



## Inland Revenue Department

The Government of the Hong Kong Special Administrative Region  
of the People's Republic of China



**治稅以法 服務以誠**

**Tax by the Law Service from the Heart**

Annual Report 2019-20 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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I am pleased to present the 2019-20 Annual Report of the Inland Revenue Department.

The year 2019-20 was full of challenges and uncertainties. Badly hit by the combined effects of local social incidents, global economic slowdown and escalated US-China trade tensions, the Hong Kong economy entered recession in the third quarter of 2019. Stepping into 2020, the Hong Kong economy turned even worse as a result of the threat of the COVID-19 epidemic on global trade and local consumption-related activities. Overall, the Department's total revenue collection fell by 11.1% (\$37.9 billion) to \$303.6 billion in 2019-20. The two main tax types, namely profits tax and salaries tax, together dropped over \$20 billion in total.

Tax collections in 2019-20 mainly came from tax demand notes for the year of assessment 2018-19. The decrease in profits tax collection was partly attributable to the implementation of the two-tiered profits tax rates regime effective from the year of assessment 2018-19. The profits tax rate for the first \$2 million of assessable profits is reduced to half of the standard rate. Besides, in the relief measure announced in August 2019, the Government further increased the tax reduction for salaries tax, tax under personal assessment and profits tax for the year of assessment 2018-19 from 75% to 100%, while retaining the ceiling of \$20,000. Consequently, over a million taxpayers had left the tax net, leading to a drop in tax revenue.

Hong Kong adopts a provisional tax system. Provisional tax for the year of assessment 2019-20 was also charged in the 2018-19 tax demand notes. As affected by the worsened economic condition, some taxpayers



encountered financial difficulties. Besides, the Government announced on 4 December 2019 conditional waiver of surcharges for instalment settlement of demand notes for the year of assessment 2018-19. Hence, the number of applications from taxpayers for holding over of 2019-20 provisional tax and instalment payment surged, leading to a reduction of tax collection in 2019-20.

Further, two factors had affected the progress of the Department's assessment work, which in turn had impacted the 2019-20 tax revenue. Firstly, the Inland Revenue (Amendment) (Tax Concessions) Bill 2019, the object of which was to give effect to the tax concessions for the year of assessment 2018-19, was only passed by the Legislative Council in November 2019. The Department started issuing tax demand notes from December 2019 onwards, a delay of 4 months as compared to past years.

Secondly, in order to reduce the risk of the spread of COVID-19 in the community, the Department implemented special work arrangement in February and March 2020, which to a certain extent affected the issue of assessments. Some tax demand notes were issued later than as planned, resulting in the deferral of tax payment due dates to the financial year 2020-21.

For stamp duty, decreases both in the total number of property transactions in 2019-20 and in the number of residential property transactions chargeable with buyer's stamp duty had caused a drop of \$12.8 billion in the total stamp duty collection for the year 2019-20. With the waiver of business registration fees for 2019-20, the amount of business registration fees and penalties collected in 2019-20 was reduced to \$189 million, representing a huge drop of 93.3%.

On the front of international tax cooperation, steady progress was attained in 2019-20. As at 31 March 2020, Hong Kong has signed comprehensive avoidance of double taxation agreements or arrangements covering various types of income with 43 jurisdictions, and signed tax information exchange agreements with 7 jurisdictions. In addition, Hong Kong smoothly completed the first and second rounds of automatic exchange of financial account information in tax matters with other jurisdictions through the Organisation for Economic Cooperation and Development (OECD) Common Transmission system in 2018 and 2019 respectively. To facilitate Hong Kong entities to comply with their reporting obligations and implementation of automatic exchange of country-by-country (CbC) reports, the Department launched the CbC Reporting Portal for submission of returns and data files in March 2018. Hong Kong has smoothly completed the automatic exchange of CbC reports for 2018 with exchange partners.

To address tax challenges arising from the digitalisation of the economy and Base Erosion and Profit Sharing issues, the OECD is developing new rules for the allocation of taxing rights for profits of digitalised businesses and the prevention of shifting of profits by multinational enterprises to no or low tax jurisdictions. Currently, the goal is to deliver a consensus-based long term solution by mid-2021. These proposals will have far-reaching implications for Hong Kong's existing tax system and tax treaties as well as multinational enterprises. The Department will continue to work with the relevant bureau to monitor the developments, make assessments and devise corresponding measures.

Under the leadership of my predecessor, Mr WONG Kuen-fai, and support from colleagues, the Department had gone through a difficult year 2019-20. With public health and safety as our foremost concern amid the COVID-19 epidemic, the Department will endeavor to continue providing services to members of the public and taxpayers. Like all Hong Kong citizens, we hope to see the epidemic fade away soon, the economy recover and life return to normal.

**TAM Tai-pang**

Commissioner of Inland Revenue





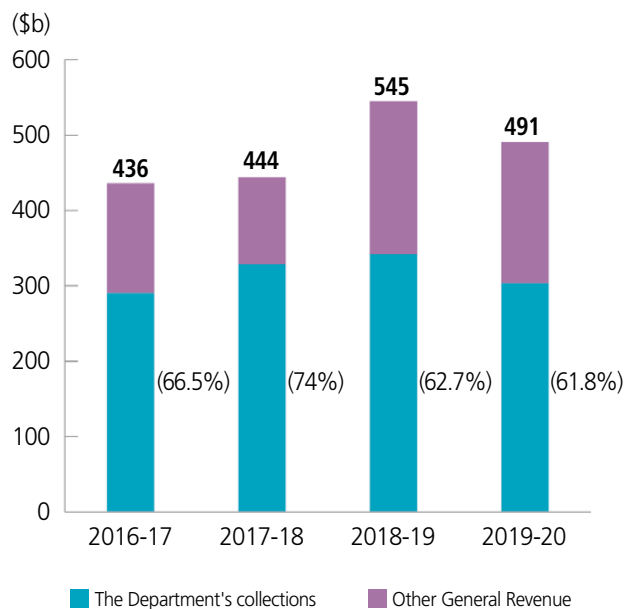
In 2019-20, the Inland Revenue Department collected \$303.6 billion which represents a decrease of \$37.9 billion or 11.1% as compared with the previous year. The decrease was due to the fall in stamp duty, salaries tax and profits tax (corporations). Stamp duty collections and salaries tax collections both dropped by 16% to \$67.2 billion and \$50.4 billion respectively. Profits Tax (corporations) collections dropped by 7.1% to \$149.4 billion. Owing to the waiver of business registration fees, collection of business registration fees dropped sharply by 93.3% to \$0.2 billion. An analysis of the revenue collected by tax type is provided in **Figure 1**.

**Figure 1 Revenue collected by tax type**

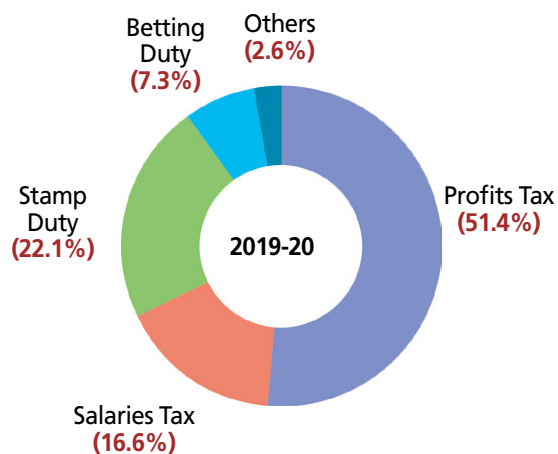
Type of tax	2016-17 (\$m)	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)
Profits tax -				
Corporations	134,031.3	133,459.3	160,833.2	<b>149,427.5</b>
Unincorporated businesses	5,206.8	5,640.9	5,786.5	<b>6,472.8</b>
Salaries tax	59,077.5	60,838.8	60,145.9	<b>50,412.4</b>
Property tax	3,371.7	3,447.8	3,624.4	<b>2,806.5</b>
Personal assessment	5,220.0	5,342.5	5,963.1	<b>4,999.8</b>
<b>Total earnings &amp; profits tax</b>	<b>206,907.3</b>	<b>208,729.3</b>	<b>236,353.1</b>	<b>214,119.0</b>
Estate duty	18.8	31.3	88.7	<b>53.6</b>
Stamp duty	61,899.0	95,172.8	79,978.7	<b>67,198.0</b>
Betting duty	21,119.0	21,959.1	22,194.4	<b>22,012.2</b>
Business registration fees	227.7	2,726.7	2,826.7	<b>189.6</b>
<b>Total revenue collected</b>	<b>290,171.8</b>	<b>328,619.2</b>	<b>341,441.6</b>	<b>303,572.4</b>
<b>% change over previous year</b>	<b>-0.4%</b>	<b>13.2%</b>	<b>3.9%</b>	<b>-11.1%</b>

The revenue collected by the Department during 2019-20 accounted for 61.8% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 68% of the total revenue collected while stamp duty made up a further 22.1% (**Figure 3**).

**Figure 2 Government General Revenue**



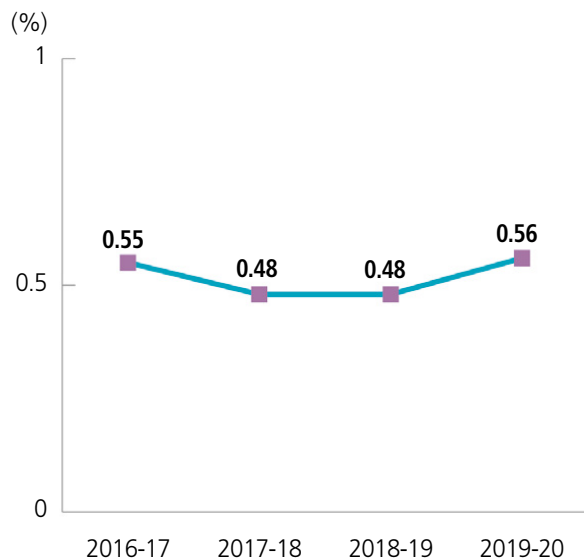
**Figure 3 Composition of the revenue collections**



In 2019-20, the cost of collection increased from 0.48% to 0.56% (**Figure 4**).

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**Figure 4 Cost of collection**





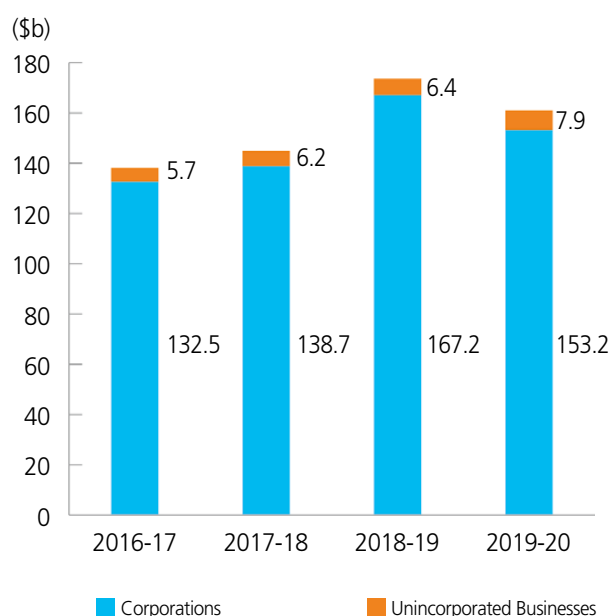
The Department raises revenue through taxes, duties and fees in accordance with the relevant legislation. Earnings and profits tax are assessed by reference to the incomes / profits of the taxpayers in the previous year, whereas duties and fees are charged at the time the relevant activities occur. For 2019-20, earnings and profits tax assessed decreased by \$5.8 billion (2.4%) (**Schedule 2**) as compared with the previous year. The total amount of duties and fees collected decreased by \$15.6 billion (14.9%).

