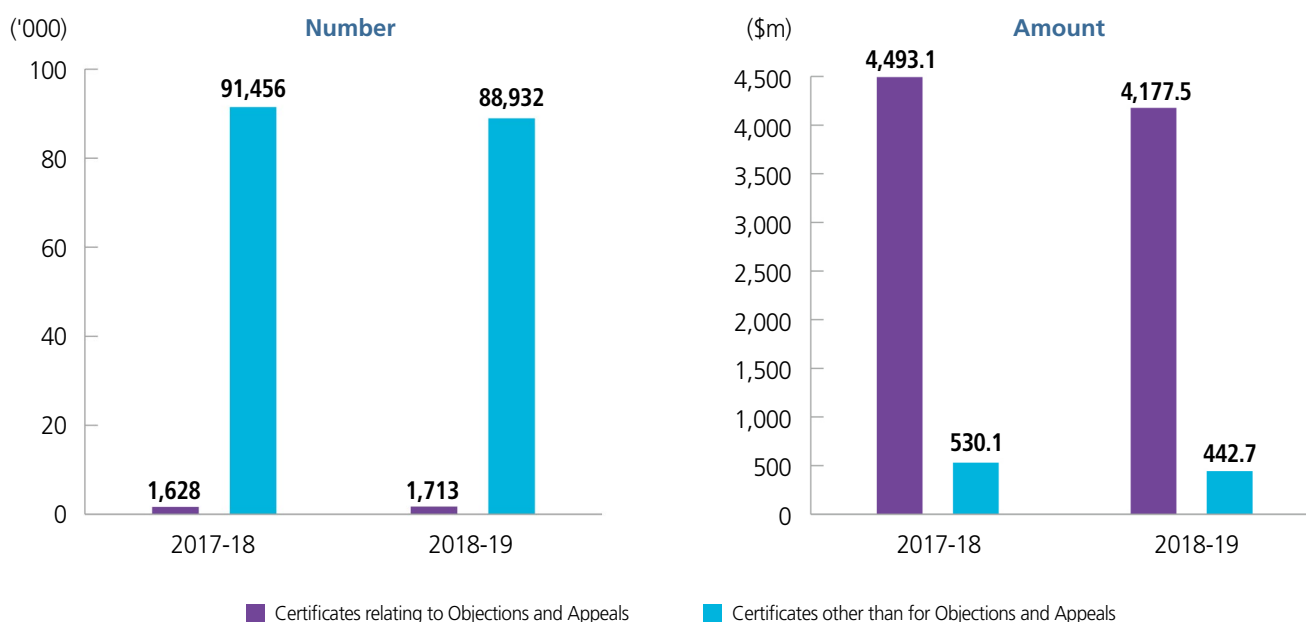
Taxpayers may purchase Tax Reserve Certificates (TRCs) under two situations.

The first situation applies to taxpayers who wish to save for the payment of their future tax liabilities. The Department has set up two schemes, namely the “Electronic Tax Reserve Certificates Scheme” for all taxpayers and the “Save-As-You-Earn” (SAYE) Scheme for civil servants and civil service pensioners. With a Tax Reserve Certificate account, taxpayers may purchase TRCs by various channels, including bank auto-pay, telephone, the Internet and bank ATM. Under the “SAYE Scheme”, civil servants and civil service pensioners can purchase TRCs through monthly deductions from their salaries/pensions. Interest is payable on the TRCs when they are redeemed for settlement of tax liabilities, based on the interest rate prevailing at the time of purchase, for a maximum period of 36 months from the date of purchase.

In 2018-19, there was a decrease of 2.1% and 19.1% respectively in the number and amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme”. For the “SAYE Scheme”, a decrease of 3.5% and 2% respectively was noted in the number and amount of TRCs sold (**Schedule 12**). Overall, the total amount of TRCs sold decreased by 16.5% (**Figure 24**).

The second situation applies to taxpayers who object to tax assessments and are required to purchase TRCs in respect of the tax in dispute. Such TRCs are used to settle any tax found payable upon the finalisation of the objection or appeal. Interest is only payable on the amount of the TRC, if any, subsequently required to be repaid to the taxpayer, and is computed at floating rates over the tenure of the TRC.

**Figure 24 Certificates sold**

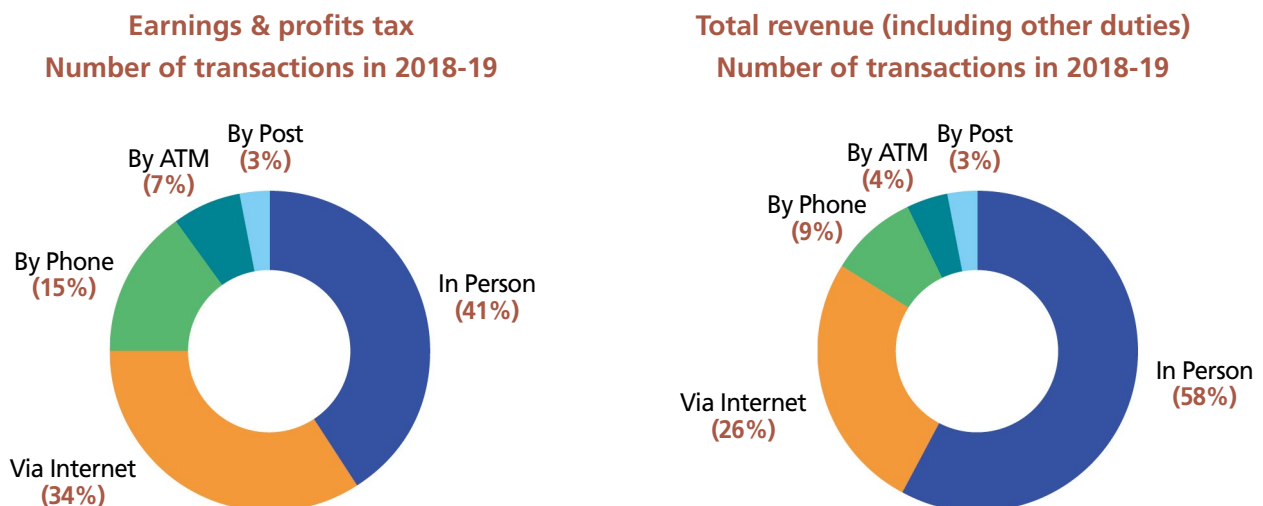


Revenue collected by the Department includes tax, additional tax, surcharge and fines. **Schedules 13 and 14** provide details of additional tax, surcharge and fines imposed by the Department in respect of earnings and profits tax during 2018-19.

## 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. 56% of the earnings and profits tax payment transactions in 2018-19 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 two reasons, namely, overpayment of tax by taxpayers and revision of assessments. There were 757,716 refund cases in 2018-19, representing an increase of 22.9%. The total amount of refunds was \$21 billion, representing an increase of \$3.11 billion or 17.4% compared with the previous year (**Figure 26**).



**Figure 26 Tax refunds**

Type of tax	2017-18		2018-19	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	49,321	9,152.4	<b>60,585</b>	<b>9,303.7</b>
Salaries tax	501,060	4,581.9	<b>616,193</b>	<b>5,472.1</b>
Property tax	15,966	162.7	<b>20,650</b>	<b>240.8</b>
Personal assessment	26,549	388.4	<b>36,599</b>	<b>541.0</b>
Others	23,652	3,619.5	<b>23,689</b>	<b>5,459.5</b>
Total	<u>616,548</u>	<u>17,904.9</u>	<u><b>757,716</b></u>	<u><b>21,017.1</b></u>

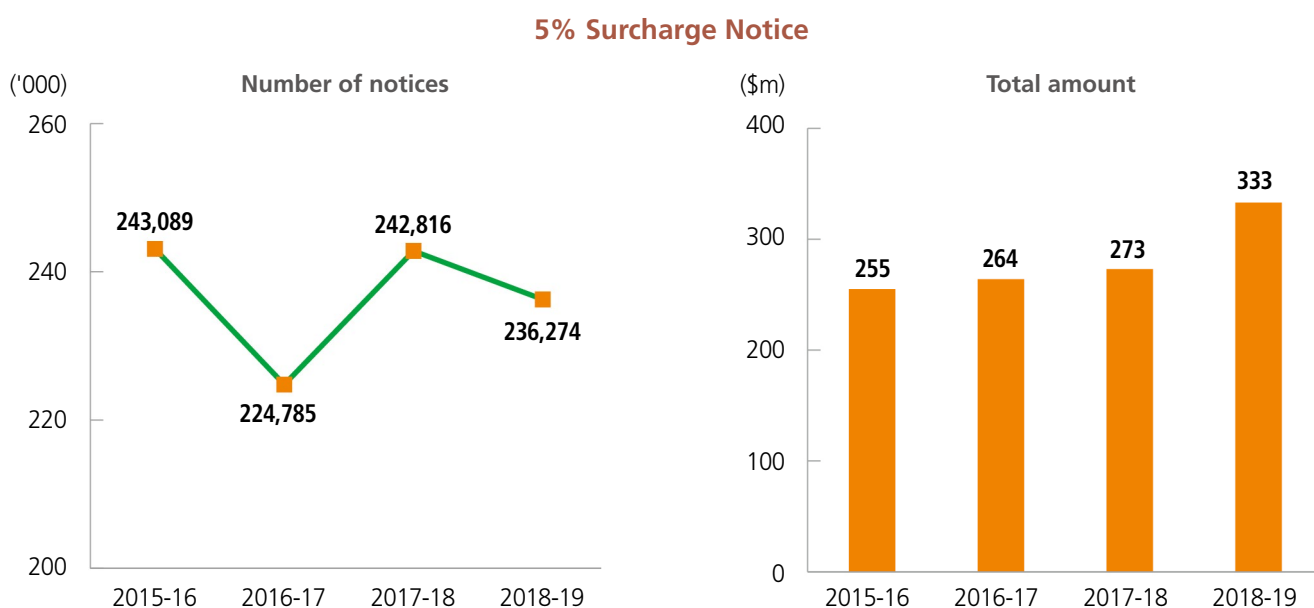
## Recovery of Tax in Default

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.

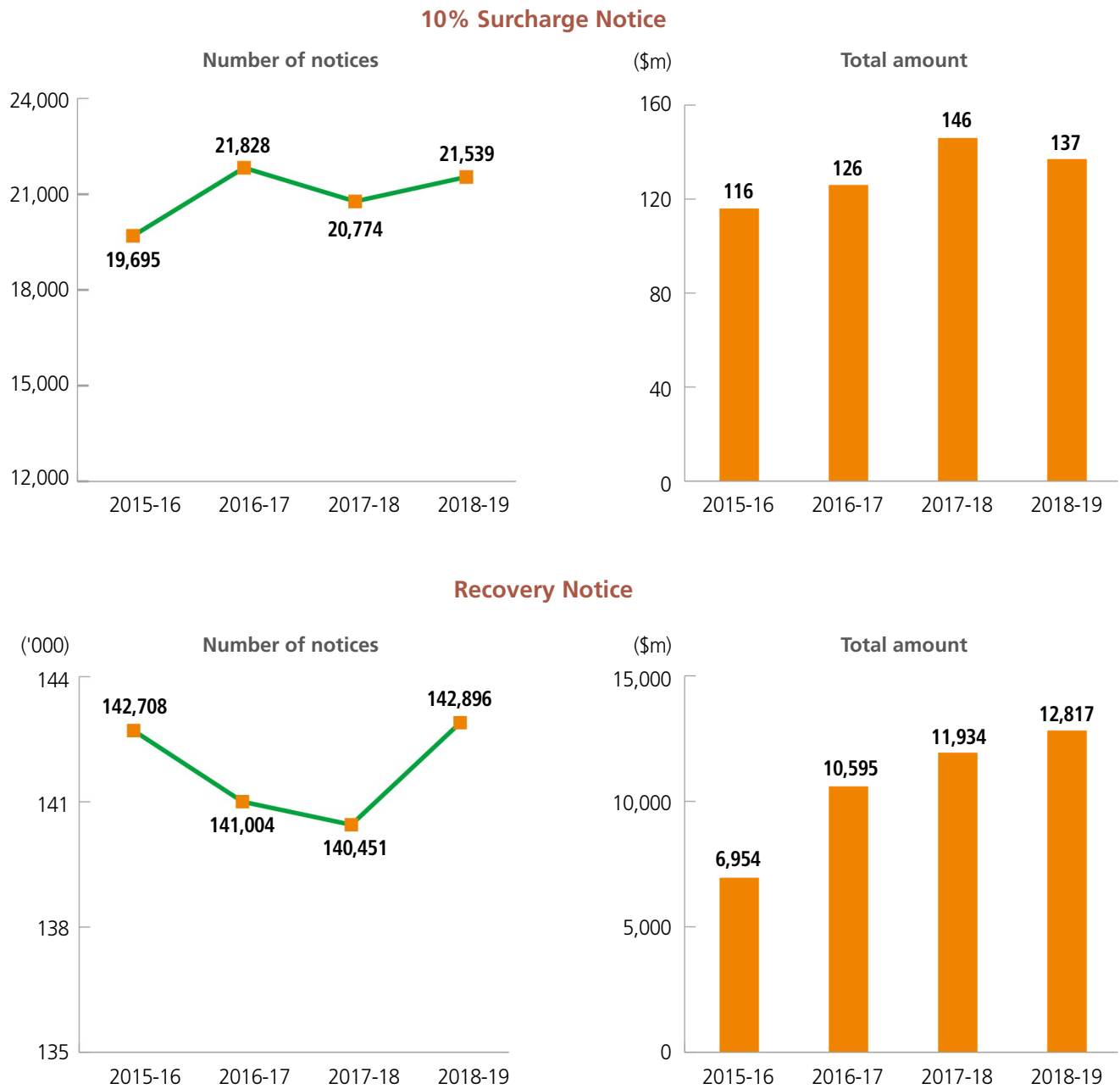
A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

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 different types of recovery actions taken by the Department.

**Figure 27 Recovery action**



**Figure 27 Recovery action (continued)**



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 2018-19.

**Figure 28 Legal costs and judgment interest collected in 2018-19**

	\$	\$
Court cost		
Court fees	850,820	
Execution fees	18,029	868,849
Fixed cost		310,152
Judgment interest		
Pre-judgment interest	2,390,259	
Post-judgment interest	21,635,470	24,025,729
<b>Total costs and interest collected</b>		<b>25,204,730</b>

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.

## 5 Field Audit and Investigation

The Field Audit and Investigation Unit is responsible for conducting field audits and investigations on businesses and individuals with a view to combating tax evasion and avoidance. Back tax is assessed and penalties are generally imposed where discrepancies are detected.

During 2018-19, the Field Audit and Investigation Unit completed 1,802 cases (including tax avoidance cases) and assessed back tax and penalties of about \$2.8 billion (**Figure 29**).

**Figure 29 Results of the Field Audit and Investigation Unit**

	2015-16	2016-17	2017-18	2018-19
Number of cases completed	1,804	1,801	1,804	<b>1,802</b>
Understated earnings and profits (\$m)	13,888.8	12,408.8	11,687.7	<b>13,910.0</b>
Average understatement per case (\$m)	7.7	6.9	6.5	<b>7.7</b>
Back tax and penalties assessed (\$m)	2,538.3	2,528.4	2,526.2	<b>2,826.6</b>
Back tax and penalties collected (\$m)	1,824.2	2,386.8	2,231.1	<b>3,352.5</b>

### Field Audit

In 2018-19, there were 17 Field Audit sections. Field audit is conducted on both corporations and unincorporated businesses. The work of field auditors entails site visits to business premises and examination of accounting records of taxpayers in order to ascertain whether correct returns of profits have been made.

#### Anti-tax Avoidance

Two of the 17 Field Audit sections concentrate on tackling tax avoidance schemes, whereas other investigation officers and field auditors handle avoidance cases on an operational need basis. During 2018-19, the Field Audit and Investigation Unit completed 207 tax avoidance cases and assessed back tax and penalties of about \$1.43 billion (**Figure 30**).

**Figure 30 Results of the audit on tax avoidance cases**

	2015-16	2016-17	2017-18	2018-19
Number of cases completed	215	214	208	<b>207</b>
Understated earnings and profits (\$m)	6,826.2	6,201.8	4,613.4	<b>7,891.4</b>
Average understatement per case (\$m)	31.7	29.0	22.2	<b>38.1</b>
Back tax and penalties assessed (\$m)	1,000.4	1,120.2	948.5	<b>1,426.6</b>

## Investigation

In 2018-19, there were 5 Investigation sections. Investigation officers are responsible for conducting in-depth investigations into suspected tax evasion, and taking penal action (including prosecution proceedings in appropriate cases) as a deterrent.

### *Prosecution*

One of the 5 Investigation sections is the prosecution section focusing on criminal investigation of tax evasion. Tax evasion is a serious crime. A person convicted of tax evasion could be sentenced to imprisonment for up to 3 years and fined. During the year, the Department successfully prosecuted one tax evasion case which involved rental income omission and making false statements in connection with claims for deduction of home loan interest.

## Property Tax Compliance Check

In addition to conducting audits on businesses, the Department also carries out verification checks on the correctness of rental income reported by property owners. In 2018-19, the Department completed compliance check on 261,181 property tax cases (**Figure 31**).

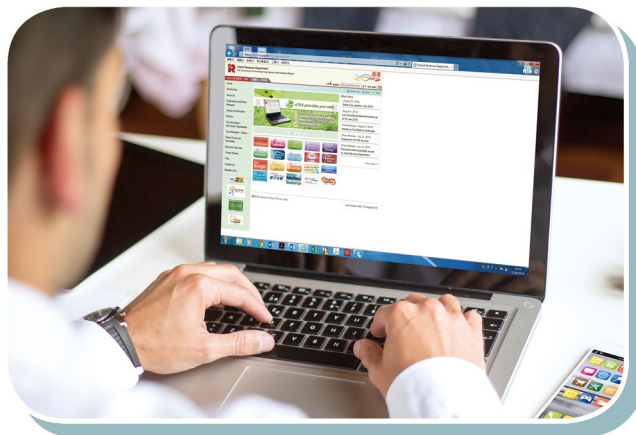
**Figure 31 Results of the property tax compliance checks**

	2015-16	2016-17	2017-18	2018-19
Number of cases completed	186,229	209,499	234,726	<b>261,181</b>
Understated rental income (\$m)	749.2	850.8	951.6	<b>1,111.7</b>
Back tax and penalties assessed (\$m)	89.9	102.1	114.2	<b>133.4</b>

## IRD Website

[www.ird.gov.hk](http://www.ird.gov.hk)

The IRD website is a very effective channel for disseminating tax information and providing electronic services to the public. With continuous enrichment and updates, the website enables taxpayers to obtain the most current information about Hong Kong taxation in a fast and convenient manner.



Through the website, members of the public can:

- obtain information on tax law, tax returns, tax obligations and answers to frequently asked questions;
- download IRD software and tax forms;
- use the interactive program to calculate their liability under salaries tax and personal assessment; and
- access to the personalised on-line tax services provided by the Department under eTAX.

To facilitate all sectors of the community to locate the relevant tax information, there are thematic content pages for individuals, businesses, employers, tax representatives, etc.

The IRD website conforms to web accessibility guidelines and has adopted responsive web design, which enables all users to have quick and convenient access to tax information.

## Electronic Enquiry Service

Electronic enquiry services are provided to eTAX users at <[www.gov.hk/etax](http://www.gov.hk/etax)>. They can view their tax position in relation to their returns, assessments and payments, etc. at any time.

## Enquiry Service Centre

The Department's Enquiry Service Centre handles telephone and counter enquiries. The Centre is equipped with a computer network linked to the Department's Knowledge Database to enable our staff to provide, as far as possible, an immediate "one-stop" service.



### Telephone Enquiry Service

The Centre operates an Interactive Telephone Enquiry System (ITES) with 144 telephone lines. Callers can have access on a 24-hour basis to a wide range of tax information by listening to recorded messages. Besides, callers can obtain facsimile copies of information sheets and forms through the system. A "Leave-and-call-back" facility, for recording information requests, and a "Fax-in enquiry" service are also available. The telephones are manned during office hours by staff who would readily serve the callers. The Centre also provides an eTAX help desk hotline to handle enquiries on eTAX services and provide technical support.

The statistics of services provided through ITES during 2018-19 are shown in **Figure 32**.

**Figure 32 Statistics of services provided through ITES**

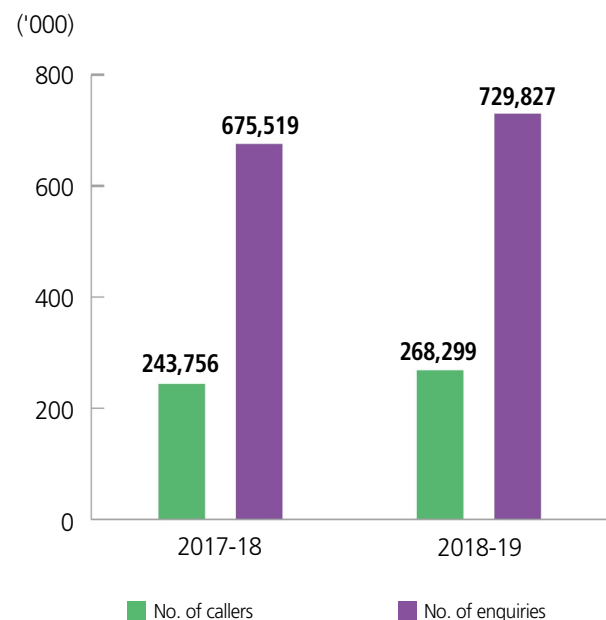
	2017-18 Number	2018-19 Number	Increase / Decrease
Calls answered by staff	699,666	<b>712,790</b>	+1.9%
Calls answered by system	741,949	<b>792,473</b>	+6.8%
Leave-and-call-back messages	39,198	<b>53,316</b>	+36%
Documents supplied by fax	5,726	<b>4,303</b>	-24.9%

### Counter Enquiry Service

Generally, the counter staff of the Centre is able to handle enquiries, collects mail items and issues forms on the spot without the need of referring callers to other sections in the Department for attention. The number of counter enquiries handled and forms issued during 2018-19 was about 0.73 million (**Figure 33**).

Information leaflets on topics of general interest are available for collection at the form stand located on the first floor of Revenue Tower. The public may also obtain general tax information and download forms from the IRD website and GovHK <[www.gov.hk](http://www.gov.hk)>.

**Figure 33 Counter enquiries**



## Tax-help Services for Completion of Tax Returns

On the IRD website, e-Seminars are provided for employers, property owners and individual taxpayers. Information on how to complete tax returns, fulfil tax obligations and overcome difficulties in compliance is uploaded to the website. After reading the information, taxpayers can raise enquiries electronically at the “Q&A Corner”. The Department will reply the questions on a regular basis.

The Department issued 2.6 million Individuals Tax Returns for the year of assessment 2017-18 on 2 May 2018. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in May 2018. Service hours from Monday to Friday were extended by one and a half hours till 7:00 pm and additional service was also provided on Saturday from 9:00 am till 1:00 pm. During peak periods, the Department also redeployed manpower resources and employed part-time staff to strengthen daytime telephone enquiry services.