## Profits Tax

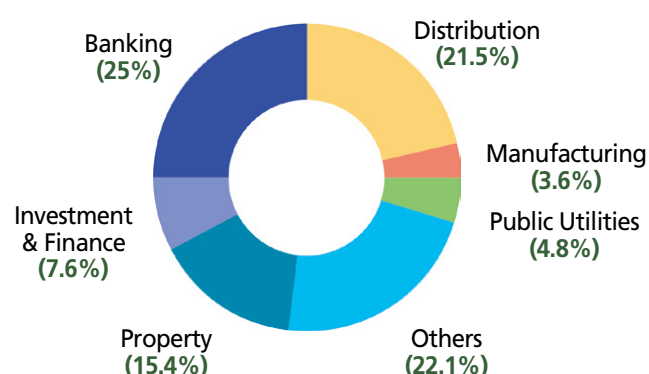
Profits tax is levied on individuals, corporations, bodies of persons and partnerships, in respect of assessable profits arising in or derived from Hong Kong. The two-tiered profits tax rates regime has been implemented since the year of assessment 2018-19. The profits tax rate for the first \$2 million of assessable profits is 8.25% for corporations and 7.5% for unincorporated businesses. Profits above that amount is subject to the tax rate of 16.5% and 15% respectively. For two or more connected entities, only one of them may elect the two-tiered profits tax rates. The amount of profits tax assessed in 2019-20 was \$161.1 billion, which was \$12.5 billion (7.2%) less than 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 2018-19, the property, financial and banking sectors together contributed 48% and the distribution sector generated 21.5% (**Figure 6**).

**Figure 5 Profits tax assessed**



**Figure 6 Ratios of corporation profits tax assessed under 2018-19 final assessments by business sectors**

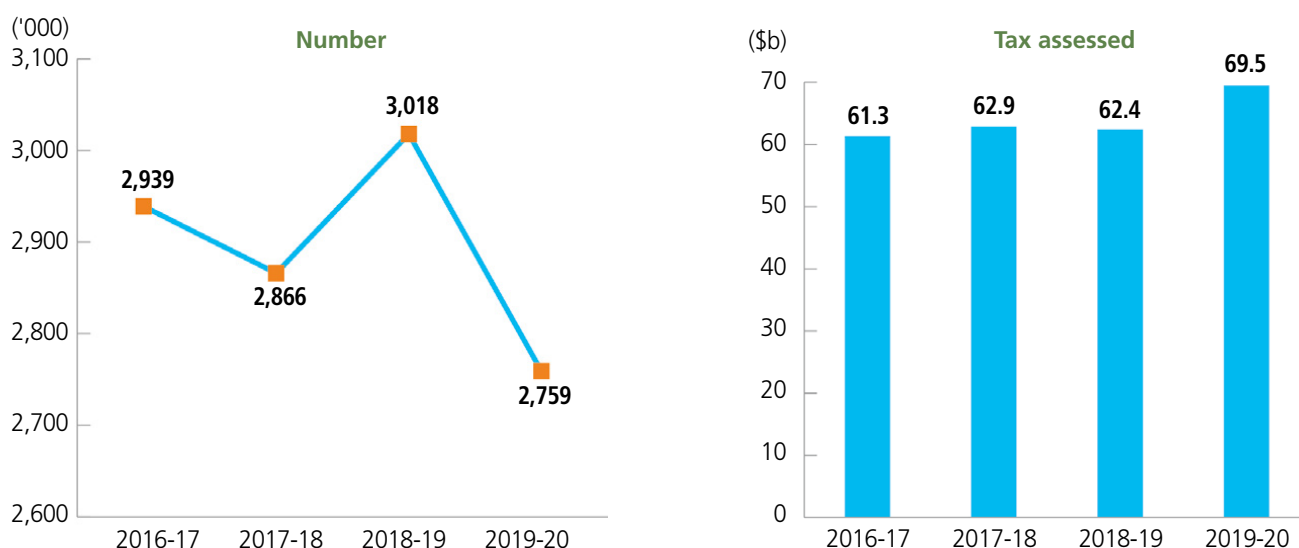


## Salaries Tax

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 2019-20 decreased by 8.6%. However, the growth in wages and earnings has resulted in a 11.4% increase in the amount of tax assessed (**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 2018-19 are provided in **Schedules 5** and **6**.

For the year of assessment 2018-19, the number of standard rate taxpayers decreased by 3,706 to 24,689. These taxpayers together contributed 37.6% of the final salaries tax assessed, a drop of 2.8% compared with last year (**Figure 8**).

**Figure 8 Salaries Tax - standard rate taxpayers**

### Percentage of total number of taxpayers

Year of Assessment	2017-18	2018-19
Total number of taxpayers	1,869,593	<b>1,837,824</b>
Standard rate taxpayers	28,395	<b>24,689</b>
Percentage	1.5%	<b>1.3%</b>



## Figure 8 Salaries Tax - standard rate taxpayers (continued)

### Percentage of total final tax assessed

Year of Assessment	2017-18	2018-19
Total final tax assessed (\$M)	60,379	<b>63,258</b>
Final tax contributed by standard rate taxpayers (\$M)	24,369	<b>23,800</b>
Percentage	40.4%	<b>37.6%</b>

### 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, 400,693 employers filed employer's returns with the Department.

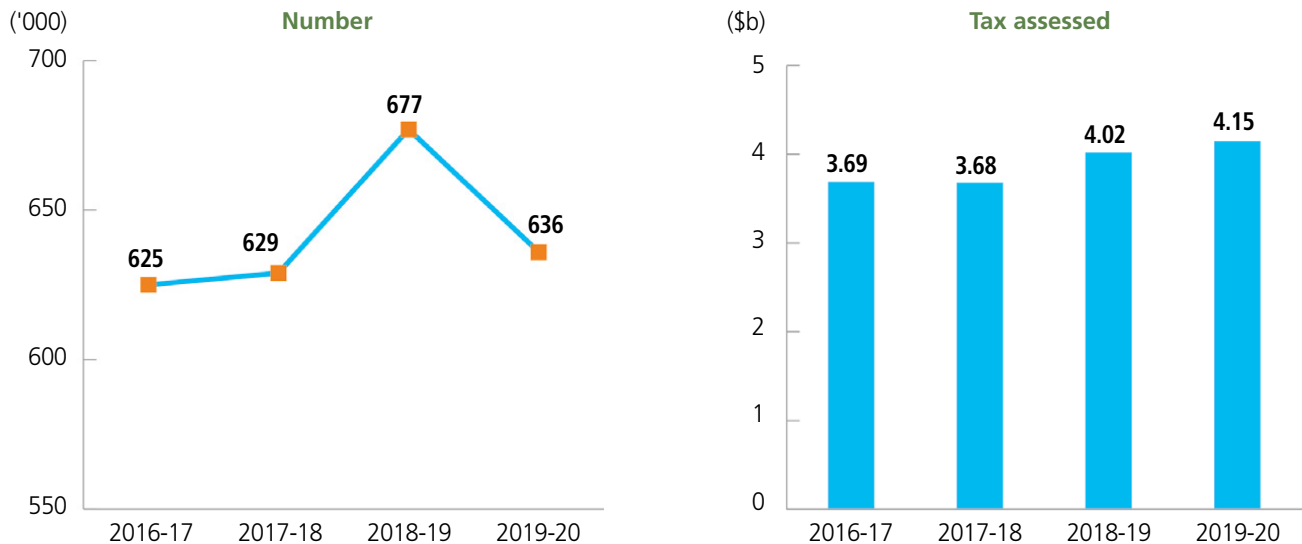
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain 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 2019-20 was less than that in the previous year by 6.1%. The amount of property tax assessed increased by 3.2% (**Figure 9**).

**Figure 9 Property tax assessments**

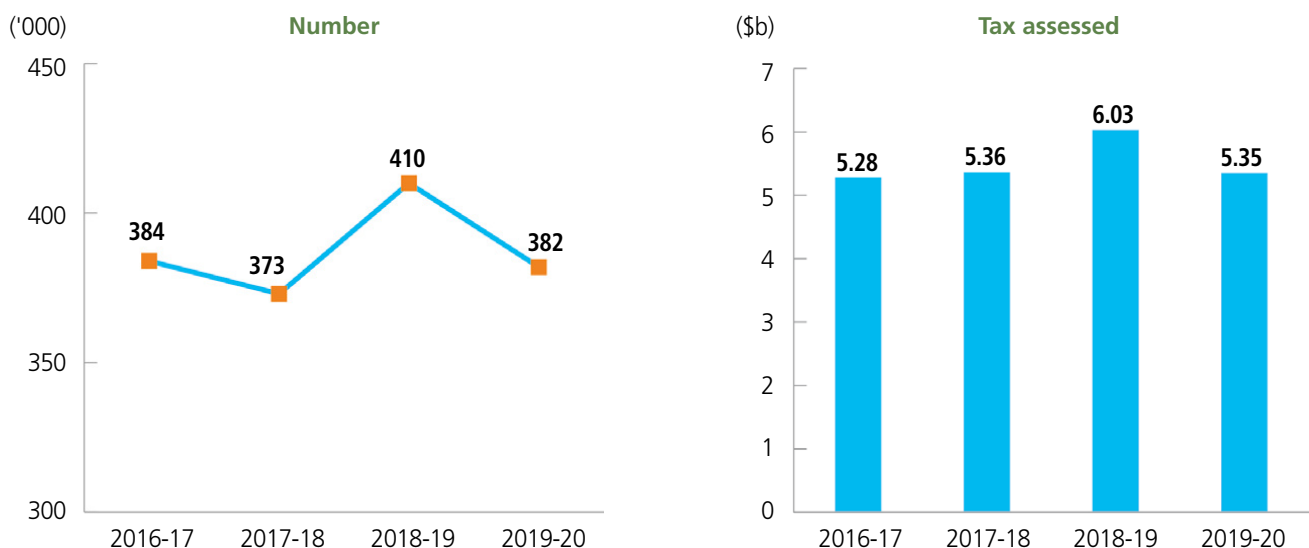


## Personal Assessment

If an individual has income chargeable to profits tax and/or property tax, the individual may elect for personal assessment. Under personal assessment, all the incomes of the taxpayer are aggregated and, after deduction of allowances, are assessed at the progressive tax rates applicable to salaries tax. From the year of assessment 2018-19 onwards, a married person may elect for personal assessment separately from or jointly with the person's spouse. In appropriate circumstances, this would reduce the tax liability of the taxpayer or the total tax liability of the taxpayer and the taxpayer's spouse.

As compared with the previous year, the number of personal assessments made in 2019-20 decreased by 6.8% and the amount of tax assessed was 11.3% lower (**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 2020, Hong Kong has signed comprehensive avoidance of double taxation agreements / arrangements (CDTAs) with 43 jurisdictions, which cover various types of income. They are Austria, Belarus, Belgium, Brunei, Cambodia, Canada, the Mainland of China, the Czech Republic, Estonia, Finland, France, Guernsey, Hungary, India, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Luxembourg, Macao Special Administrative Region, 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 2020, 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 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 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 2020, the Department has received quite a number of unilateral and bilateral APA applications which involve CDTA with different partners including the Mainland of China, Italy, Japan, Korea, Malaysia, the Netherlands, Thailand and the United Kingdom. These cases are currently under different stages of the APA programme and a few of them have already been completed.

## Automatic Exchange of Financial Account Information

For the purpose of enhancing tax transparency and combating cross-border tax evasion, the OECD released in July 2014 a new international standard for automatic exchange of financial account information in tax matters (AEOI). In September 2014, Hong Kong indicated its support for implementing AEOI on a reciprocal basis with appropriate partners with a view to commencing the first exchanges in 2018. So far, over 100 jurisdictions have committed to implementing this international standard.

Hong Kong put in place a legislative framework for implementing AEOI in 2016. Furthermore, the Department has developed the AEOI Portal to facilitate reporting financial institutions to fulfil their obligations related to AEOI.

Hong Kong will only conduct AEOI with a reportable jurisdiction when an arrangement is in place with the reportable jurisdiction concerned to provide the basis for exchange. Hong Kong first adopted a bilateral basis in implementing AEOI. Later, after the Convention came into force in Hong Kong on 1 September 2018, Hong Kong has been able to take a multilateral approach in implementing AEOI. Hong Kong's network for tax information exchange has been expanded accordingly.

Hong Kong smoothly completed the first and second rounds of AEOI with other jurisdictions through the OECD Common Transmission system in 2018 and 2019 respectively.

## Automatic Exchange of Country-by-Country Reports

Hong Kong put in place a legislative framework for implementing the country-by-country reporting in 2018. The requirements for filing a country-by-country return only apply to a multinational enterprise group whose annual consolidated group revenue reaches the specified threshold amount of HK\$6.8 billion. The primary obligation of filing a country-by-country return is on the ultimate parent entity resident in Hong Kong. A Hong Kong entity of a reportable group whose ultimate parent entity is not resident in Hong Kong will be subject to a secondary obligation of filing if certain conditions are met. The mandatory filing of country-by-country return commenced for accounting period beginning on or after 1 January 2018.