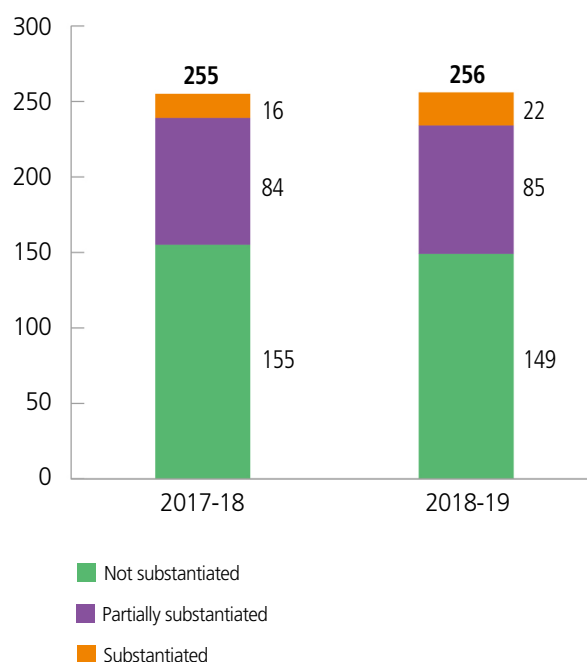
## Complaints and Compliments

If taxpayers are dissatisfied with the services provided by the Department or their problems cannot be solved satisfactorily through normal channels, the Complaints Officer may be approached for assistance. The complaint channel provides taxpayers with the means of having individual grievances dealt with independently at a senior level. This ensures that such cases are properly handled in a fair and impartial manner. During 2018-19, 256 complaints cases were received (**Figure 34**). This represents an increase of 0.4%, as compared with the previous year.

If taxpayers are dissatisfied with any administrative action taken by the Department, they may refer the matter to the Ombudsman. During 2018-19, the Ombudsman sought written comments from the Department in respect of 22 cases. In the light of these cases, the Department has reviewed relevant operations with a view to improving them.

Taxpayers may compliment the service of the Department. During the year, 239 Letters of Compliments were received.

**Figure 34 Complaint cases**



## Performance Pledge

The service standards a taxpayer can expect from the Department are set out in the performance pledges. The Department has achieved all the targets of performance pledges and excelled in some of the targeted performance with remarkable results during 2018-19.



The Department has been making extensive use of information technology to enhance operational efficiency and provide quality services to the public.

## IT Environment

The Department has built up a comprehensive and integrated IT infrastructure with different types of computer application systems and platforms. The Department's network connects the computer system and workstations of staff on different floors. Assessment process is automated by the "Assess-First-Audit-Later" system. Tax audit and investigation work is facilitated by the use of data mining and advanced analytical tools. The Document Management System and Workflow Management System enhance the control and monitoring of documents, files and workflow, facilitate the tracking of case progress, and thus enable the Department to improve overall service quality. A wide range of information is stored in the Department's Intranet and General Enquiry Knowledge Database for convenient access by our staff at work. Moreover, e-mail and Internet facilities provide an efficient and environment-friendly communication platform for our staff.

## Electronic Services

### eTAX

The Department continues to provide a wide range of online tax services to the public, including internet filing of tax returns, e-stamping of property documents, business registration e-services, electronic notices, electronic payments and lodgement of applications, etc.

eTAX services are widely used by the public. As at 31 March 2019, there were some 885,000 registered eTAX users. The take-up rate increased year after year (**Figure 35**).

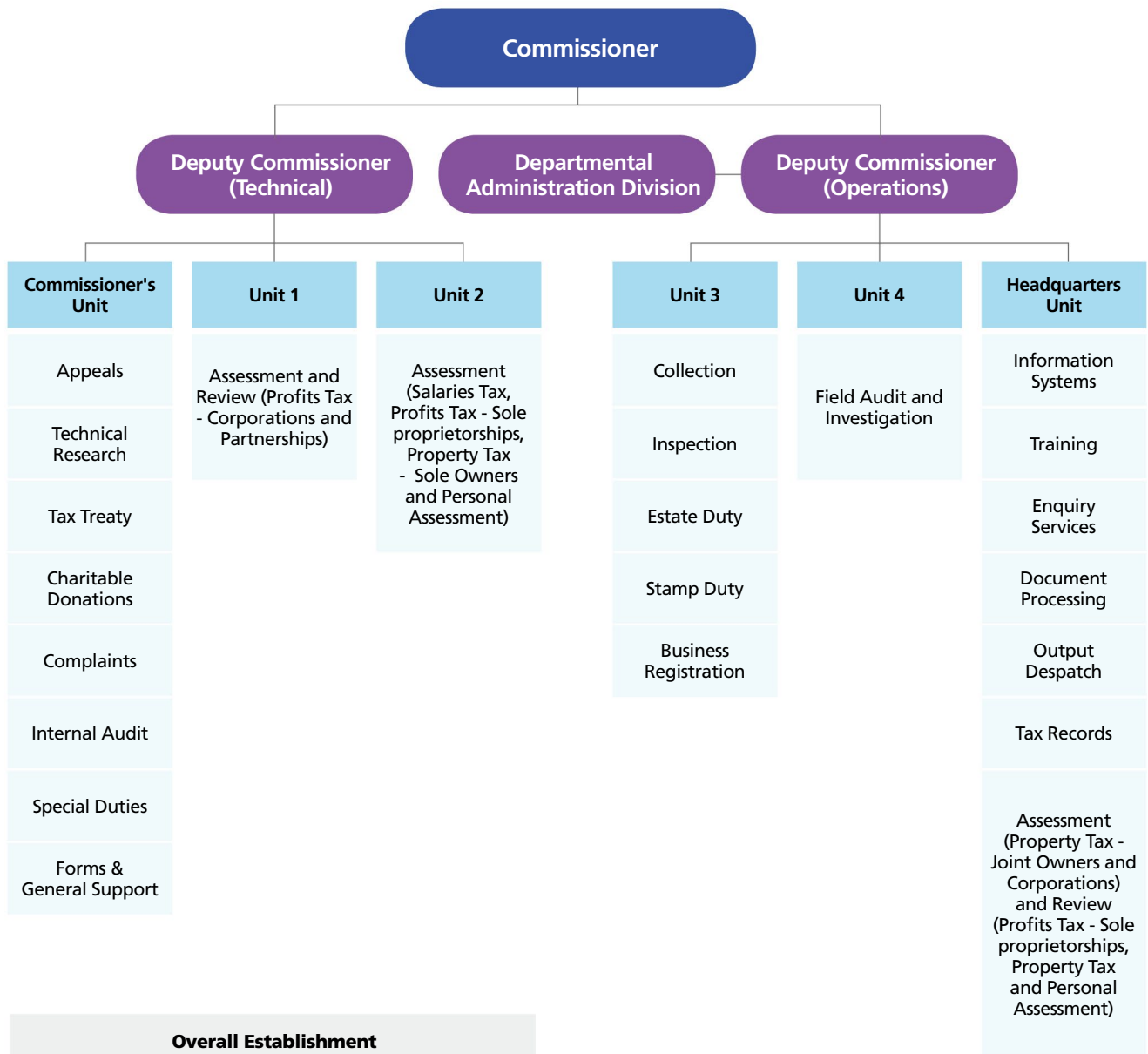
**Figure 35 eTAX Usage Statistics**

	2017-18 Number	2018-19 Number	Increase / Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	610,378	<b>661,587</b>	+8.4%
- Employer's Return of Remuneration and Pensions			
BIR56A	14,278	<b>15,335</b>	+7.4%
IR56B	114,067	<b>145,696</b>	+27.7%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	23,506	<b>24,727</b>	+5.2%
Stamping of Property Document	310,141	<b>307,792</b>	-0.8%
Business Registration Number Enquiry	2,215,110	<b>2,940,302</b>	+32.7%
Application for Supply of Information on the Business Register			
- Requisition	166,555	<b>181,781</b>	+9.1%
- Business registrations involved	469,681	<b>503,938</b>	+7.3%

### *Other Electronic Services*

During 2018-19, some 41,900 employers furnished annual returns for 2,894,800 employees in total by diskettes, DVDs or USB storage devices. About 67% of these employers used the free software provided by the Department.

## Organisation Chart of the Inland Revenue Department as at 31.3.2019



### Overall Establishment

	No. of Staff
Commissioner's Office	82
Commissioner's Unit	109
Headquarters Unit	703
Unit 1	366
Unit 2	766
Unit 3	624
Unit 4	239
<b>Total</b>	<b>2,889</b>

## Establishment

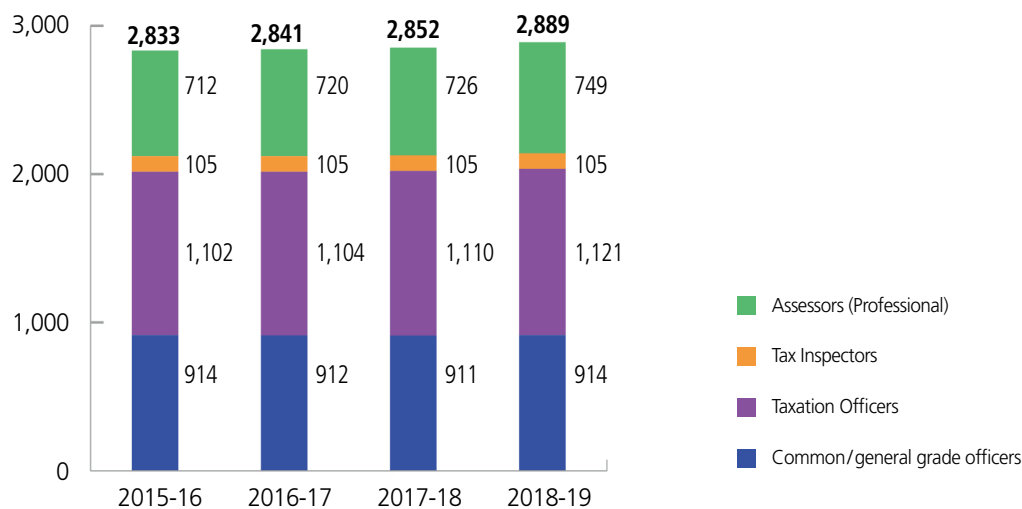
The Commissioner, the two Deputy Commissioners and the five Assistant Commissioners, together with the Departmental Secretary, form the top management of the Inland Revenue Department.

### *Members of the Top Management of the Inland Revenue Department (as at 31.3.2019)*



As at 31 March 2019, the Department had an establishment of 2,889 permanent posts (including 28 directorate posts) in the Commissioner's Office and the 6 Units of the Department. Of the total, 1,975 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 914 posts were in common/general grades, providing administrative, information technology and clerical support services (**Figure 36**).

**Figure 36 Staff establishment**



Most of the professional officers serving in the Department were below the age of 45 (**Figure 37**). The ratio of male to female professional officers was 1:1.6.

**Figure 37 Age and gender profiles of professional staff (on strength basis)**

Age Group	Male		Female		Total	
Below 25	20	(7%)	22	(5%)	42	(6%)
25 to below 35	85	(30%)	160	(35%)	245	(33%)
35 to below 45	37	(13%)	100	(22%)	137	(18%)
45 to below 55	106	(38%)	135	(29%)	241	(33%)
55 and over	34	(12%)	40	(9%)	74	(10%)
<b>Total</b>	<b>282</b>	<b>(100%)</b>	<b>457</b>	<b>(100%)</b>	<b>739</b>	<b>(100%)</b>

## Staff Promotions and Turnover

In 2018-19, a total of 93 departmental grade officers and 14 common / general grade officers were promoted. Among them, 5 were directorate officers. 207 officers joined the Department, of which 184 were new appointees and 23 were officers transferred from other grades / departments. A total of 209 officers (including 58 transferred to other departments) left the Department.



## Training and Development

Staff are the Department's valuable assets. We recognise the importance of providing opportunities of continuous learning to our staff to keep them abreast of the changing environment and to acquire the necessary knowledge to perform their duties. A variety of training courses in taxation, accounting, interpersonal skills, management, languages, computer, etc. are offered to staff members. In 2018-19, our staff received training for a total of 11,397 man-days, which was equivalent to about 3.94 man-days per officer.

The major training activities conducted for our staff during 2018-19 were as below:

### *Training Courses*

- Induction courses for all grades of staff upon joining the Department
- Two-year taxation law and practice course for newly appointed Assistant Assessors
- Briefing sessions on legislative amendments and new services
- Refresher courses on professional knowledge
- Course on International Taxation
- Courses on Hong Kong Accounting Standards
- Written and spoken English courses
- Putonghua courses
- Computer software courses

### *Workshops*

- Leadership and teamwork workshop
- Mentorship workshop
- Performance appraisal workshops on English writing and interviewing skills
- Workshop on bringing out the best in people
- Workshop on building resilience
- Workshop on customer service skills on the telephone
- Workshop on effective communication in the workplace
- Workshop on emotional wellness
- Workshop on essential supervisory skills
- Workshop on foreign enterprises in the Mainland – legal and regulatory requirements
- Workshop on how to handle taxpayers with special needs

- Workshop on interviewing and negotiation skills
- Workshop on leading innovation and change
- Workshop on problem solving and decision making
- Workshop on handling confrontational situations in customer service

### *Continuing Professional Education*

9 seminars were held by the Training Committee under the in-house Continuing Professional Education (CPE) Programme on the following subjects for professional officers:

- FinTech Development in Hong Kong
- Securities and Futures Commission as a Regulator of the Financial Market in Hong Kong
- Customs Regulations for Foreign Enterprises in China
- Inland Revenue (Amendment)(No.6) Ordinance 2018 – Technical Details and Implementation
- Combating Cyber Crimes
- Introduction to China Taxation
- Research & Development Enhanced Deduction
- Anti-Money Laundering
- Annual Update of Appeal Cases

Speakers for 3 of the seminars were staff members and others were experts from various fields. A total of 1,129 staff members attended these seminars. The video files of the CPE seminars were uploaded onto the Department's Intranet and a total of 732 staff members had viewed these video files.

### *Courses in the Mainland and Overseas*

In order that our professional officers may broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues, they are sent to participate in overseas training programmes. In 2018-19, 37 officers went to the Mainland, Korea, Malaysia, Singapore and Hungary to attend training courses on different issues and 7 to the Mainland for national studies courses.

### *Continuous Learning*

Besides the conventional classroom training, the Department employs various means to promote continuous self-learning. These include encouraging staff to take the web courses provided by the CLC Plus of CSTDI and providing financial support to officers to attend seminars and courses organised by academic and professional institutes. In 2018-19, 16 officers were sponsored by the Department to attend the relevant courses. Training materials and information are uploaded onto our Intranet for officers to study in their own time and at their own pace. This provides an effective way for the staff to acquire new knowledge and refresh what they have learnt.

### *Mentorship Scheme*

A Mentorship Scheme for Assistant Assessors has been set up since 2008. Under this scheme, experienced officers (the mentors) will guide newly recruited Assistant Assessors (the mentees) to broaden their perception about the Department such as the organisation structure, work, connection and culture, and help them integrate into the civil service.

## **Staff Relations and Welfare**

The Department attaches great importance to staff relations and welfare. We strive to maintain effective communication, and promote co-operation and mutual trust between the management and staff at all levels that help enhance the Department's operational efficiency and productivity.

### *The Departmental Consultative Committee*

The Departmental Consultative Committee provides a formal and effective platform for the management and staff to exchange views on matters of mutual concern such as recruitment, promotion, career posting, training, working environment, staff welfare, office security and safety. The Committee is chaired by the Deputy Commissioner (Operations) and composed of representatives from all staff unions/associations and staff groups in the Department.

### *The General Grades Consultative Committee*

The General Grades Consultative Committee, chaired by the Departmental Secretary and composed of representatives from the clerical and secretarial grades, allows the general grades staff members to discuss with the management issues of specific interest to their grades.

### *The "Meet-the-Staff Programme"*

First launched in 1996-97, the "Meet-the-Staff Programme" enables the senior management of each Unit and staff of different sections/groups to exchange ideas face to face on departmental and service-wide issues in an open and relaxed manner. It serves to supplement the formal consultative channel and effectively enhances communication between staff and the management.

### *The IRD Staff Suggestions Scheme*

In 2018-19, 2 out of 12 suggestions made through the IRD Staff Suggestions Scheme were granted cash awards and certificates of commendation in recognition of their contributions on enhancing operational efficiency and quality of services of the Department.

### *The Inland Revenue Department Newsletter*

The Departmental Newsletter, published every 4 months, serves as another channel of communication between staff and the management promoting a sense of belonging in the Department. Articles are contributed by unit management for disseminating service-related issues, staff movement, staff welfare, information technology, environmental and green issues, occupational health and safety matters, etc., and by staff who are keen to share their leisure activities and hobbies. The Newsletter also provides a regular roundup on the recreational activities organised by the IRD Sports Association as well as volunteer activities arranged by the IRD Volunteer Team.



### *The Inland Revenue General Staff Welfare Fund*

Established in 1972, the Inland Revenue General Staff Welfare Fund operates on funds donated by staff on a voluntary basis. It aims to provide within a short time small amount of interest free loan, as an additional and quick emergency relief, to help staff in unexpected financial hardship. The Fund is managed by a Governing Committee, chaired by the Departmental Secretary and composed of staff representatives from the Departmental Consultative Committee, the General Grades Consultative Committee and the IRD Sports Association. The Claims Sub-committee, formed under the Governing Committee, considers and approves applications for financial assistance submitted by staff.

### *Commissioner's Commendation Letter Scheme*

In 2018-19, 45 officers who had provided outstanding service for a long period of time were awarded the Commissioner's Commendation Letter. The presentation ceremony was held in April 2019.



### *Secretary for the Civil Service's Commendation Award 2018*

In 2018, a Data Preparation Supervisor was awarded the Secretary for the Civil Service's Commendation in recognition of her exceptionally meritorious and consistently outstanding performance. The presentation ceremony was held in October 2018.



### *The Long and Meritorious Service Travel Award Scheme*

In 2018-19, 30 officers with long and meritorious service were granted awards of overseas travel under the Long and Meritorious Service Travel Award Scheme.

### **The IRD Sports Association**



The mission of the Sports Association is to promote the intellectual, social and athletic interests of its members and to foster better relationship and sense of belonging among colleagues. In 2018-19, the Association organised a wide range of social and recreational activities including interest classes, sports competitions, workshops, luncheon talks, outings and cross-border trip. All the activities were well received by colleagues, their family members and friends.

2018-19 also marked the 20<sup>th</sup> Anniversary of the Association's Chinese Orchestra. To celebrate this event, the Orchestra organised an evening concert at Sai Wan Ho Civic Centre in November 2018. Over 450 performers and audience participated in the show and had a very enjoyable evening.





As in the past years, the IRD Volunteer Team under the auspices of the Association actively took part in charitable events and community works to extend our care and love to the needy. Throughout the year, 236 colleagues participated in various kinds of voluntary work delivering a total of 1,343 service hours. In recognition of the Department's continuous efforts in caring for the community, the Hong Kong Council of Social Service awarded the "10 Years Plus Caring Organisation Logo" to the Department. This marked the 14<sup>th</sup> consecutive year in which the Department was granted the award.



On the charity front, the Association continued to participate in various fund-raising activities, such as "Medecins Sans Frontieres Day", "ORBIS World Sight Day Pin Campaign" and "World Vision – Skip-A-Meal". With the generous support of our colleagues, the Department not only won the "Organisation with the Most Participants" awards in both "ORBIS World Sight Day Pin Campaign" and "World Vision – Skip-A-Meal", but also "The Largest Amount of Total Donation" award in "World Vision – Skip-A-Meal".

The following pieces of legislation enacted during the year 2018-19 are related to matters under the purview of the Department.

## **Stamp Duty (Amendment) (No. 2) Ordinance 2018 (Ordinance No. 18 of 2018)**

This Ordinance amended the Stamp Duty Ordinance to give effect to the tightened exemption arrangement for Hong Kong permanent residents (HKPRs) acquiring more than 1 residential property under a single instrument. Unless specifically exempted or provided otherwise, acquisition of more than 1 residential property under a single instrument executed on or after 12 April 2017 will be subject to ad valorem stamp duty at the flat rate of 15% under Part 1 of Scale 1, even if the purchaser / transferee is a HKPR who is acting on his / her own behalf and does not own any other residential property in Hong Kong at the time of acquisition.

## **Inland Revenue Ordinance (Amendment of Schedule 16) Notice 2018 (Legal Notice No. 69 of 2018)**

This Notice amended Schedule 16 to the Inland Revenue Ordinance to add a new specified transaction from which assessable profit of a non-resident person is exempt from profits tax, with a view to encouraging offshore venture capital funds to participate with the Innovation and Technology Venture Fund, set up by the Government, in investments in local innovation and technology start-ups.

## **Inland Revenue (Amendment) (No. 4) Ordinance 2018 (Ordinance No. 20 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to give effect to the following proposals in the Budget for the 2018-19 financial year:

- to widen the tax bands from \$45,000 to \$50,000 and to increase the number of tax bands from 4 to 5 with marginal rates adjusted to 2% / 6% / 10% / 14% / 17% respectively;
- to increase the child allowance from \$100,000 to \$120,000 for each child, and the additional child allowance in the year of birth from \$100,000 to \$120,000 for each child;
- to increase the allowance granted for maintaining a parent / grandparent aged 60 or above from \$46,000 to \$50,000, and the additional allowance granted for residing continuously with that parent / grandparent from \$46,000 to \$50,000;
- to increase the allowance granted for maintaining a parent / grandparent aged between 55 and 59 from \$23,000 to \$25,000, and the additional allowance granted for residing continuously with that parent / grandparent from \$23,000 to \$25,000;
- to increase the maximum deduction amount of elderly residential care expenses from \$92,000 to \$100,000;
- to introduce a new personal disability allowance of \$75,000 for eligible taxpayers with disability; and
- to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2017-18 by 75%, subject to a maximum of \$30,000 in each case.

## **Inland Revenue (Amendment) (No. 5) Ordinance 2018 (Ordinance No. 24 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to expand the scope of profits tax deduction for capital expenditure incurred for the purchase of intellectual property rights from 5 types to 8 to cover performer's economic rights, protected layout-design (topography) rights and protected plant variety rights.

## **Inland Revenue (Convention on Mutual Administrative Assistance in Tax Matters) Order (Legal Notice No. 142 of 2018)**

This Order was to give effect to the Convention on Mutual Administrative Assistance in Tax Matters in Hong Kong. It enabled Hong Kong to effectively discharge its obligations on international tax co-operation, including the implementation of automatic exchange of financial account information in tax matters and the Base Erosion and Profit Shifting (BEPS) package promulgated by the Organisation for Economic Co-operation and Development (OECD).

## **Inland Revenue (Amendment) (No. 6) Ordinance 2018 (Ordinance No. 27 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to codify transfer pricing rules by requiring income or loss from provision between associated persons (or between parts of the same enterprise in different territories) to be computed, for tax purposes, on an arm's length basis; to require transfer pricing documentation; to enhance the current provisions for double taxation relief; to provide framework for advance pricing arrangement and mutual agreement procedures under arrangements for relief from double taxation; and to revise the requirements relating to profits tax concessions for corporate treasury centres, professional reinsurers and captive insurers so as to meet the international standards promulgated by the OECD.