To facilitate Hong Kong entities to comply with their reporting obligations and implementation of automatic exchange of country-by-country reports, the Department has launched the CbC Reporting Portal for submission of returns and data files. Hong Kong has smoothly completed the automatic exchange of country-by-country reports for 2018 with exchange partners.

## 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 2019-20, the Department completed the processing of 17 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

**Figure 11 Advance rulings**

	2018-19 Number	2019-20 Number
Awaiting decision at the beginning of the year	11	<b>11</b>
Add: Applications received during the year	27	<b>33</b>
	<u>38</u>	<u><b>44</b></u>
Less: Disposed of -		
Rulings made	18	<b>14</b>
Applications withdrawn	6	<b>2</b>
Rulings declined	3	<b>1</b>
	<u>27</u>	<u><b>17</b></u>
Awaiting decision at the end of the year	<u>11</u>	<u><b>27</b></u>

## 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 2019-20, the Department completed the processing of 60,737 objections (**Figure 12**).

**Figure 12 Objections**

	2018-19 Number			2019-20 Number		
Being processed at the beginning of the year	41,303			<b>43,233</b>		
Add: Received during the year	95,314			<b>55,207</b>		
	136,617			<b>98,440</b>		
Less: Disposed of -						
Settled without determination	92,801			<b>60,069</b>		
Determinations:						
Assessments confirmed	277			<b>353</b>		
Assessments reduced	176			<b>169</b>		
Assessments increased	124			<b>130</b>		
Assessments annulled	6	583	93,384	<b>16</b>	<b>668</b>	<b>60,737</b>
Being processed at the end of the year	43,233			<b>37,703</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 2020, the Board consisted of a chairman and 8 deputy chairmen, who have legal training and experience, as well as 69 members. During 2019-20, the Board settled 61 appeal cases (**Figure 13**).

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

	Number		
Awaiting hearing or decision as at 1 April 2019			41
Add: Received during the year			49
			<u>90</u>
Less: Disposed of -			
Withdrawn	29		
Decided:			
Assessments confirmed	9		
Assessments reduced in full	3		
Assessments reduced in part	4		
Assessments increased	16	32	61
	<u>16</u>	<u>32</u>	<u>61</u>
Awaiting hearing or decision as at 31 March 2020			<u>29</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 2019-20, the Court of First Instance ruled that a sum received after termination of employment should not be chargeable to tax. The Court also heard a tax appeal where the deductibility of amortisation of spectrum utilization fees was in dispute.

During the year, the Court of Appeal dismissed an appeal by the Commissioner relating to additional tax assessments. The Commissioner has filed an application for 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 2019-20, the Court of Final Appeal handed down two judgments on appeals lodged by the Commissioner. In one case, the Court ruled that the taxpayer did not change its intention with respect to a piece of land, and the sum received was not chargeable to tax. In another case, certain benefit accrued upon termination of employment was held not chargeable to tax.

**Figure 14** sets out the statistics concerning appeals to the Courts during 2019-20.



**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 2019	3	1	2	6
Add: Lodged during the year	4	0	0	4
	7	1	2	10
Less: Disposed of	1	1	2	4
Awaiting hearing or decision as at 31 March 2020	6	0	0	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 2020 stood at 1,537,116. It was 19,365 more than that as at 31 March 2019 (**Figure 15**).

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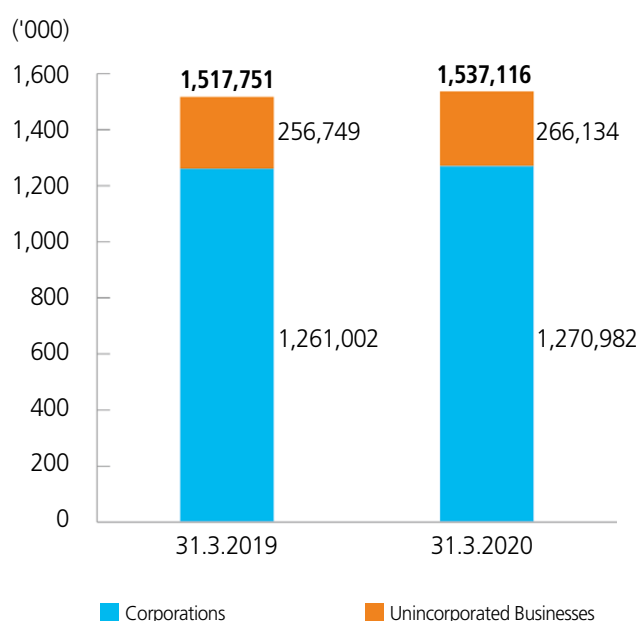
Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2020, 27,208 businesses held 3-year certificates.

To help business enterprises, the Government waived the business registration fees for 2019-20. Businesses were still required to pay the levy on their business registration certificates.

For a 1-year certificate, the levy was \$250. For businesses electing for 3-year certificates, they were required to pay \$3,200 for the business registration fees and \$750 for the levy.

Businesses that were not required to renew their registration certificates in 2019-20 could obtain concessionary refunds if they had paid the registration fees for that year. Up to 31 March 2020, the Department had issued concessionary refunds to 36,889 businesses totaling \$46 million.

Due to the waiver of business registration fees for the whole financial year 2019-20, the amount of business registration fees and penalties collected in 2019-20 was reduced to \$189 million. It represents a significant decrease of 93.3% compared with last year, notwithstanding that 1.2% more certificates were paid (**Figure 16**). Business registration statistics are set out in **Schedule 8**.

**Figure 15 Number of business registrations**

**Figure 16 Business registration statistics**

	2018-19	2019-20	Increase/Decrease
Number of certificates paid (Main and Branch)	1,517,791	<b>1,536,705</b>	+1.2%
Fees (inclusive of penalties) collected (\$m)	2,826	<b>189</b>	-93.3%

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 2019-20 was 11,403, representing a decrease of 31.5% from the previous year. No appeal case was received by the Board during 2019-20 (**Figure 17**).

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

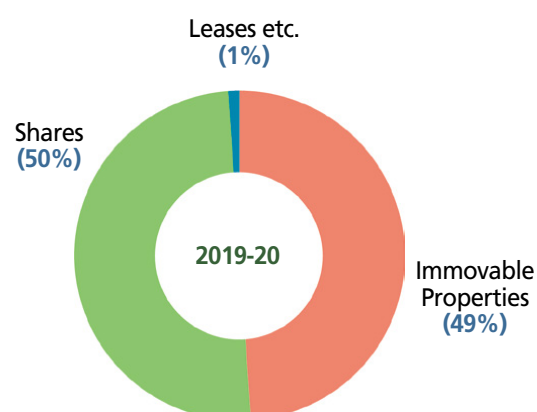
	2018-19 Number	2019-20 Number
Awaiting hearing at the beginning of the year	0	<b>1</b>
Add: Lodged during the year	2	<b>0</b>
	<u>2</u>	<u>1</u>
Less: Disposed of -		
Appeal allowed	0	<b>0</b>
Appeal dismissed	0	<b>1</b>
Appeal withdrawn	1	<b>0</b>
	<u>1</u>	<u>1</u>
Awaiting hearing at the end of the year	<u>1</u>	<u>0</u>

## 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% (\$12.8 billion) in the total stamp duty collection for the year 2019-20 (**Figure 19** and **Schedule 9**). The decrease in the total stamp duty collection is attributable to the following factors:

- (1) There was a decrease in the number of property transactions in 2019-20 when compared with that for 2018-19.

**Figure 18 Composition of stamp duty collections**

- (2) There was a decrease in the number of residential property transactions in 2019-20 chargeable with buyer's stamp duty.

**Figure 19 Stamp duty collections**

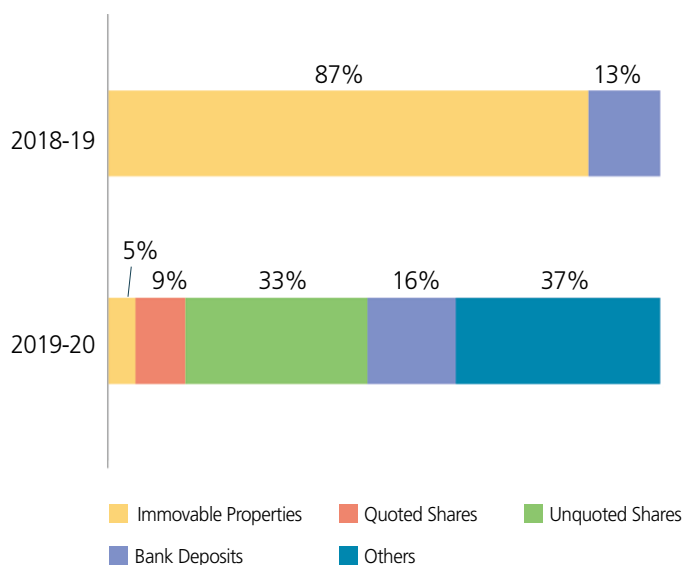
	2018-19 (\$m)	2019-20 (\$m)	Increase/ Decrease
Immovable Properties	45,899	<b>33,071</b>	-27.9%
Shares	33,102	<b>33,231</b>	+0.4%
Leases and other documents	978	<b>896</b>	-8.4%
Total	79,979	<b>67,198</b>	-16.0%

## 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 who passed 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 454 in 2019-20, a decrease of 17.6% 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**

	2018-19 Number	2019-20 Number
New cases	551	<b>454</b>
Cases finalised		
- Dutiable	2	<b>7</b>
- Exempt	565	<b>448</b>
	567	<b>455</b>

Estate duty of \$53 million was collected during the year (**Schedule 10**), a decrease of \$35 million (40%) 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). \$3.8 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 2019-20, the rates of betting duty on these betting activities remained unchanged (**Figure 22**).

**Figure 22 Rates of betting duty in 2019-20**

			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 2019-20 was 0.8% lower than that of the previous year (**Figure 23** and **Schedule 11**).

**Figure 23 Betting duty collections**

	2018-19 (\$m)	2019-20 (\$m)	Increase/ Decrease
Horse racing	12,696.7	<b>12,341.1</b>	-2.8%
Mark Six lotteries	1,987.1	<b>1,931.6</b>	-2.8%
Football betting	7,510.6	<b>7,739.5</b>	+3.0%
Total	22,194.4	<b>22,012.2</b>	-0.8%



## Tax Reserve Certificates

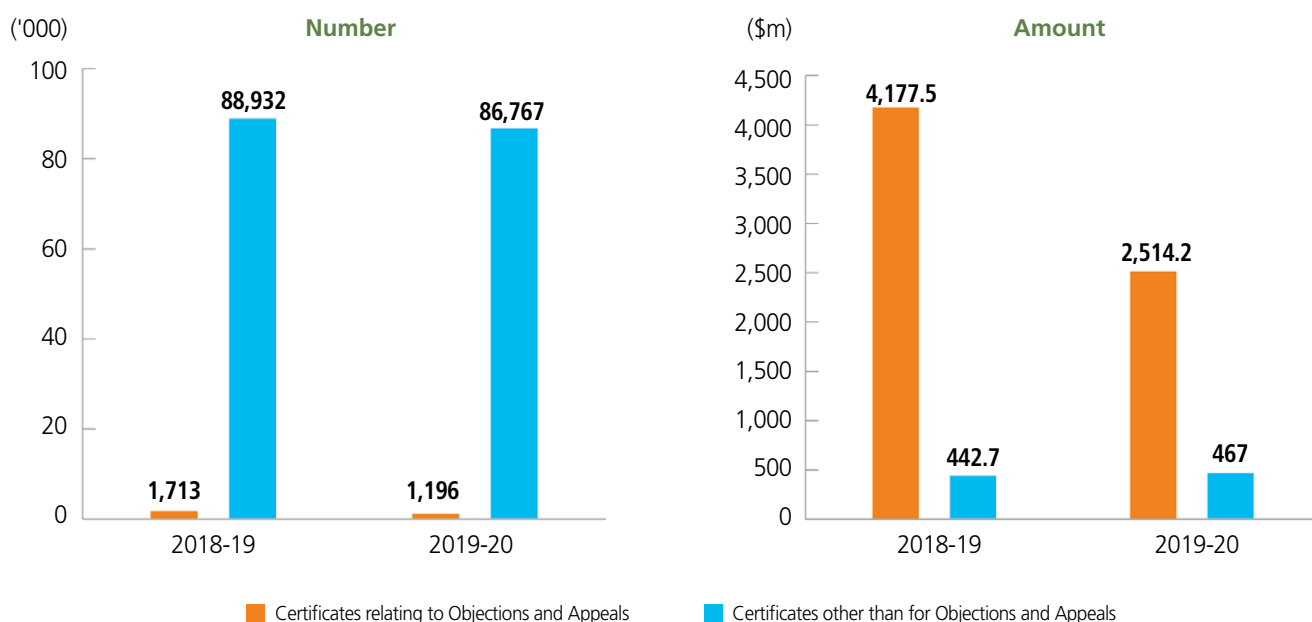
Taxpayers may purchase Tax Reserve Certificates (TRCs) under two situations.

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 2019-20, there was a decrease of 3% in the number but an increase of 6.9% in the amount of TRCs sold under the "Electronic Tax Reserve Certificates Scheme". For the "SAYE Scheme", a decrease of 1.8% and 0.9% respectively was noted in the number and amount of TRCs sold (**Schedule 12**). Overall, the total amount of TRCs sold increased by 5.5% (**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 2019-20.

## 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. From November 2019, taxpayers can also pay the bills of the Department via Faster Payment System (FPS). For earnings and profits tax, electronic payment remains the most popular.

## Refund of Tax

Tax refunds were made mainly due to two reasons, namely, overpayment of tax by taxpayers and revision of assessments. There were 702,358 refund cases in 2019-20, representing a decrease of 7.3%. The total amount of refunds was \$20.49 billion, representing a decrease of \$0.52 billion or 2.5% compared with the previous year (**Figure 25**).

**Figure 25 Tax refunds**

Type of tax	2018-19		2019-20	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	60,585	9,303.7	<b>59,643</b>	<b>10,168.4</b>
Salaries tax	616,193	5,472.1	<b>536,758</b>	<b>4,813.0</b>
Property tax	20,650	240.8	<b>15,423</b>	<b>169.3</b>
Personal assessment	36,599	541.0	<b>26,883</b>	<b>469.8</b>
Others	23,689	5,459.5	<b>63,651</b>	<b>4,872.8</b>
Total	<u>757,716</u>	<u>21,017.1</u>	<u><b>702,358</b></u>	<u><b>20,493.3</b></u>

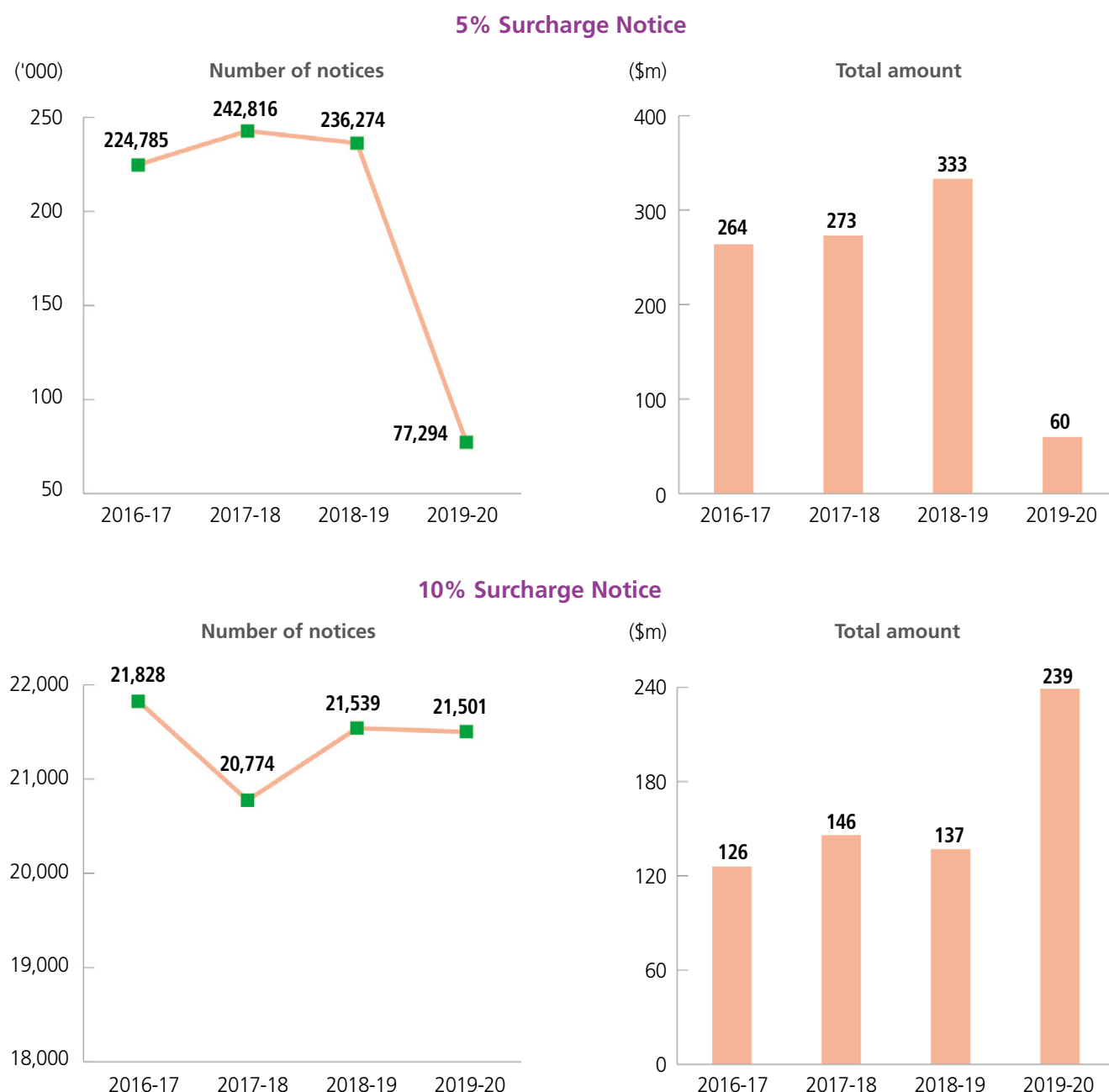
## Recovery of Tax in Default

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.

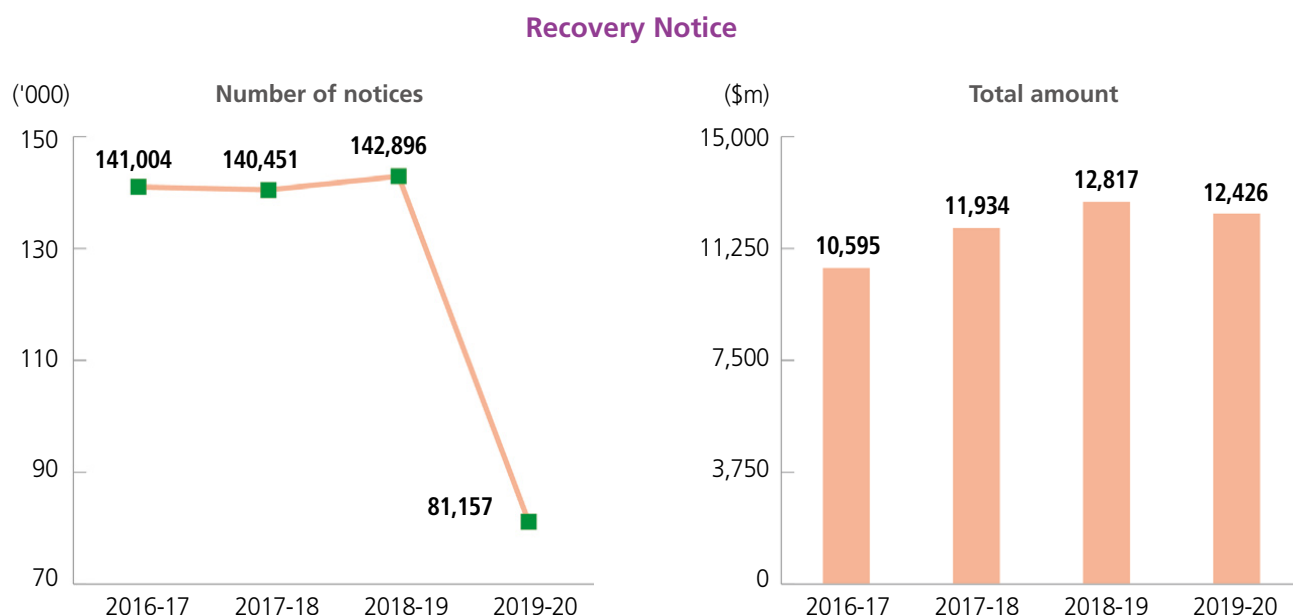
A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount. In light of the economic condition in 2019-20 and the financial difficulties that some taxpayers might be facing, the Government announced on 4 December 2019 a relief measure on tax payment. For instalment plans approved by the Department for settlement of Salaries Tax, Profits Tax and Personal Assessment demand notes for the year of assessment 2018-19 issued between December 2019 and December 2020, no surcharge will be imposed for a maximum period of one year counting from the respective due dates of the demand notes.

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 26** summarises different types of recovery actions taken by the Department. Owing to the deferral of payment deadlines and recovery actions from late January 2020 when Government departments were under special work arrangements during the COVID-19 epidemic, there were significant decreases in the numbers of 5% surcharge notices and recovery notices issued in 2019-20 as compared to those of the previous year.

**Figure 26 Recovery action**



**Figure 26 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 27** shows the legal costs and judgment interest collected during 2019-20.

**Figure 27 Legal costs and judgment interest collected in 2019-20**

	\$	
Court cost		
Court fees	614,027	
Execution fees	2,039	616,066
Fixed cost		247,560
Judgment interest		
Pre-judgment interest	1,617,953	
Post-judgment interest	15,561,544	17,179,497
<b>Total costs and interest collected</b>		<b>18,043,123</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.



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 2019-20, the Field Audit and Investigation Unit completed 1,716 cases (including tax avoidance cases) and assessed back tax and penalties of about \$2.5 billion (**Figure 28**). As a result of the Department's special work arrangement during the COVID-19 epidemic, investigation work was affected, resulting in fewer number of cases completed as compared to past years.

**Figure 28 Results of the Field Audit and Investigation Unit**

	2016-17	2017-18	2018-19	2019-20
Number of cases completed	1,801	1,804	1,802	<b>1,716</b>
Understated earnings and profits (\$m)	12,408.8	11,687.7	13,910.0	<b>12,893.4</b>
Average understatement per case (\$m)	6.9	6.5	7.7	<b>7.5</b>
Back tax and penalties assessed (\$m)	2,528.4	2,526.2	2,826.6	<b>2,548.5</b>
Back tax and penalties collected (\$m)	2,386.8	2,231.1	3,352.5	<b>2,799.4</b>

## Field Audit

24

In 2019-20, 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 2019-20, the Field Audit and Investigation Unit completed 209 tax avoidance cases and assessed back tax and penalties of about \$1.25 billion (**Figure 29**).

**Figure 29 Results of the audit on tax avoidance cases**

	2016-17	2017-18	2018-19	2019-20
Number of cases completed	214	208	207	<b>209</b>
Understated earnings and profits (\$m)	6,201.8	4,613.4	7,891.4	<b>6,979.5</b>
Average understatement per case (\$m)	29.0	22.2	38.1	<b>33.4</b>
Back tax and penalties assessed (\$m)	1,120.2	948.5	1,426.6	<b>1,246.6</b>

## Investigation

In 2019-20, 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 three tax evasion case which involved omission of rental income and making false statements in connection with claims for additional dependent parent allowance. Among these three cases, the defendant of one case was sentenced to 4 weeks' immediate imprisonment and a fine of \$134,398 (200% of the tax evaded). The defendant of another case was sentenced to 9 weeks' immediate imprisonment and a fine of \$288,794 (200% of the tax evaded). The defendant of the last case was sentenced to a community service order of 180 hours.

## 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 2019-20, the Department completed compliance check on 266,998 property tax cases (**Figure 30**).