## **Inland Revenue (Amendment) (No. 7) Ordinance 2018 (Ordinance No. 29 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to provide for enhanced tax deductions for certain expenditures incurred in relation to qualifying research and development activities.

## **Inland Revenue (Amendment) (No. 8) Ordinance 2018 (Ordinance No. 31 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to introduce, with effect from the year of assessment 2019-20, a concessionary deduction under salaries tax and personal assessment for qualifying premiums paid in respect of certified plans under Voluntary Health Insurance Scheme.



## **Inland Revenue (Amendment) (No. 9) Ordinance 2018 (Ordinance No. 32 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to give effect to the following proposals in the Budget for the 2018-19 financial year:

- to allow married persons the option of electing for personal assessment separately;
- to allow enterprises to claim tax deduction for capital expenditure incurred for procuring environmental protection installations in full in 1 year instead of over 5 years; and
- to extend the scope of tax exemption for debt instruments under the Qualifying Debt Instrument Scheme.

## **Exemption from Profits Tax (People's Bank of China Debt Instrument) Order (Legal Notice No. 267 of 2018)**

This Order exempted a person from the payment of profits tax on interest or profits arising from a debt instrument issued in Hong Kong by the People's Bank of China.

## **Inland Revenue (Amendment) Ordinance 2019 (Ordinance No. 4 of 2019)**

This Ordinance amended the Inland Revenue Ordinance to:

- expand the definition of regulatory capital security (RCS) to cover loss-absorbing capacity (LAC) debt instruments so as to accord them debt-like tax treatment;
- allow deduction of interest on money borrowed by LAC banking entities in respect of RCS; and
- deem certain sums received by LAC banking entities in respect of RCS as trading receipts.

## **Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2019 (Legal Notice No. 29 of 2019)**

This Order reduced the fee payable in respect of a business registration certificate or branch registration certificate that commences on or after 1 April 2019 but before 1 April 2020. However, for simultaneous business registration application of a company incorporated under the Companies Ordinance or an open-ended fund company incorporated under the Securities and Futures Ordinance, the reduction is applicable to the business registration fee payable on the application for incorporation that is made on or after 1 April 2019 but before 1 April 2020. The reduction amount on business registration fee payable is \$2,000 for business registration certificate and \$73 for branch registration certificate.

## **Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019 (Ordinance No. 5 of 2019)**

This Ordinance amended the Inland Revenue Ordinance to remove the ring-fencing features of offshore fund regimes by providing profits tax exemption for eligible onshore and offshore funds operating in Hong Kong.

## **Inland Revenue (Amendment) (No. 2) Ordinance 2019 (Ordinance No. 6 of 2019)**

This Ordinance amended the Inland Revenue Ordinance to:

- align tax treatment of financial instruments with their accounting treatment;
- allow the deduction of interest expenses payable to overseas export credit agencies;
- refine the provisions relating to automatic exchange of financial account information in tax matters;
- avoid potential double non-taxation of income of visiting teachers and researchers; and
- revise the meaning of the sibling relationship.

## **Inland Revenue and MPF Schemes Legislation (Tax Deductions for Annuity Premiums and MPF Voluntary Contributions) (Amendment) Ordinance 2019 (Ordinance No. 7 of 2019)**

This Ordinance amended the Inland Revenue Ordinance to introduce, with effect from the year of assessment 2019-20, concessionary deductions under salaries tax and personal assessment in respect of qualifying annuity premiums paid under qualifying deferred annuity policies and tax deductible MPF voluntary contributions paid.

## Inland Revenue (Double Taxation Relief and Prevention of Tax Evasion / Fiscal Evasion / Tax Evasion and Avoidance with respect to Taxes on Income) Order

Country / Region	Date of Order	Nature
Saudi Arabia	8 May 2018	Double Taxation Relief and Prevention of Tax Evasion with respect to Taxes on Income
India	4 September 2018	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income
Finland	4 September 2018	Double Taxation Relief with respect to Taxes on Income and Prevention of Tax Evasion and Avoidance

## Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) Notices

Legal notice no.	Periods in force	Annual rate of interest
147 of 2018	6 August 2018 to 4 November 2018	0.0767%
211 of 2018	On or after 5 November 2018	0.25%

## Green Management Policy

The Inland Revenue Department is committed to providing a green workplace, and operating in an environmentally conscious and responsible manner. Reducing energy and paper consumption continues to be the Department's green targets in view of its office-based operations. To this end, we strive to protect and conserve the environment through:

- Ensuring that the Department's operations comply with the relevant environmental protection ordinances;
- Adopting green housekeeping measures in the Department such as avoiding, reducing and controlling environmental pollution / wastage arising from the day-to-day work practice;
- Requiring our contractors to implement effective environmental management systems and pollution control measures;
- Using environment-friendly products such as energy saving photocopiers, batteries without mercury, unleaded petrol and products with environment or energy efficiency labels;
- Ensuring that all staff are aware of the Green Management Policy with adequate information accessible by those who are interested in the subject; and
- Providing training courses and workshops on green management for staff to increase their awareness on green issues and encourage them to participate in environmental protection programmes.

## Green Management and Promotion of Green Awareness

### *Green Management*

The Environment and Records Management Committee chaired by the Departmental Secretary (who is also, the Department's Green Manager) and composed of green executives from each Unit of the Department, aims to seek staff's suggestions, set directions in our green policies, issue green office guidelines and update staff on new green initiatives adopted. Floor green ambassadors have been appointed to assist the Green Manager in promoting green awareness and implementing environmental programmes on a floor basis.

### *Green Education*

Various measures were taken during the year to promote environmental awareness amongst staff, including:

- Displaying environmental protection promotional materials on notice boards;
- Posting notices and affixing stickers adjacent to relevant facilities to remind staff of energy saving;
- Releasing updated environmental protection information in the "Green Corner" of the Department's Intranet; and

- Disseminating useful and practical “Green Tips” through e-mails and the Departmental Newsletter on a regular basis to all staff to promote green habits.

The IRD Sports Association also assists in promoting green awareness and healthy lifestyle among staff by organising a series of outings to the countryside and outer islands.

## **Environmental Protection Performance in 2018-19**

To balance operational needs with environmental care and social responsibility, the Department focuses its efforts to conserve energy, reduce paper consumption, minimise waste production, encourage waste recycling, and provide a healthy working environment with satisfactory indoor air quality.

### *Energy Conservation*

The Department is proactive in energy conservation and has implemented various energy saving measures to reduce electricity and water consumption. The following energy saving measures were adopted during the year:

- Modifying group lighting switches to individual switches;
- Reducing lighting to the minimum required level for illumination;
- Adopting the “last-man-out” arrangement to ensure that lights and electric facilities/appliances are switched off during lunch hour, after office hours or when not in use;
- Adjusting timers so that lights in corridors and lift lobbies are switched off on Saturdays, Sundays and public holidays;
- Installing auto-sensor water taps in toilets to reduce water consumption;
- Using computers, fluorescent tubes, LED lights and other electrical appliances that are energy efficient;
- Controlling use of personal electric appliances in office;
- Maintaining air-conditioned room temperature at 25.5°C; and
- Encouraging the use of electric fans to improve air circulation when necessary.

These measures will continue to be implemented in the Department to conserve energy.

### *Adherence to the “3R” Principle*

The Department continued to adhere to the 3R principle - “Reduce, Reuse and Recycle” in the consumption of materials.

### *Reduction and Reuse of Paper*

In specific, the Department adopted the following measures in the year to reduce paper consumption:

- Encouraging staff to minimise photocopying, to use recycled paper instead of virgin paper, to use duplex printing and photocopying, and to make the best use of the blank side of used paper;
- Processing leave applications through the “Electronic Leave Application and Processing System”;
- Reusing stationery, such as envelopes and file jackets;
- Avoiding the use of fax cover sheets and using the blank side of used paper to print incoming fax messages;
- Encouraging paperless means of internal and external communication by using e-mail;
- Uploading internal information, such as circulars, administrative instructions, Staff Handbooks, training and reference materials, guidelines, monthly reports, meeting minutes, etc. onto the Intranet to facilitate updating and retrieval on-line, and dispensing with the keeping of personal hard copies;
- Reviewing regularly the need for the preparation of periodical reports, the distribution lists of outgoing correspondence and the number of hard copies required for circulation;
- Promoting the use of multiple screen printing for on-line enquiries;
- Using templates or overlay printing to replace pre-printed forms;
- Viewing reports on-line through the Computer Output On-line Retrieval System, thus obviating the need for printing computer reports in hard copies;
- Encouraging the public to file tax returns electronically through eTAX, and to use the Department’s electronic services under the GovHK website;
- Uploading e-Seminars for employers to reduce paper consumption, thus obviating the need to print invitation letters, tickets and handouts; and
- Implementing e-Procurement system for purchase of goods and services which helps reduce paper consumption.

### *Waste recycling*

The Department encourages all staff members to participate in the recycling programmes. Recycling bags and boxes are placed at conspicuous locations on all floors of the Department to facilitate the collection of three recyclable wastes, namely papers, aluminium cans and plastic bottles. A recycling box for glass bottles is also placed at the lift lobby on ground floor of the Revenue Tower. Besides, used printer cartridges are also collected for recycling. Throughout the year, the Department collected 401,213 kg of waste paper, 731 kg of aluminium cans, 149 kg of plastic bottles, 340 kg of glass bottles and 8,042 used printer cartridges.

### *Smoke-free Workplace*

Smoking has been prohibited in Revenue Tower since 1996. Starting from 2007, it is a statutory requirement that all indoor areas in workplaces are smoke-free. No-smoking signs are displayed at conspicuous locations in the office. Circulars are re-circulated regularly to remind staff about the importance of maintaining a smoke-free working environment and providing green healthy public areas to visitors.

### *Indoor Air Quality*

We attach great importance to good indoor air quality. A contractor commissioned by the Government Property Agency will conduct a comprehensive indoor air quality measurement in offices located in Revenue Tower to ensure that our office fully meet the requirements in this respect.

## **New Initiatives and Targets**

The Department will strive to enhance its green performance through formulating new initiatives and targets for environmental protection and reviewing the effectiveness of existing green measures taken. The Intranet and the Departmental Portal will continue be widely utilised for the enhancement of e-office facilities. Continuous efforts will be made to promote expansion of green procurement and reduction in consumption of resources including electricity and paper.

## **Charitable Institutions**

Charitable institutions are exempt from tax under section 88 of the Inland Revenue Ordinance. As at 31 March 2019, there are 9,096 charities recognised as exempt from tax, of which 285 charities were given recognition during the year. The Department endeavors to give a reply to applicants for recognition of tax exemption status within 4 months of the date of receipt of the application provided that all the required information and documents are received.

Donations to charities exempt from tax under section 88 of the Inland Revenue Ordinance are tax deductible. Members of the public may check the list of charitable institutions and trusts of a public character which are exempt from tax uploaded on the Department's website as to whether the donations can be claimed for tax deduction. For the year of assessment 2017-18, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$5 billion and \$7.88 billion respectively.

## **General Inspection**

Tax inspectors carry out on-site inspections of businesses and call on individuals to check their compliance with the various ordinances administered by the Department. A total of 57,159 visits were made during the year.

## **Internal Audit**

Internal auditors perform an important role within the Department. Their activities are directed at ensuring that work carried out within the Department complies with relevant legislation and departmental procedures. They also examine internal control systems and work methods with a view to identifying areas where improvement can be made for the management's consideration.