**Figure 30 Results of the property tax compliance checks**

	2016-17	2017-18	2018-19	2019-20
Number of cases completed	209,499	234,726	261,181	<b>266,998</b>
Understated rental income (\$m)	850.8	951.6	1,111.7	<b>990.8</b>
Back tax and penalties assessed (\$m)	102.1	114.2	133.4	<b>118.9</b>

## 6 Taxpayer Services

### 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;
- use IRD software and download IRD public forms;
- run 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, property owners, employers, tax representatives, etc.

The IRD website has adopted responsive web design, which enables 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 2019-20 are shown in **Figure 31**.

**Figure 31 Statistics of services provided through ITES**

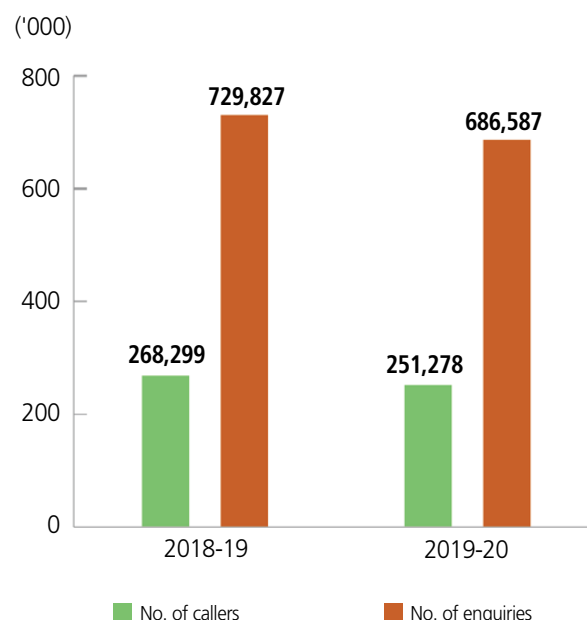
	2018-19 Number	2019-20 Number	Increase/ Decrease
Calls answered by staff	712,790	<b>598,368</b>	-16.1%
Calls answered by system	792,473	<b>1,158,198</b>	+46.1%
Leave-and-call-back messages	53,316	<b>64,822</b>	+21.6%
Documents supplied by fax	4,303	<b>7,896</b>	+83.5%

### 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 2019-20 was about 0.69 million (**Figure 32**).

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 32 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 2.68 million Individuals Tax Returns for the year of assessment 2018-19 on 2 May 2019. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in May 2019. 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.

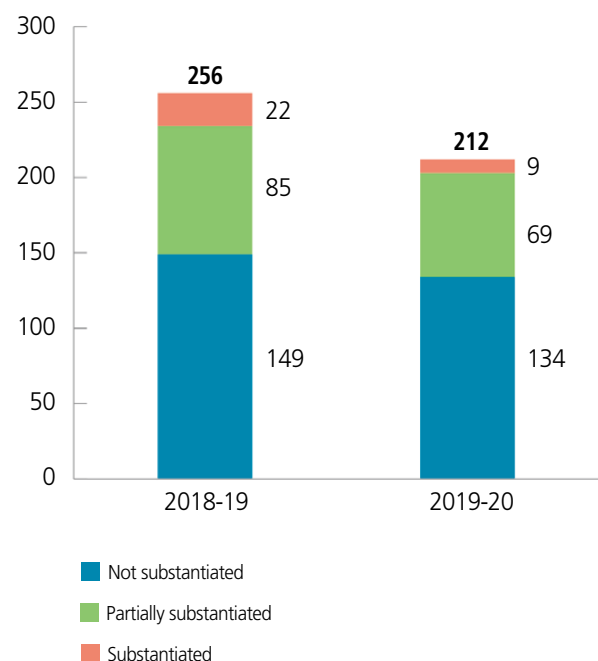
## Complaints and Compliments

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 2019-20, 212 complaints cases were received (**Figure 33**).

If taxpayers are dissatisfied with any administrative action taken by the Department, they may refer the matter to the Ombudsman. During 2019-20, the Ombudsman sought written comments from the Department in respect of 21 cases. In the light of these cases, the Department has reviewed relevant operations with a view to improving them.

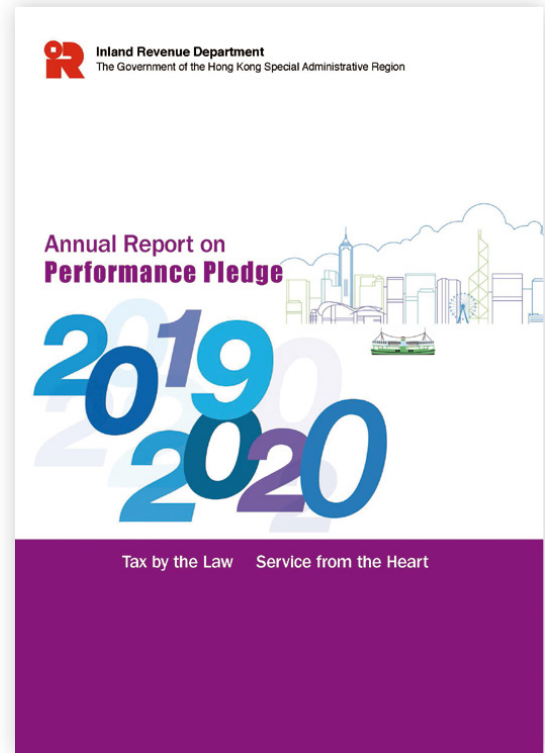
Taxpayers may compliment the service of the Department. During the year, 403 Letters of Compliments were received.

**Figure 33 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 most of the targets of performance pledges and excelled in some of the targeted performance with remarkable results during 2019-20.



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 2020, there were some 981,000 registered eTAX users. The take-up rate increased year after year (**Figure 34**).

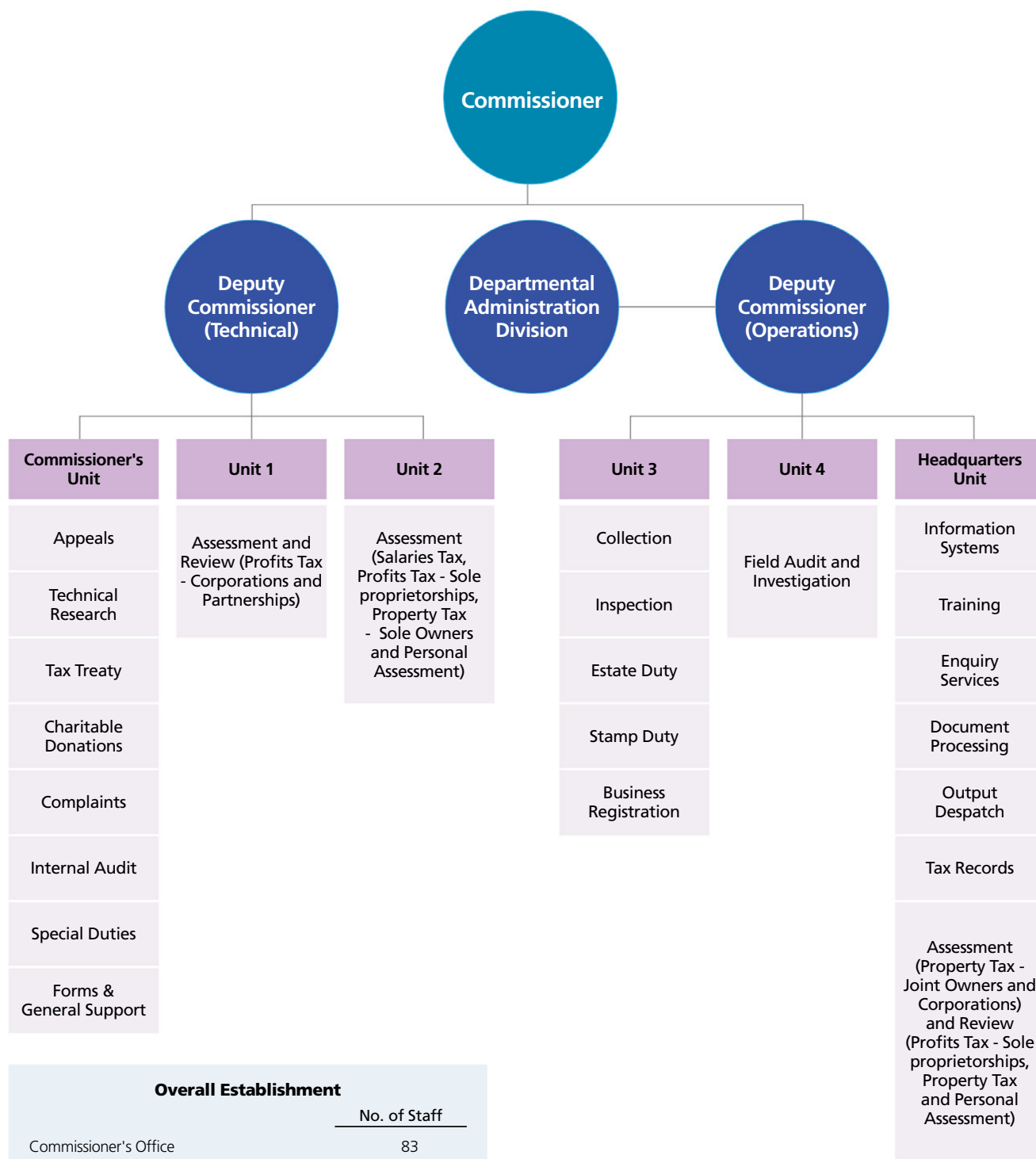
**Figure 34 eTAX Usage Statistics**

	2018-19 Number	2019-20 Number	Increase/ Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	661,587	<b>725,375</b>	+9.6%
- Employer's Return of Remuneration and Pensions			
BIR56A	15,335	<b>23,219</b>	+51.4%
IR56B	145,696	<b>299,009</b>	+105.2%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	24,727	<b>32,505</b>	+31.5%
Stamping of Property Document	307,792	<b>294,932</b>	-4.2%
Business Registration Number Enquiry	2,940,302	<b>5,559,018</b>	+89.1%
Application for Supply of Information on the Business Register			
- Requisition	181,781	<b>166,101</b>	-8.6%
- Business registrations involved	503,938	<b>487,255</b>	-3.3%

### *Other Electronic Services*

During 2019-20, some 36,200 employers furnished annual returns for 2,757,200 employees in total by diskettes, DVDs or USB storage devices. About 62% of these employers used the free software provided by the Department.

## Organisation Chart of the Inland Revenue Department as at 31.3.2020



### Overall Establishment

	No. of Staff
Commissioner's Office	83
Commissioner's Unit	120
Headquarters Unit	703
Unit 1	382
Unit 2	774
Unit 3	624
Unit 4	239
<b>Total</b>	<b>2,925</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 31.3.2020)*

Mr WONG Kuen-fai, Commissioner

Mr TAM Tai-pang, Deputy Commissioner (Operations)

Mr CHIU Kwok-kit, Deputy Commissioner (Technical)

Mr WONG Kai-cheong, Tony, Assistant Commissioner (Acting) (Headquarters Unit)

Ms LEUNG Wing-chi, Assistant Commissioner (Unit 1)

Ms WONG Ki-fong, Jenny, Assistant Commissioner (Acting) (Unit 2)

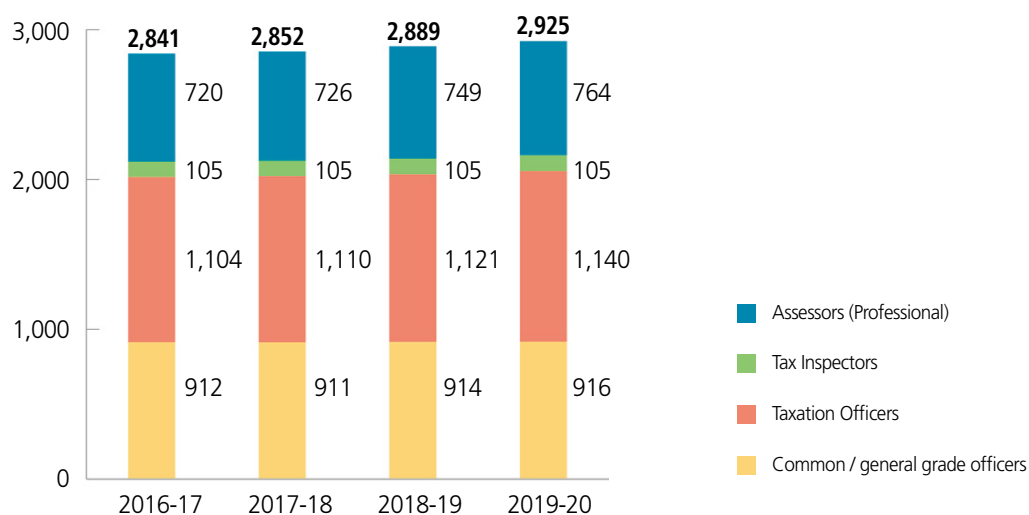
Ms TSE Yuk-yip, Assistant Commissioner (Unit 3)

Mr LEUNG Kin-wa, Assistant Commissioner (Unit 4)

Miss MAN Wai-ming, Departmental Secretary (Acting)

As at 31 March 2020, the Department had an establishment of 2,925 permanent posts (including 28 directorate posts) in the Commissioner's Office and the 6 Units of the Department. Of the total, 2,009 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 916 posts were in common / general grades, providing administrative, information technology and clerical support services (**Figure 35**).