## **Approval for Tax Return Forms and the Manner of Furnishing Tax Returns**

The Board of Inland Revenue is constituted under the Inland Revenue Ordinance. It operates independently of the Inland Revenue Department. One of its functions is to approve returns to be used for property tax, salaries tax, profits tax and personal assessment, and the manner in which tax returns are furnished.



# Schedules

- 1** Tax Assessed and Collections for the year ended 31 March 2019
- 2** Demand Notes Issued, Tax Assessed and Collections (2015-16 to 2018-19)
- 3** Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2015-16 to 2017-18
- 4** Profits Tax Contributions from Various Business Sectors (Unincorporated Businesses) for years of assessment 2015-16 to 2017-18
- 5** Analysis of Salaries Tax Assessments for the year of assessment 2017-18
- 6** Analysis of Allowances granted for the year of assessment 2017-18
- 7** Property Statistics (as at 31 March 2019)
- 8** Business Registration Statistics (2015-16 to 2018-19)
- 9** Stamp Duty Collections and Stamp Office Activities (2015-16 to 2018-19)
- 10** Estate Duty Assessed and Collections for the year ended 31 March 2019
- 11** Betting Duty Collections (2016-17 to 2018-19)
- 12** Tax Reserve Certificates Statistics (2015-16 to 2018-19)
- 13** Offences Committed and Court Fines Imposed
- 14** Surcharges Added, Offences Compounded, Additional Tax Imposed and Costs Awarded by the Board of Review

## Schedule 1

### EARNINGS AND PROFITS TAX – TAX ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2019

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2016-17 and earlier years	326,412,554	334,839,163	6,968,314,041	338,422,069	884,310,834	<b>8,852,298,661</b>
2017-18 Final Tax only	345,187,140	(140,495,477)	(2,499,406,450)	451,224,701	5,143,337,897	<b>3,299,847,811</b>
2018-19 Provisional Payments and Final Tax	3,345,320,206	62,166,067,590	162,738,339,216	5,560,652,052	153,332	<b>233,810,532,396</b>
<b>Total Tax Assessed</b>	<b>4,016,919,900</b>	<b>62,360,411,276</b>	<b>167,207,246,807</b>	<b>6,350,298,822</b>	<b>6,027,802,063</b>	<b>245,962,678,868</b>
Add: Collectables -						
Tax outstanding as at 31 March 2018 brought forward	824,366,923	11,803,011,438	40,333,429,454	2,280,451,650	904,846,100	<b>56,146,105,565</b>
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	83,239,297	287,674,436	717,199,329	265,516,875	14,433,473	<b>1,368,063,410</b>
Interest on Tax Held Over	29,436	1,782,674	30,319,884	3,254,094	903,387	<b>36,289,475</b>
Write-off re-opened	1,239,888	20,282,505	2,048,237	6,427,525	1,669,837	<b>31,667,992</b>
<b>Total of Tax Assessed and Collectables (a)</b>	<b>4,925,795,444</b>	<b>74,473,162,329</b>	<b>208,290,243,711</b>	<b>8,905,948,966</b>	<b>6,949,654,860</b>	<b>303,544,805,310</b>
Collections during the year						
Net Tax collected	3,545,300,406	59,865,798,186	160,255,697,673	5,544,663,381	5,949,518,147	<b>235,160,977,793</b>
(After allowing for refunds of tax)	(150,168,728)	(5,047,214,949)	(8,743,521,717)	(384,864,950)	(523,749,105)	<b>(14,849,519,449)</b>
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	79,115,994	277,950,229	564,854,928	238,677,203	12,713,763	<b>1,173,312,117</b>
Interest on Tax Held Over	29,418	2,132,574	12,597,050	3,155,730	870,080	<b>18,784,852</b>
<b>Total Net Collections (b)</b>	<b>3,624,445,818</b>	<b>60,145,880,989</b>	<b>160,833,149,651</b>	<b>5,786,496,314</b>	<b>5,963,101,990</b>	<b>236,353,074,762</b>
Balance of Tax, Surcharge, etc. payable (a) - (b)	1,301,349,626	14,327,281,340	47,457,094,060	3,119,452,652	986,552,870	<b>67,191,730,548</b>
Less: Not collected by virtue of set-off	388,098,291	2,715,060,759	-	670,821,270	-	<b>3,773,980,320</b>
Written-off as irrecoverable	2,381,653	49,291,123	294,709,519	20,301,128	5,902,789	<b>372,586,212</b>
Tax, Surcharge, etc. outstanding as at 31 March 2019 carried forward	910,869,682	11,562,929,458	47,162,384,541	2,428,330,254	980,650,081	<b>63,045,164,016</b>
Less: Under objection or appeal	18,228,680	850,128,291	32,222,373,970	493,664,551	509,820,586	<b>34,094,216,078</b>
Listed for write-off but awaiting approval	0	234,489	1,880,813	55,238	114,931	<b>2,285,471</b>
Assessed but not yet due	494,096,191	7,619,291,837	8,524,687,554	702,072,894	192,663,919	<b>17,532,812,395</b>
<b>Net Tax, Surcharge, etc. in arrears as at 31 March 2019</b>	<b>398,544,811</b>	<b>3,093,274,841</b>	<b>6,413,442,204</b>	<b>1,232,537,571</b>	<b>278,050,645</b>	<b>11,415,850,072</b>

## Schedule 2

### EARNINGS AND PROFITS TAX – DEMAND NOTES ISSUED, TAX ASSESSED AND COLLECTIONS

	2015-16		2016-17		2017-18		2018-19	
	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed
	(\$'000)		(\$'000)		(\$'000)		(\$'000)	
<b>Profits Tax -</b>								
Corporations	118,744	134,008,900	126,042	132,531,271	129,158	138,666,263	133,912	167,207,247
Unincorporated Businesses	34,607	4,994,964	37,343	5,711,250	35,314	6,264,977	38,634	6,350,299
<b>Salaries Tax</b>	1,626,653	60,579,030	1,589,490	61,278,673	1,605,642	62,865,581	1,646,699	62,360,411
<b>Property Tax</b>	136,079	3,326,687	146,310	3,687,148	138,880	3,677,439	151,309	4,016,920
<b>Personal Assessment</b>	222,725	4,850,756	236,612	5,275,993	191,820	5,357,642	254,739	6,027,802
<b>Total</b>	<b>2,138,808</b>	<b>207,760,337</b>	<b>2,135,797</b>	<b>208,484,335</b>	<b>2,100,814</b>	<b>216,831,902</b>	<b>2,225,293</b>	<b>245,962,679</b>

	2015-16		2016-17		2017-18		2018-19	
	Collections		Collections		Collections		Collections	
	(\$'000)		(\$'000)		(\$'000)		(\$'000)	
<b>Profits Tax -</b>								
Corporations		135,574,011		134,031,325		133,459,327		160,833,150
Unincorporated Businesses		4,652,631		5,206,758		5,640,892		5,786,496
<b>Salaries Tax</b>		57,867,772		59,077,485		60,838,782		60,145,881
<b>Property Tax</b>		2,998,035		3,371,739		3,447,839		3,624,446
<b>Personal Assessment</b>		4,789,953		5,219,954		5,342,499		5,963,102
<b>Total</b>		<b>205,882,402</b>		<b>206,907,261</b>		<b>208,729,339</b>		<b>236,353,075</b>

## Schedule 3

### CORPORATIONS – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2015-16		2016-17		2017-18	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
<b>Distribution -</b>						
Retail	3,336,545	2.6	3,166,081	2.5	<b>3,608,398</b>	<b>2.4</b>
Wholesale, Import and Export	24,523,247	19.0	25,192,249	20.0	<b>28,264,688</b>	<b>19.0</b>
Foreign Corporations carrying on Import and Export	57,602	0.1	42,820	0.1	<b>48,497</b>	<b>0.1</b>
<b>Public Utilities</b>	7,137,426	5.5	7,203,582	5.7	<b>7,610,406</b>	<b>5.2</b>
<b>Property</b>	22,632,864	17.6	22,344,189	17.7	<b>26,126,789</b>	<b>17.6</b>
<b>Investment and Finance</b> (other than Banking)	9,191,752	7.1	8,510,619	6.8	<b>11,100,441</b>	<b>7.5</b>
<b>Banking</b>	28,207,161	21.9	26,402,685	21.0	<b>31,305,779</b>	<b>21.1</b>
<b>Manufacturing -</b>						
Clothing and Textiles	747,451	0.6	801,989	0.6	<b>781,454</b>	<b>0.5</b>
Food and Beverage Products	615,225	0.5	585,454	0.5	<b>575,153</b>	<b>0.4</b>
Steel and Other Metals	217,925	0.1	262,410	0.2	<b>317,445</b>	<b>0.2</b>
Printing and Publishing	506,495	0.4	409,107	0.3	<b>408,114</b>	<b>0.3</b>
Others	3,470,513	2.7	3,685,392	2.9	<b>3,763,728</b>	<b>2.6</b>
<b>Shipping</b> (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,097,782	0.9	1,164,125	0.9	<b>1,333,039</b>	<b>0.9</b>
<b>Hotels, Restaurants and Amusement Centres</b>	3,333,859	2.6	3,084,787	2.5	<b>3,155,459</b>	<b>2.1</b>
<b>Stevedoring, Wharfing and Godowns</b>	1,138,466	0.9	1,124,222	0.9	<b>1,019,333</b>	<b>0.7</b>
<b>Clubs and Associations</b>	1,346,823	1.0	1,197,454	1.0	<b>1,457,946</b>	<b>1.0</b>
<b>Insurance Companies and Insurance Agents</b>	2,909,645	2.3	2,273,768	1.8	<b>3,709,950</b>	<b>2.5</b>
<b>Non-resident Corporations Trading through Agents</b> (including Consignment Tax)	1,559,061	1.2	1,684,665	1.3	<b>1,618,348</b>	<b>1.1</b>
<b>Building Contractors and Engineering Works</b>	2,670,137	2.1	3,080,358	2.5	<b>3,827,880</b>	<b>2.6</b>
<b>Aircraft Owners and Operators</b>	226,650	0.2	269,751	0.2	<b>513,428</b>	<b>0.3</b>
<b>Taxis, Hire Cars, Public Light Buses and Motor Boats</b>	268,772	0.2	258,217	0.2	<b>251,203</b>	<b>0.2</b>
<b>Miscellaneous</b>	13,539,434	10.5	13,125,553	10.4	<b>17,274,082</b>	<b>11.7</b>
<b>Total</b>	<b>128,734,835</b>	<b>100.0</b>	<b>125,869,477</b>	<b>100.0</b>	<b>148,071,560</b>	<b>100.0</b>

## Schedule 4

### UNINCORPORATED BUSINESSES – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2015-16		2016-17		2017-18	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
<b>Property Developers, Property Dealers, Property Agents and Subletting Businesses</b>	45,715	1.2	26,685	0.7	65,211	1.5
<b>Finance and Securities including Brokers, Dealers and Insurance Agents</b>	455,478	12.1	567,378	14.0	559,787	13.2
<b>Builders, Decorators and Civil Engineering Works</b>	47,478	1.3	44,309	1.1	43,625	1.0
<b>Distribution -</b>						
Import and Export	50,669	1.3	47,321	1.2	53,123	1.3
Wholesale	36,503	1.0	27,007	0.7	22,210	0.5
Retail	201,837	5.3	207,251	5.1	220,943	5.2
<b>Manufacturing -</b>						
Agricultural Trades and Food & Beverage Products Manufacturers	7,190	0.2	8,930	0.2	3,810	0.1
Cloth and Clothing	4,819	0.1	2,312	0.1	2,454	0.1
Chemical Products and Mechanical Engineering	33,015	0.9	40,167	1.0	41,641	1.0
Printing and Publishing	7,905	0.2	7,309	0.2	5,702	0.1
Others	12,733	0.3	14,674	0.4	12,936	0.3
<b>Hotels, Restaurants and Amusement Centres</b>	106,941	2.8	101,936	2.5	89,604	2.1
<b>Transport</b> (including Wharfing and Godowns)	34,929	0.9	40,890	1.0	35,713	0.8
<b>Professions -</b>						
Accountants	380,347	10.0	424,196	10.4	362,061	8.5
Architects, Engineers, Surveyors, etc.	2,615	0.1	2,895	0.1	1,822	0.0
Doctors and Dentists	995,673	26.3	993,495	24.5	1,013,555	23.8
Solicitors and Barristers	1,054,405	27.9	1,098,982	27.1	1,303,218	30.7
Other Professions	299,311	7.9	386,891	9.5	406,554	9.6
<b>Miscellaneous</b>	8,941	0.2	9,180	0.2	8,789	0.2
<b>Non-resident Businesses*</b>	102	0.0	344	0.0	0	0.0
<b>Total</b>	<b>3,786,606</b>	<b>100.0</b>	<b>4,052,152</b>	<b>100.0</b>	<b>4,252,758</b>	<b>100.0</b>

\* Consignment Tax under Section 20A(3) of the Inland Revenue Ordinance

## Schedule 5

### ANALYSIS OF SALARIES TAX ASSESSMENTS FOR THE YEAR OF ASSESSMENT 2017-18 BY INCOME GROUP

Annual Income	No. of Taxpayers	Percentage of Taxpayers	No. of Elections for Joint Assessment	Total Income (After Deductions other than Self Education Expenses and Concessory Deductions)	Total Allowances (See analysis per Schedule 6)	Self Education Expenses	Concessory Deductions				Total Net Chargeable Income	Final Tax	Percentage of Total Final Tax	Average Tax per Taxpayer
							Total Donations to Charities	Home Loan Interest	Elderly Residential Care Expenses	Contributions to Recognized Retirement Schemes				
(\$)		(%)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(%)	(\$)
132,001 - 140,000	12,829	0.69	0	1,758,571	1,693,428	103	905	126	5	10,258	53,746	263	0.00	<b>21</b>
140,001 - 150,000	47,044	2.52	0	6,829,774	6,209,808	2,243	9,278	1,734	75	125,612	481,024	2,385	0.00	<b>51</b>
150,001 - 180,000	147,006	7.86	0	24,320,504	19,456,496	46,766	70,104	30,265	586	508,782	4,207,505	21,184	0.04	<b>144</b>
180,001 - 210,000	147,401	7.88	0	28,709,157	20,087,887	106,186	104,557	71,974	2,644	666,528	7,669,381	58,638	0.10	<b>398</b>
210,001 - 240,000	131,965	7.06	0	29,729,904	18,926,042	156,414	130,399	127,036	5,074	762,431	9,622,508	103,493	0.17	<b>784</b>
240,001 - 270,000	126,612	6.77	458	32,262,796	20,159,201	182,383	154,584	166,429	7,937	892,700	10,699,562	147,713	0.24	<b>1,167</b>
270,001 - 300,000	119,022	6.37	5,913	33,907,303	21,220,673	168,086	161,194	191,588	9,369	925,139	11,231,254	182,676	0.30	<b>1,535</b>
300,001 - 400,000	306,668	16.40	21,562	106,686,191	61,814,193	494,038	639,190	842,920	53,043	3,004,244	39,838,563	836,060	1.38	<b>2,726</b>
400,001 - 500,000	223,815	11.97	26,391	100,032,927	54,051,675	376,382	678,998	927,558	64,971	2,452,385	41,480,958	1,138,407	1.89	<b>5,086</b>
500,001 - 600,000	156,095	8.35	23,633	85,289,617	43,402,282	266,468	656,312	958,257	64,627	1,872,328	38,069,343	1,523,975	2.52	<b>9,763</b>
600,001 - 700,000	111,549	5.97	15,460	72,163,399	33,101,993	207,226	609,668	900,491	54,359	1,397,151	35,892,511	2,027,786	3.36	<b>18,178</b>
700,001 - 800,000	69,169	3.70	9,300	51,580,364	21,377,233	140,527	437,649	658,513	40,808	920,496	28,005,138	2,027,355	3.36	<b>29,310</b>
800,001 - 900,000	57,527	3.07	5,591	48,271,054	17,488,585	108,320	510,533	560,838	40,558	740,315	28,821,905	2,487,668	4.12	<b>43,243</b>
900,001 - 1,000,000	38,809	2.08	3,385	36,817,117	11,882,659	79,849	377,387	396,125	30,426	474,926	23,575,745	2,341,833	3.88	<b>60,343</b>
1,000,001 - 1,500,000	90,138	4.82	6,205	108,837,039	27,554,122	178,595	980,646	1,019,953	64,763	1,083,956	77,955,004	9,338,389	15.47	<b>103,601</b>
1,500,001 - 2,000,000	33,680	1.80	1,871	57,779,692	10,176,795	59,001	496,501	387,916	21,333	384,770	46,253,376	6,349,537	10.52	<b>188,525</b>
2,000,001 - 3,000,000	26,418	1.41	1,237	63,477,311	7,053,520	40,475	528,926	334,291	14,281	288,916	55,216,902	7,958,240	13.18	<b>301,243</b>
3,000,001 - 5,000,000	14,158	0.76	349	53,070,889	2,423,732	15,489	361,178	177,686	6,044	152,544	49,934,216	7,311,813	12.11	<b>516,444</b>
5,000,001 - 7,500,000	4,805	0.26	27	28,773,041	148,891	5,982	215,068	55,447	730	51,850	28,295,073	4,119,415	6.82	<b>857,319</b>
7,500,001 - 10,000,000	1,872	0.10	2	16,051,567	456	1,605	111,431	22,066	204	19,847	15,895,958	2,328,252	3.86	<b>1,243,724</b>
10,000,001 & over	3,011	0.16	11	68,473,415	564	2,024	644,006	33,993	161	31,420	67,761,247	10,074,103	16.68	<b>3,345,766</b>
<b>Total</b>	<b>1,869,593</b>	<b>100.00</b>	<b>121,395</b>	<b>1,054,821,632</b>	<b>398,230,235</b>	<b>2,638,162</b>	<b>7,878,514</b>	<b>7,865,206</b>	<b>481,998</b>	<b>16,766,598</b>	<b>620,960,919</b>	<b>60,379,185</b>	<b>100.00</b>	<b>32,295</b>

## Schedule 6

### ANALYSIS OF ALLOWANCES GRANTED FOR THE YEAR OF ASSESSMENT 2017-18 BY INCOME GROUP

Annual Income	Basic Allowance	Married Person's Allowance	Child Allowance	Dependent Brother/Sister Allowance	Single Parent Allowance	Dependent Parent Allowance	Additional Dependent Parent Allowance	Dependent Grandparent Allowance	Additional Dependent Grandparent Allowance	Disabled Spouse Allowance	Disabled Parent Allowance	Disabled Grandparent Allowance	Disabled Child Allowance	Disabled Brother/Sister Allowance	Total Allowances
(\$)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
132,001 - 140,000	1,693,428	0	0	0	0	0	0	0	0	0	0	0	0	0	1,693,428
140,001 - 150,000	6,209,808	0	0	0	0	0	0	0	0	0	0	0	0	0	6,209,808
150,001 - 180,000	19,404,792	0	30	9,262	0	37,904	3,772	713	23	0	0	0	0	0	19,456,496
180,001 - 210,000	19,456,932	0	280	51,788	0	429,893	136,045	12,880	69	0	0	0	0	0	20,087,887
210,001 - 240,000	17,419,380	0	75,816	68,513	0	937,940	392,449	25,760	5,359	0	825	0	0	0	18,926,042
240,001 - 270,000	16,549,632	326,304	521,060	77,662	0	1,679,897	933,087	40,733	13,501	0	10,575	450	0	6,300	20,159,201
270,001 - 300,000	13,633,752	4,154,304	574,920	74,625	0	1,726,909	949,785	46,598	14,030	0	31,950	975	0	12,825	21,220,673
300,001 - 400,000	33,328,284	14,303,784	3,532,870	200,512	79,952	6,273,894	3,489,537	170,338	51,014	19,350	287,325	9,375	12,008	55,950	61,814,193
400,001 - 500,000	21,681,660	15,723,840	7,057,833	130,687	323,361	5,673,065	2,791,372	153,571	42,136	31,800	327,225	11,175	37,950	66,000	54,051,675
500,001 - 600,000	13,824,360	13,560,360	8,162,549	83,363	295,348	4,779,354	2,083,248	124,568	33,695	29,700	297,075	11,550	59,437	57,675	43,402,282
600,001 - 700,000	9,985,668	9,477,600	7,004,315	63,638	220,242	4,093,126	1,700,229	104,696	26,404	19,950	275,100	11,550	60,825	58,650	33,101,993
700,001 - 800,000	6,013,920	6,232,776	4,836,301	42,563	134,783	2,679,316	1,056,597	73,163	16,215	13,275	185,400	8,625	43,499	40,800	21,377,233
800,001 - 900,000	5,288,316	4,610,496	4,038,585	35,363	118,734	2,237,371	817,006	57,730	11,684	14,625	171,675	7,500	39,300	40,200	17,488,585
900,001 - 1,000,000	3,498,000	3,249,576	2,815,045	22,125	83,160	1,469,976	527,206	37,996	8,050	6,750	107,025	5,175	26,100	26,475	11,882,659
1,000,001 - 1,500,000	7,809,912	8,176,608	6,777,395	41,550	176,616	3,130,967	999,695	79,097	14,582	13,350	221,400	10,875	54,300	47,775	27,554,122
1,500,001 - 2,000,000	2,454,936	3,452,064	2,772,958	12,487	59,611	1,012,184	280,393	24,955	4,232	3,525	63,225	3,825	18,750	13,650	10,176,795
2,000,001 - 3,000,000	936,672	2,985,576	2,268,380	7,650	49,038	572,608	152,122	14,490	2,484	2,025	36,225	2,325	13,275	10,650	7,053,520
3,000,001 - 5,000,000	155,628	1,067,880	989,050	1,200	20,592	135,332	33,626	2,714	460	900	8,775	225	5,850	1,500	2,423,732
5,000,001 - 7,500,000	1,716	60,984	72,400	150	924	9,200	2,300	92	0	75	375	0	450	225	148,891
7,500,001 - 10,000,000	0	264	100	0	0	46	46	0	0	0	0	0	0	0	456
10,000,001 & over	0	264	300	0	0	0	0	0	0	0	0	0	0	0	564
<b>Total</b>	<b>199,346,796</b>	<b>87,382,680</b>	<b>51,500,187</b>	<b>923,138</b>	<b>1,562,361</b>	<b>36,878,982</b>	<b>16,348,515</b>	<b>970,094</b>	<b>243,938</b>	<b>155,325</b>	<b>2,024,175</b>	<b>83,625</b>	<b>371,744</b>	<b>438,675</b>	<b>398,230,235</b>