**Figure 35 Staff establishment**



Most of the professional officers serving in the Department were below the age of 45 (**Figure 36**). The ratio of male to female professional officers was 1:1.7.

**Figure 36 Age and gender profiles of professional staff (on strength basis)**

Age Group	Male		Female		Total	
Below 25	15	(5%)	29	(6%)	44	(6%)
25 to below 35	98	(35%)	166	(35%)	264	(35%)
35 to below 45	35	(12%)	100	(21%)	135	(18%)
45 to below 55	99	(35%)	137	(29%)	236	(31%)
55 and over	36	(13%)	40	(9%)	76	(10%)
<b>Total</b>	<b>283</b>	<b>(100%)</b>	<b>472</b>	<b>(100%)</b>	<b>755</b>	<b>(100%)</b>

## Staff Promotions and Turnover

In 2019-20, a total of 73 departmental grade officers and 18 common / general grade officers were promoted. Among them, 5 were directorate rank. 233 officers joined the Department, of which 198 were new appointees and 35 were officers transferred from other grades / departments. A total of 203 officers (including 56 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 2019-20, our staff received training for a total of 9,892 man-days, which was equivalent to about 3.38 man-days per officer.

The major training activities conducted for our staff during 2019-20 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
- Course on Mainland Taxation
- Updates on Hong Kong Accounting Standards

- Written and spoken English courses
- Computer software courses

### *Workshops*

- Leadership and teamwork workshop
- Performance appraisal workshops on English writing and interviewing skills
- Updates on legal and regulatory requirements for foreign enterprises in the Mainland
- 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 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

### *Continuing Professional Education*

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

- Anti-Money Laundering – Court Cases Sharing
- PRC Individual Income Tax Reform
- Know More About Bitcoin, Cryptocurrencies and Token Economy
- New Concessionary Deductions: Health Insurance Premiums; Annuity Premiums and MPF Voluntary Contributions
- Sharing of Customer Service Culture in Towngas

Speakers for 1 of the seminars were staff members and others were experts from various fields. A total of 753 staff members attended these seminars. The video files of the CPE seminars were uploaded onto the Department's Intranet and a total of 504 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 2019-20, 31 officers went to the Mainland, Korea, Malaysia, Thailand and United Kingdom to attend training courses on different issues and 15 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 CSTD and providing financial support to officers to attend seminars and courses organised by academic and professional institutes. In 2019-20, 2 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 2019-20, 5 out of 16 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 2019-20, 52 officers who had provided outstanding service for a long period of time were awarded the Commissioner's Commendation Letter.





### *Secretary for the Civil Service's Commendation Award 2019*

In 2019, a Senior Taxation Officer 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 November 2019.

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

In 2019-20, 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 objects of the Sports Association are to promote intellectual, social and athletic interests of its members. To achieve these objects, the Association held a wide variety of social, recreational and sports events to foster a healthy and balanced lifestyle, as well as to enhance the friendship and solidarity among colleagues. The social and recreational activities included luncheon talks, interest classes, workshops, visit to fire station and outings. All the activities were well received and supported by colleagues, their family members and friends.





The Association organized various kind of sports competitions throughout the year to encourage members to have regular exercise and demonstrate their talents in sports. In June 2019, the Association participated in the “Five-point Invitational Competition” held by the Hong Kong Institute of Certified Public Accountants and had remarkable performance in the badminton and table tennis competitions.

The IRD Volunteer Team showed their on-going commitment and concern for the community, taking part in various voluntary services. During the year, 248 volunteers participated in a number of voluntary works and provided over 1,100 community service hours in total. In the outbreak of the COVID-19 epidemic, the IRD Volunteer Team visited the elders in the community and distributed prevention materials and food to them as support. To recognize the Department's continuous dedication to care for the community, the Hong Kong Council of Social Service awarded the “15 Years Plus Caring Organisation Logo” to the Department. This marked the 15th consecutive year in which the Department was granted the award as caring organisation.



The Association also devoted in fund-raising activities including “Medecins Sans Frontieres Day”, “ORBIS World Sight Day Pin Campaign” and “World Vision – Skip-A-Meal”. With colleagues’ generosity and enthusiasm, more than \$280,000 donation was received during the year. The Association was also awarded the “Organisation with the Most Participants” in both “ORBIS World Sight Day Pin Campaign” and “World Vision – Skip-A-Meal” and the 1st runner-up in “The Largest Amount of Total Donation” in “World Vision – Skip-A-Meal” again this year.

The following pieces of legislation enacted during the year 2019-20 are related to matters under the purview of the Department.

## **Stamp Duty (Specification of Instruments) (Amendment) Notice 2019 (Legal Notice No. 92 of 2019)**

This Notice amended the Schedule to the Stamp Duty (Specification of Instruments) Notice to expand e-Stamping services to cover two kinds of instruments related to stock transactions i.e. contract note and instrument of transfer of Hong Kong stock, and their duplicates or counterparts.

## **Inland Revenue (Amendment) (Tax Concessions) Ordinance 2019 (Ordinance No. 9 of 2019)**

This Ordinance amended the Inland Revenue Ordinance to give effect to the proposals made by the Government in 2019 to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2018-19 by 100%, subject to a maximum of \$20,000 in each case.

## **Exemption from Profits Tax (Feed-in Tariff Scheme) Order (Legal Notice No. 190 of 2019)**

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This Order exempted an individual from the payment of profits tax chargeable under the Inland Revenue Ordinance in respect of income derived from a qualifying Feed-in-Tariff business carried on by the individual.

## **Business Registration (Amendment) Regulation 2019 (Legal Notice No. 191 of 2019)**

This Regulation amended the Business Registration Regulations to exempt from the provisions of the Business Registration Ordinance a qualifying Feed-in Tariff business within the meaning given by the Exemption from Profits Tax (Feed-in Tariff Scheme) Order.

## **Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2020 (Legal Notice No. 22 of 2020)**

This Order reduced the fee payable in respect of a business registration certificate or branch registration certificate that commences on or after 1 April 2020 but before 1 April 2021. 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 2020 but before 1 April 2021. The reduction amount on business registration fee payable is \$2,000 for business registration certificate and \$73 for branch registration certificate.



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

Country/Region	Date of Order	Nature
Cambodia	17 September 2019	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income
Estonia	8 October 2019	Double Taxation Relief with respect to Taxes on Income and Prevention of Tax Evasion and Avoidance

## Specification of Arrangements (Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income) (Fifth Protocol) Order

Country/Region	Date of Order	Nature
Mainland of China	17 September 2019	Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income

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

Legal notice no.	Periods in force	Annual rate of interest
160 of 2019	17 January 2020 to 2 February 2020	0.3667%
11 of 2020	On or after 3 February 2020	0.3167%

## 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 2019-20**

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, 480,208kg of waste paper, 784kg of aluminium cans, 117kg of plastic bottles, 229kg of glass bottles and 5,610 used printer cartridges were collected.

### *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. During the year, a contractor commissioned by the Government Property Agency has conducted a comprehensive indoor air quality measurement in offices located in Revenue Tower. Revenue Tower was awarded “Indoor Air Quality Certificate (Good Class)” by the Environmental Protection Department, showing that our office has fully met the requirements in this respect from May 2019 to May 2020.

### **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 2020, there are 9,217 charities recognised as exempt from tax, of which 311 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 2018-19, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$4.96 billion and \$7.59 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 41,997 visits were made during the year.

## Internal Audit

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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.

- 1** Tax Assessed and Collections for the year ended 31 March 2020
- 2** Demand Notes Issued, Tax Assessed and Collections (2016-17 to 2019-20)
- 3** Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2016-17 to 2018-19
- 4** Profits Tax Contributions from Various Business Sectors (Unincorporated Businesses) for years of assessment 2016-17 to 2018-19
- 5** Analysis of Salaries Tax Assessments for the year of assessment 2018-19
- 6** Analysis of Allowances granted for the year of assessment 2018-19
- 7** Property Statistics (as at 31 March 2020)
- 8** Business Registration Statistics (2016-17 to 2019-20)
- 9** Stamp Duty Collections and Stamp Office Activities (2016-17 to 2019-20)
- 10** Estate Duty Assessed and Collections for the year ended 31 March 2020
- 11** Betting Duty Collections (2017-18 to 2019-20)
- 12** Tax Reserve Certificates Statistics (2016-17 to 2019-20)
- 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 2020

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2017-18 and earlier years	261,741,431	473,891,584	6,651,245,358	322,411,284	630,910,728	<b>8,340,200,385</b>
2018-19 Final Tax only	174,727,540	(185,628,850)	(3,537,435,727)	311,101,150	4,717,535,548	<b>1,480,299,661</b>
2019-20 Provisional Payments and Final Tax	3,710,502,106	69,198,396,711	150,084,343,734	7,300,831,212	723,218	<b>230,294,796,981</b>
<b>Total Tax Assessed</b>	<b>4,146,971,077</b>	<b>69,486,659,445</b>	<b>153,198,153,365</b>	<b>7,934,343,646</b>	<b>5,349,169,494</b>	<b>240,115,297,027</b>
Add: Collectables -						
Tax outstanding as at 31 March 2019 brought 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>
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	36,339,610	133,760,356	892,495,879	209,173,594	13,316,155	<b>1,285,085,594</b>
Interest on Tax Held Over	26,295	1,634,219	74,955,595	1,358,258	1,141,809	<b>79,116,176</b>
Write-off re-opened	808,673	15,345,203	5,666,823	6,146,200	1,230,367	<b>29,197,266</b>
<b>Total of Tax Assessed and Collectables (a)</b>	<b>5,095,015,337</b>	<b>81,200,328,681</b>	<b>201,333,656,203</b>	<b>10,579,351,952</b>	<b>6,345,507,906</b>	<b>304,553,860,079</b>
Collections during the year -						
Net Tax collected	2,768,378,303	50,233,486,075	148,825,798,510	6,271,970,349	4,986,822,784	<b>213,086,456,021</b>
<i>(After allowing for refunds of tax)</i>	<i>(121,162,662)</i>	<i>(4,463,627,825)</i>	<i>(9,694,066,728)</i>	<i>(241,532,390)</i>	<i>(459,644,658)</i>	<b>(14,980,034,263)</b>
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	38,082,415	177,336,261	560,144,774	199,314,343	11,929,888	<b>986,807,681</b>
Interest on Tax Held Over	24,699	1,637,316	41,575,380	1,518,805	1,034,711	<b>45,790,911</b>
<b>Total Net Collections (b)</b>	<b>2,806,485,417</b>	<b>50,412,459,652</b>	<b>149,427,518,664</b>	<b>6,472,803,497</b>	<b>4,999,787,383</b>	<b>214,119,054,613</b>
Balance of Tax, Surcharge, etc. payable (a) - (b)	2,288,529,920	30,787,869,029	51,906,137,539	4,106,548,455	1,345,720,523	<b>90,434,805,466</b>
Less: Not collected by virtue of set-off	408,585,618	3,281,301,846	0	360,930,516	0	<b>4,050,817,980</b>
Written-off as irrecoverable	1,181,994	58,421,982	305,685,919	21,124,187	3,199,469	<b>389,613,551</b>
Tax, Surcharge, etc. outstanding as at 31 March 2020 carried forward	1,878,762,308	27,448,145,201	51,600,451,620	3,724,493,752	1,342,521,054	<b>85,994,373,935</b>
Less: Under objection or appeal	18,995,707	769,722,909	29,963,493,628	528,251,299	500,606,670	<b>31,781,070,213</b>
Listed for write-off but awaiting approval	0	194,775	0	52,238	114,931	<b>361,944</b>
Assessed but not yet due	1,283,725,143	21,506,806,442	12,239,013,565	1,129,086,033	521,529,793	<b>36,680,160,976</b>
<b>Net Tax, Surcharge, etc. in arrears as at 31 March 2020</b>	<b>576,041,458</b>	<b>5,171,421,075</b>	<b>9,397,944,427</b>	<b>2,067,104,182</b>	<b>320,269,660</b>	<b>17,532,780,802</b>

## Schedule 2

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

	2016-17		2017-18		2018-19		2019-20	
	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	126,042	132,531,271	129,158	138,666,263	133,912	167,207,247	<b>134,444</b>	<b>153,198,153</b>
Unincorporated Businesses	37,343	5,711,250	35,314	6,264,977	38,634	6,350,299	<b>34,483</b>	<b>7,934,344</b>
<b>Salaries Tax</b>	1,589,490	61,278,673	1,605,642	62,865,581	1,646,699	62,360,411	<b>1,547,020</b>	<b>69,486,659</b>
<b>Property Tax</b>	146,310	3,687,148	138,880	3,677,439	151,309	4,016,920	<b>137,194</b>	<b>4,146,971</b>
<b>Personal Assessment</b>	236,612	5,275,993	191,820	5,357,642	254,739	6,027,802	<b>106,785</b>	<b>5,349,170</b>
<b>Total</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>	<b>1,959,926</b>	<b>240,115,297</b>

	2016-17		2017-18		2018-19		2019-20	
	Collections		Collections		Collections		Collections	
	(\$'000)		(\$'000)		(\$'000)		(\$'000)	
<b>Profits Tax -</b>								
Corporations		134,031,325		133,459,327		160,833,150		<b>149,427,519</b>
Unincorporated Businesses		5,206,758		5,640,892		5,786,496		<b>6,472,804</b>
<b>Salaries Tax</b>		59,077,485		60,838,782		60,145,881		<b>50,412,460</b>
<b>Property Tax</b>		3,371,739		3,447,839		3,624,446		<b>2,806,485</b>
<b>Personal Assessment</b>		5,219,954		5,342,499		5,963,102		<b>4,999,787</b>
<b>Total</b>		<b>206,907,261</b>		<b>208,729,339</b>		<b>236,353,075</b>		<b>214,119,055</b>

## Schedule 3

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

Business Sectors	Final Tax Assessed for Year of Assessment					
	2016-17		2017-18		2018-19	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
<b>Distribution -</b>						
Retail	3,166,081	2.5	3,608,398	2.4	3,930,421	2.7
Wholesale, Import and Export	25,192,249	20.0	28,264,688	19.0	26,943,409	18.7
Foreign Corporations carrying on Import and Export	42,820	0.1	48,497	0.1	40,201	0.1
<b>Public Utilities</b>	7,203,582	5.7	7,610,406	5.2	6,883,341	4.8
<b>Property</b>	22,344,189	17.7	26,126,789	17.6	22,229,865	15.4
<b>Investment and Finance</b> (other than Banking)	8,510,619	6.8	11,100,441	7.5	10,897,621	7.6
<b>Banking</b>	26,402,685	21.0	31,305,779	21.1	36,029,968	25.0
<b>Manufacturing -</b>						
Clothing and Textiles	801,989	0.6	781,454	0.5	589,387	0.4
Food and Beverage Products	585,454	0.5	575,153	0.4	569,443	0.4
Steel and Other Metals	262,410	0.2	317,445	0.2	283,843	0.2
Printing and Publishing	409,107	0.3	408,114	0.3	361,847	0.3
Others	3,685,392	2.9	3,763,728	2.6	3,198,946	2.3
<b>Shipping</b> (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,164,125	0.9	1,333,039	0.9	1,446,664	1.0
<b>Hotels, Restaurants and Amusement Centres</b>	3,084,787	2.5	3,155,459	2.1	2,980,222	2.1
<b>Stevedoring, Wharfing and Godowns</b>	1,124,222	0.9	1,019,333	0.7	1,044,202	0.7
<b>Clubs and Associations</b>	1,197,454	1.0	1,457,946	1.0	1,778,049	1.2
<b>Insurance Companies and Insurance Agents</b>	2,273,768	1.8	3,709,950	2.5	3,227,697	2.2
<b>Non-resident Corporations Trading through Agents</b> (including Consignment Tax)	1,684,665	1.3	1,618,348	1.1	1,620,196	1.1
<b>Building Contractors and Engineering Works</b>	3,080,358	2.5	3,827,880	2.6	3,630,974	2.5
<b>Aircraft Owners and Operators</b>	269,751	0.2	513,428	0.3	426,472	0.3
<b>Taxis, Hire Cars, Public Light Buses and Motor Boats</b>	258,217	0.2	251,203	0.2	182,169	0.1
<b>Miscellaneous</b>	13,125,553	10.4	17,274,082	11.7	15,662,707	10.9
<b>Total</b>	<b>125,869,477</b>	<b>100.0</b>	<b>148,071,560</b>	<b>100.0</b>	<b>143,957,644</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					
	2016-17		2017-18		2018-19	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
<b>Property Developers, Property Dealers, Property Agents and Subletting Businesses</b>	26,685	0.7	65,211	1.5	36,028	0.8
<b>Finance and Securities including Brokers, Dealers and Insurance Agents</b>	567,378	14.0	559,787	13.2	641,638	14.0
<b>Builders, Decorators and Civil Engineering Works</b>	44,309	1.1	43,625	1.0	40,481	0.9
<b>Distribution -</b>						
Import and Export	47,321	1.2	53,123	1.3	43,162	0.9
Wholesale	27,007	0.7	22,210	0.5	27,168	0.6
Retail	207,251	5.1	220,943	5.2	242,082	5.3
<b>Manufacturing -</b>						
Agricultural Trades and Food & Beverage Products Manufacturers	8,930	0.2	3,810	0.1	3,684	0.1
Cloth and Clothing	2,312	0.1	2,454	0.1	1,210	0.0
Chemical Products and Mechanical Engineering	40,167	1.0	41,641	1.0	41,258	0.9
Printing and Publishing	7,309	0.2	5,702	0.1	5,557	0.1
Others	14,674	0.4	12,936	0.3	11,299	0.3
<b>Hotels, Restaurants and Amusement Centres</b>	101,936	2.5	89,604	2.1	97,822	2.1
<b>Transport (including Wharfing and Godowns)</b>	40,890	1.0	35,713	0.8	31,734	0.7
<b>Professions -</b>						
Accountants	424,196	10.4	362,061	8.5	388,736	8.5
Architects, Engineers, Surveyors, etc.	2,895	0.1	1,822	0.0	1,523	0.0
Doctors and Dentists	993,495	24.5	1,013,555	23.8	1,037,980	22.7
Solicitors and Barristers	1,098,982	27.1	1,303,218	30.7	1,465,682	32.0
Other Professions	386,891	9.5	406,554	9.6	449,432	9.8
<b>Miscellaneous</b>	9,180	0.2	8,789	0.2	13,701	0.3
<b>Non-resident Businesses*</b>	344	0.0	0	0.0	1	0.0
<b>Total</b>	<b>4,052,152</b>	<b>100.0</b>	<b>4,252,758</b>	<b>100.0</b>	<b>4,580,178</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 2018-19 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 Concessionary Deductions)	Total Allowances (See analysis per Schedule 6)	Self Education Expenses	Concessionary 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	10,968	0.60	0	1,502,512	1,447,776	57	839	128	0	10,601	43,111	0	0.00	0
140,001 - 150,000	36,287	1.97	0	5,270,441	4,789,884	1,525	8,400	1,485	14	102,816	366,317	0	0.00	0
150,001 - 180,000	129,819	7.06	0	21,516,549	17,163,131	33,777	69,963	27,915	948	479,495	3,741,320	0	0.00	0
180,001 - 210,000	139,985	7.62	0	27,298,162	19,040,388	89,972	104,580	78,430	3,241	680,746	7,300,805	0	0.00	0
210,001 - 240,000	133,964	7.29	0	30,168,356	18,858,409	136,229	136,330	143,335	4,887	801,860	10,087,306	0	0.00	0
240,001 - 270,000	128,972	7.02	3	32,879,122	20,213,084	168,747	150,058	183,968	9,039	937,362	11,216,864	0	0.00	0
270,001 - 300,000	127,217	6.92	14	36,213,826	22,006,397	172,692	181,023	231,625	11,456	1,032,244	12,578,389	0	0.00	0
300,001 - 400,000	325,896	17.74	262	113,423,649	61,492,870	487,584	631,223	948,137	56,482	3,144,678	46,662,675	122,624	0.19	376
400,001 - 500,000	211,943	11.53	2,982	94,555,439	48,769,262	391,352	639,005	1,007,904	59,617	2,388,536	41,299,763	873,822	1.38	4,123
500,001 - 600,000	143,280	7.80	5,676	78,404,796	37,710,262	257,039	602,722	953,063	60,847	1,686,617	37,134,246	1,652,677	2.61	11,535
600,001 - 700,000	97,161	5.29	5,777	62,930,610	27,783,216	183,578	503,896	859,717	51,059	1,184,866	32,364,278	2,117,520	3.35	21,794
700,001 - 800,000	73,355	3.99	5,028	54,511,274	22,107,956	139,976	467,210	768,439	41,038	954,060	30,032,595	2,444,045	3.86	33,318
800,001 - 900,000	57,016	3.10	3,975	48,235,297	17,636,630	107,800	485,792	645,078	40,695	755,663	28,563,639	2,734,911	4.32	47,967
900,001 - 1,000,000	36,572	1.99	2,923	34,660,557	11,605,584	79,350	316,404	436,769	26,937	450,467	21,745,046	2,324,552	3.68	63,561
1,000,001 - 1,500,000	94,055	5.12	5,742	113,031,518	30,044,893	188,295	999,100	1,222,172	69,006	1,182,944	79,325,108	9,941,249	15.71	105,696
1,500,001 - 2,000,000	37,539	2.04	1,831	64,231,501	12,263,620	68,904	541,720	506,379	28,872	442,289	50,379,717	7,150,112	11.30	190,472
2,000,001 - 3,000,000	28,534	1.55	1,197	68,466,847	8,355,588	49,415	524,591	409,353	16,203	319,029	58,792,668	8,701,946	13.76	304,968
3,000,001 - 5,000,000	15,313	0.83	399	57,364,974	3,405,728	18,969	398,864	213,252	6,415	169,997	53,151,749	7,983,100	12.62	521,328
5,000,001 - 7,500,000	5,030	0.27	30	30,179,227	300,607	5,553	211,117	64,218	1,557	56,239	29,539,936	4,369,865	6.91	868,760
7,500,001 - 10,000,000	1,845	0.10	4	15,784,242	7,688	2,134	119,324	24,128	241	20,267	15,610,460	2,306,204	3.65	1,249,975
10,000,001 & over	3,073	0.17	1	71,224,504	0	2,574	497,580	31,039	641	32,648	70,660,022	10,535,490	16.66	3,428,405
<b>Total</b>	<b>1,837,824</b>	<b>100.00</b>	<b>35,844</b>	<b>1,061,853,403</b>	<b>385,002,973</b>	<b>2,585,522</b>	<b>7,589,741</b>	<b>8,756,534</b>	<b>489,195</b>	<b>16,833,424</b>	<b>640,596,014</b>	<b>63,258,117</b>	<b>100.00</b>	<b>34,420</b>

Note : "No. of Taxpayers" represents the population with tax assessed before the implementation of a one-off tax reduction of 100% (capped at \$20,000).