## Schedule 7

### PROPERTY STATISTICS (as at 31 March 2019)

Classification of Properties	No. of Properties		%
(i) Solely owned by individuals [excluding those under item (iv)] (Rental income, if any, is reported in Tax Returns-Individuals)		1,041,927	40.84
(ii) Jointly owned, owned by tenants-in-common, and solely owned other than by individuals [excluding those under item (iv)] - Letting (Reported in Property Tax Returns)	129,709		
Other usage or vacant	517,699	647,408	25.38
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance		449,526	17.62
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme		322,832	12.66
(v) New ownership - awaiting classification		89,258	3.50
<b>Total</b>		<b>2,550,951</b>	<b>100.00</b>
Classification by Number of Owners	No. of Properties		%
Properties owned by : 1 owner		1,737,682	68.12
2 owners		750,194	29.41
3 owners		38,413	1.50
4 owners		10,972	0.43
5 owners		5,088	0.20
6 - 10 owners		6,638	0.26
11 - 20 owners		1,790	0.07
Over 20 owners		174	0.01
<b>Total</b>		<b>2,550,951</b>	<b>100.00</b>



## Schedule 8

### BUSINESS REGISTRATION STATISTICS

Fiscal Year	2015-16	2016-17	2017-18	2018-19
New registrations	163,324	202,581	187,657	<b>163,413</b>
Re-opened registrations	11,341	12,142	12,432	<b>15,590</b>
Cancelled registrations	153,303	141,060	168,139	<b>193,929</b>
Current registrations as at 31 March	1,427,064	1,500,727	1,532,677	<b>1,517,751</b>
Paid Certificates (including certificates with annual fees waived)*	1,402,548	1,530,879	1,493,423	<b>1,517,791</b>
Businesses exempted from payment of fees	16,103	10,449	14,856	<b>16,658</b>
Extracts of information issued	359,512	432,028	413,584	<b>421,742</b>
	(\$'000)	(\$'000)	(\$'000)	<b>(\$'000)</b>
Fees and penalties collected (excluding levy)*	2,607,074	227,737	2,726,742	<b>2,826,688</b>
Court fines	8,949	12,952	14,473	<b>11,459</b>
Fees and penalties in arrears as at 31 March (excluding levy)	305,812	156,294	234,717	<b>258,767</b>

\* The annual fees in respect of business and branch certificates with commencement dates falling within the period from 1 April 2016 to 31 March 2017 were waived.

## Schedule 9

### STAMP DUTY COLLECTIONS AND STAMP OFFICE ACTIVITIES

Fiscal Year	2015-16		2016-17		2017-18		2018-19	
	(\$m)		(\$m)		(\$m)		(\$m)	
<b>Duties on -</b>								
• Property Assignments and Chargeable Agreements	28,494.4		37,517.9		57,375.8		<b>45,898.9</b>	
• Contract notes								
- Collected by Stamp Office	3,045.0		2,679.7		2,897.5		<b>3,327.5</b>	
- Collected through The Stock Exchange of Hong Kong Limited	30,365.0	33,410.0	20,887.6	23,567.3	34,032.3	36,929.8	<b>29,774.3</b>	<b>33,101.8</b>
• Leases	612.3		597.4		663.0		<b>724.5</b>	
• Transfer deeds	2.2		1.6		2.3		<b>1.4</b>	
• Other documents	131.4		108.2		135.5		<b>170.6</b>	
<b>Penalties</b>	29.6		105.5		66.2		<b>81.3</b>	
<b>Additional duties for delays in payment</b>	0.4		1.1		0.2		<b>0.2</b>	
<b>Total duty collections</b>	<b>62,680.3</b>		<b>61,899.0</b>		<b>95,172.8</b>		<b>79,978.7</b>	
<b>Average number of callers to Stamp Office per day</b>	<b>1,562</b>		<b>1,588</b>		<b>1,704</b>		<b>1,691</b>	
<b>Number of documents stamped during the year</b>	<b>1,586,018</b>		<b>1,591,591</b>		<b>1,734,222</b>		<b>1,725,186</b>	

## Schedule 10

### ESTATE DUTY – DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2019

	Assessments issued before 1 April 2018	Assessments issued in 2018-19						Total
		Original Assessments					Additional Assessments	
		Estates valued under \$2m	Estates valued \$2m to \$4m	Estates valued \$4m to \$10m	Estates valued \$10m to \$20m	Estates valued over \$20m		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outstanding charges brought forward from 2017-18	87,644	-	-	-	-	-	-	87,644
Less: Amount discharged	-	-	-	-	-	-	-	-
Net outstanding charges brought forward from 2017-18	87,644	-	-	-	-	-	-	87,644
Net duty assessed	-	-	-	-	2,044	10,950	736	13,730
Penalties charged	-	-	-	-	-	3,285	102	3,387
Interest charged	1,578	-	-	-	1,676	17,569	448	21,271
Total amount payable	89,222	-	-	-	3,720	31,804	1,286	126,032
Less: Amount paid on account before 1 April 2018	-	-	-	-	3,720	-	158	3,878
Net duty, penalties and interest payable in 2018-19	89,222	-	-	-	-	31,804	1,128	122,154
Less: Outstanding charges carried forward to 2019-20	86,189	-	-	-	-	31,804	15	118,008
Net duty, penalties and interest paid in 2018-19	3,033	-	-	-	-	-	1,113	4,146
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	-	-	-	30	2,400	82,076	-	84,506
Total collections in 2018-19	3,033	-	-	30	2,400	82,076	1,113	88,652

# Schedule 11

## BETTING DUTY COLLECTIONS

Fiscal Year	2016-17		2017-18		2018-19	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Horse Racing</b>						
<b>Day Meetings</b>						
Net Stake Receipts	10,408,096		10,356,804		10,179,914	
Betting Duty		7,599,306		7,571,393		7,442,054
<b>Night Meetings</b>						
Net Stake Receipts	7,078,933		7,814,861		7,189,480	
Betting Duty		5,158,585		5,710,418		5,254,604
<b>Horse Race Betting Duty</b> (For rates, please refer to Figure 22 of Chapter 3)		12,757,891		13,281,811		12,696,658
<b>Lotteries (Mark Six)</b>						
Proceeds from Lotteries	8,507,524		8,093,222		7,948,643	
<b>Lotteries Duty</b> (Rate: 25%)		2,126,881		2,023,306		1,987,161
<b>Football Betting</b>						
Net Stake Receipts	12,468,422		13,308,005		15,021,213	
<b>Football Betting Duty</b> (Rate: 50%)		6,234,211		6,654,003		7,510,607
<b>Total duty collected</b>		21,118,983		21,959,120		22,194,426

## Schedule 12

### TAX RESERVE CERTIFICATES

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
		(\$'000)		(\$'000)	(\$'000)
<b>2015-16</b>					
Save for Tax Payment					
• Paper certificate	2	2	50	65	12
• Save-As-You-Earn Scheme	43,883	78,179	42,767	74,978	78
• Electronic Tax Reserve Certificates Scheme	46,414	435,148	42,695	400,304	89
Security for Tax in Dispute	1,812	2,106,083	1,724	1,933,207	2,286
<b>Total</b>	<b>92,111</b>	<b>2,619,412</b>	<b>87,236</b>	<b>2,408,554</b>	<b>2,465</b>
		(\$'000)		(\$'000)	(\$'000)
<b>2016-17</b>					
Save for Tax Payment					
• Paper certificate	2	3	13	21	-
• Save-As-You-Earn Scheme	43,528	79,859	40,293	76,352	58
• Electronic Tax Reserve Certificates Scheme	47,608	473,632	43,630	411,114	105
Security for Tax in Dispute	1,632	3,186,468	1,541	2,647,276	6,575
<b>Total</b>	<b>92,770</b>	<b>3,739,962</b>	<b>85,477</b>	<b>3,134,763</b>	<b>6,738</b>
		(\$'000)		(\$'000)	(\$'000)
<b>2017-18</b>					
Save for Tax Payment					
• Paper certificate	2	1	22	15	2
• Save-As-You-Earn Scheme	43,548	81,179	42,688	79,140	54
• Electronic Tax Reserve Certificates Scheme	47,906	448,957	44,799	475,675	120
Security for Tax in Dispute	1,628	4,493,138	1,278	1,606,339	2,563
<b>Total</b>	<b>93,084</b>	<b>5,023,275</b>	<b>88,787</b>	<b>2,161,169</b>	<b>2,739</b>
		(\$'000)		(\$'000)	(\$'000)
<b>2018-19</b>					
Save for Tax Payment					
• Paper certificate	3	9	9	11	-
• Save-As-You-Earn Scheme	42,033	79,588	35,120	70,771	41
• Electronic Tax Reserve Certificates Scheme	46,896	363,136	41,914	384,852	109
Security for Tax in Dispute	1,713	4,177,491	1,289	1,471,865	1,460
<b>Total</b>	<b>90,645</b>	<b>4,620,224</b>	<b>78,332</b>	<b>1,927,499</b>	<b>1,610</b>

## Schedule 13

### EARNINGS AND PROFITS TAX – OFFENCES COMMITTED AND COURT FINES IMPOSED

**2018-19**

	Inland Revenue Ordinance										Total	
	Failure to submit return and other offences [section 80(1)&(2)(d)]		Failure to comply with Court Order [section 80(2B)]		Wilfully with intent to evade tax or to assist other persons to evade tax [section 82]		Furnishing incorrect return, statement or information [section 80(2)(a),(b)&(c)]		Failure to comply with the requirement of section 51(2) to notify the chargeability [section 80(2)(e)]			
	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines
Profits Tax		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
• Corporations	13,062	34,580,400	666	3,165,400	0	0	0	0	0	0	13,728	37,745,800
• Unincorporated Businesses	549	1,253,600	93	392,000	0	0	0	0	0	0	642	1,645,600
Salaries Tax												
• Employees	2,172	5,249,800	265	1,227,300	0	0	5	45,989	0	0	2,442	6,523,089
• Employers	1,305	3,940,250	146	744,900	0	0	0	0	0	0	1,451	4,685,150
Property Tax												
• Individuals	24	67,000	4	32,500	0	0	0	0	0	0	28	99,500
Total	17,112	45,091,050	1,174	5,562,100	0	0	5	45,989	0	0	18,291	50,699,139

Note 1 : Fines do not form part of the revenue collected by the Inland Revenue Department

Note 2 : The number of summonses pending hearing as at 31 March 2019 is 30,969

## Schedule 14

### EARNINGS AND PROFITS TAX – SURCHARGES ADDED, OFFENCES COMPOUNDED, ADDITIONAL TAX IMPOSED AND COSTS AWARDED BY THE BOARD OF REVIEW

2018-19

	Property Tax		Salaries Tax		Profits Tax (Corporations)		Profits Tax (Unincorporated Businesses)		Personal Assessment		Total	
	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Surcharge for late payment of tax	18,840	27,576,850	193,224	185,820,773	18,589	212,070,678	8,862	30,680,625	18,298	13,271,832	257,813	469,420,758
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	8	48,180	0	0	0	0	8	48,180
• section 80(1)	19	122,600	972	4,665,000	111	6,145,400	167	8,543,000	1	60,000	1,270	19,536,000
• section 80(2)	1,610	51,182,675	10,544	59,885,778	7,618	323,946,471	1,512	153,230,800	92	1,050,341	21,376	589,296,065
• section 82(1)	18	3,995,572	44	31,099,507	69	125,553,300	36	64,891,000	3	23,000	170	225,562,379
• section 82(2)	0	0	0	0	0	0	0	0	0	0	0	0
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	92	361,600	178	6,060,878	1,130	49,327,300	87	8,171,450	6	28,300	1,493	63,949,528
Costs awarded by the Board of Review	0	0	8	142,500	6	108,000	0	0	0	0	14	250,500
<b>Total</b>	<b>20,579</b>	<b>83,239,297</b>	<b>204,970</b>	<b>287,674,436</b>	<b>27,531</b>	<b>717,199,329</b>	<b>10,664</b>	<b>265,516,875</b>	<b>18,400</b>	<b>14,433,473</b>	<b>282,144</b>	<b>1,368,063,410</b>

\* Including penalties imposed by the Court