## Schedule 6

### ANALYSIS OF ALLOWANCES GRANTED FOR THE YEAR OF ASSESSMENT 2018-19 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	Personal Disability Allowance	Total Allowances
(\$)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
132,001 - 140,000	1,447,776	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,447,776
140,001 - 150,000	4,789,884	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,789,884
150,001 - 180,000	17,136,108	0	48	8,175	0	18,775	0	25	0	0	0	0	0	0	0	17,163,131
180,001 - 210,000	18,478,020	0	156	39,337	0	401,125	109,975	10,600	50	0	0	0	0	0	1,125	19,040,388
210,001 - 240,000	17,683,248	0	421	61,688	1	822,500	252,425	20,350	1,725	0	300	75	1	0	15,675	18,858,409
240,001 - 270,000	16,929,264	190,080	230,840	70,800	0	1,777,925	927,600	42,625	13,350	0	6,825	300	0	7,350	16,125	20,213,084
270,001 - 300,000	15,591,444	2,402,400	754,116	71,737	0	2,018,575	1,042,675	47,775	14,675	0	35,250	825	0	12,375	14,550	22,006,397
300,001 - 400,000	39,215,220	7,606,104	3,107,667	199,950	21,054	6,974,700	3,725,425	183,700	54,275	13,125	282,150	7,350	12,450	55,950	33,750	61,492,870
400,001 - 500,000	23,668,128	8,616,696	6,286,984	133,688	267,234	6,054,050	3,058,650	167,075	44,550	23,475	317,250	11,250	31,957	63,150	25,125	48,769,262
500,001 - 600,000	14,852,640	8,120,640	7,068,656	80,737	271,826	4,639,675	2,095,400	130,425	33,675	22,425	263,475	9,675	45,038	54,750	21,225	37,710,262
600,001 - 700,000	9,703,320	6,243,864	6,020,067	50,925	205,590	3,596,775	1,499,225	97,250	23,375	14,850	215,325	8,775	45,225	44,025	14,625	27,783,216
700,001 - 800,000	7,162,848	5,040,024	5,235,447	41,288	156,024	2,944,675	1,143,975	80,475	16,700	11,175	177,675	7,950	39,525	40,050	10,125	22,107,956
800,001 - 900,000	5,529,876	3,992,472	4,439,301	31,012	118,206	2,363,325	838,600	59,850	13,075	13,125	149,175	6,750	36,563	35,700	9,600	17,636,630
900,001 - 1,000,000	3,375,240	2,904,528	2,994,790	20,475	71,676	1,498,800	532,300	40,500	7,300	6,675	97,350	4,200	22,725	23,475	5,550	11,605,584
1,000,001 - 1,500,000	8,507,928	7,814,664	8,249,254	45,188	183,084	3,633,600	1,126,700	93,400	16,150	14,550	227,100	12,600	59,250	52,350	9,075	30,044,893
1,500,001 - 2,000,000	3,147,672	3,614,952	3,676,989	14,288	75,794	1,252,475	330,250	28,500	4,725	3,975	68,775	3,600	22,125	17,775	1,725	12,263,620
2,000,001 - 3,000,000	1,316,568	3,035,736	2,925,421	8,325	55,638	737,175	181,025	18,025	2,600	2,400	42,675	2,400	15,900	10,275	1,425	8,355,588
3,000,001 - 5,000,000	271,392	1,342,176	1,500,924	1,650	26,136	192,525	44,950	3,700	750	1,275	10,275	375	6,525	2,475	600	3,405,728
5,000,001 - 7,500,000	8,580	110,352	156,240	187	1,848	16,525	3,950	400	50	225	900	75	825	375	75	300,607
7,500,001 - 10,000,000	132	2,376	4,680	0	0	300	100	50	50	0	0	0	0	0	0	7,688
10,000,001 & over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>208,815,288</b>	<b>61,037,064</b>	<b>52,652,001</b>	<b>879,450</b>	<b>1,454,111</b>	<b>38,943,500</b>	<b>16,913,225</b>	<b>1,024,725</b>	<b>247,075</b>	<b>127,275</b>	<b>1,894,500</b>	<b>76,200</b>	<b>338,109</b>	<b>420,075</b>	<b>180,375</b>	<b>385,002,973</b>



## Schedule 7

### PROPERTY STATISTICS (as at 31 March 2020)

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)		1,089,247	42.14
(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)	128,474		
Other usage or vacant	507,097	635,571	24.59
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance		451,491	17.47
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme		331,960	12.84
(v) New ownership - awaiting classification		76,373	2.96
<b>Total</b>		<b>2,584,642</b>	<b>100.00</b>

Classification by Number of Owners	No. of Properties		%
Properties owned by : 1 owner		1,785,360	69.08
2 owners		736,773	28.51
3 owners		37,701	1.46
4 owners		10,951	0.42
5 owners		5,281	0.20
6 - 10 owners		6,837	0.26
11 - 20 owners		1,561	0.06
Over 20 owners		178	0.01
<b>Total</b>		<b>2,584,642</b>	<b>100.00</b>

## Schedule 8

### BUSINESS REGISTRATION STATISTICS

Fiscal Year	2016-17	2017-18	2018-19	2019-20
<b>New registrations</b>	202,581	187,657	163,413	<b>151,654</b>
<b>Re-opened registrations</b>	12,142	12,432	15,590	<b>14,502</b>
<b>Cancelled registrations</b>	141,060	168,139	193,929	<b>146,791</b>
<b>Current registrations as at 31 March</b>	1,500,727	1,532,677	1,517,751	<b>1,537,116</b>
<b>Paid Certificates</b> (including certificates with annual fees waived)*	1,530,879	1,493,423	1,517,791	<b>1,536,705</b>
<b>Businesses exempted from payment of fees</b>	10,449	14,856	16,658	<b>11,403</b>
<b>Extracts of information issued</b>	432,028	413,584	421,742	<b>412,159</b>
	(\$'000)	(\$'000)	(\$'000)	<b>(\$'000)</b>
<b>Fees and penalties collected</b> (excluding levy)*	227,737	2,726,742	2,826,688	<b>189,560</b>
<b>Court fines</b>	12,952	14,473	11,459	<b>7,092</b>
<b>Fees and penalties in arrears as at 31 March</b> (excluding levy)	156,294	234,717	258,767	<b>106,754</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 and 1 April 2019 to 31 March 2020 were waived.

## Schedule 9

### STAMP DUTY COLLECTIONS AND STAMP OFFICE ACTIVITIES

Fiscal Year	2016-17		2017-18		2018-19		2019-20	
	(\$m)		(\$m)		(\$m)		(\$m)	
<b>Duties on -</b>								
• Property Assignments and Chargeable Agreements	37,517.9		57,375.8		45,898.9		<b>33,071.5</b>	
• Contract notes								
- Collected by Stamp Office	2,679.7		2,897.5		3,327.5		<b>2,951.9</b>	
- Collected through The Stock Exchange of Hong Kong Limited	20,887.6	23,567.3	34,032.3	36,929.8	29,774.3	33,101.8	30,278.7	33,230.6
• Leases	597.4		663.0		724.5		<b>672.4</b>	
• Transfer deeds	1.6		2.3		1.4		<b>1.2</b>	
• Other documents	108.2		135.5		170.6		<b>169.9</b>	
<b>Penalties</b>	105.5		66.2		81.3		<b>52.2</b>	
<b>Additional duties for delays in payment</b>	1.1		0.2		0.2		<b>0.2</b>	
<b>Total duty collections</b>	<b>61,899.0</b>		<b>95,172.8</b>		<b>79,978.7</b>		<b>67,198.0</b>	
<b>Average number of callers to Stamp Office per day</b>	<b>1,588</b>		<b>1,704</b>		<b>1,691</b>		<b>1,528</b>	
<b>Number of documents stamped during the year</b>	<b>1,591,591</b>		<b>1,734,222</b>		<b>1,725,186</b>		<b>1,599,781</b>	

## Schedule 10

### ESTATE DUTY – DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2020

	Assessments issued before 1 April 2019	Assessments issued in 2019-20						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 2018-19	118,008	-	-	-	-	-	-	118,008
Less: Amount discharged	636	-	-	-	-	-	-	636
Net outstanding charges brought forward from 2018-19	117,372	-	-	-	-	-	-	117,372
Net duty assessed	-	196	323	1,662	4,620	333,050	1,094	340,945
Penalties charged	-	59	96	497	1,847	5,322	269	8,090
Interest charged	2,450	585	709	3,398	8,063	72,197	838	88,240
Total amount payable	119,822	840	1,128	5,557	14,530	410,569	2,201	554,647
Less: Amount paid on account before 1 April 2019	-	-	406	-	2,400	380,859	-	383,665
Net duty, penalties and interest payable in 2019-20	119,822	840	722	5,557	12,130	29,710	2,201	170,982
Less: Outstanding charges carried forward to 2020-21	113,403	-	722	2,300	4,593	-	232	121,250
Net duty, penalties and interest paid in 2019-20	6,419	840	-	3,257	7,537	29,710	1,969	49,732
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	-	-	-	33	3,824	-	-	3,857
Total collections in 2019-20	6,419	840	-	3,290	11,361	29,710	1,969	53,589

## Schedule 11

### BETTING DUTY COLLECTIONS

Fiscal Year	2017-18		2018-19		2019-20	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Horse Racing</b>						
<b>Day Meetings</b>						
Net Stake Receipts	10,356,804		10,179,914		9,932,399	
Betting Duty		7,571,393		7,442,054		7,260,602
<b>Night Meetings</b>						
Net Stake Receipts	7,814,861		7,189,480		6,951,868	
Betting Duty		5,710,418		5,254,604		5,080,485
<b>Horse Race Betting Duty</b> (For rates, please refer to Figure 22 of Chapter 3)		<b>13,281,811</b>		<b>12,696,658</b>		<b>12,341,087</b>
<b>Lotteries (Mark Six)</b>						
Proceeds from Lotteries	8,093,222		7,948,643		7,726,292	
<b>Lotteries Duty</b> (Rate: 25%)		<b>2,023,306</b>		<b>1,987,161</b>		<b>1,931,573</b>
<b>Football Betting</b>						
Net Stake Receipts	13,308,005		15,021,213		15,479,136	
<b>Football Betting Duty</b> (Rate: 50%)		<b>6,654,003</b>		<b>7,510,607</b>		<b>7,739,568</b>
<b>Total duty collected</b>		<b>21,959,120</b>		<b>22,194,426</b>		<b>22,012,228</b>

## Schedule 12

### TAX RESERVE CERTIFICATES

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
		(\$'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>
		(\$'000)		(\$'000)	(\$'000)
<b>2019-20</b>					
Save for Tax Payment					
• Paper certificate	1	1	7	4	-
• Save-As-You-Earn Scheme	41,285	78,907	32,424	70,075	74
• Electronic Tax Reserve Certificates Scheme	45,481	388,134	39,687	390,941	358
Security for Tax in Dispute	1,196	2,514,175	1,618	2,401,318	3,285
<b>Total</b>	<b>87,963</b>	<b>2,981,217</b>	<b>73,736</b>	<b>2,862,338</b>	<b>3,717</b>



## Schedule 13

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

**2019-20**

	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	9,679	25,172,400	762	3,445,350	0	0	0	0	0	0	10,441	28,617,750
• Unincorporated Businesses	375	919,650	89	410,650	0	0	0	0	0	0	464	1,330,300
Salaries Tax												
• Employees	1,897	4,456,800	252	1,197,800	4	0	0	0	0	0	2,153	5,654,600
• Employers	816	2,222,150	236	1,083,050	0	0	0	0	0	0	1,052	3,305,200
Property Tax												
• Individuals	43	106,500	20	87,100	10	423,192	0	0	0	0	73	616,792
Total	12,810	32,877,500	1,359	6,223,950	14	423,192	0	0	0	0	14,183	39,524,642

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

Note 2 : Convictions under section 82 are liable to court fines and imprisonment

Note 3 : The number of summonses pending hearing as at 31 March 2020 is 32,775

## Schedule 14

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

**2019-20**

	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	10,136	16,734,961	70,424	43,497,049	9,998	213,182,978	3,552	18,855,464	4,685	6,973,905	<b>98,795</b>	<b>299,244,357</b>
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	9	48,700	0	0	0	0	<b>9</b>	<b>48,700</b>
• section 80(1)	11	54,200	1,373	3,756,719	141	7,884,200	165	7,480,500	0	0	<b>1,690</b>	<b>19,175,619</b>
• section 80(2)	856	18,868,829	10,057	72,555,878	8,429	410,928,582	1,074	146,497,780	72	5,168,450	<b>20,488</b>	<b>654,019,519</b>
• section 82(1)	13	166,720	58	11,890,610	89	232,124,479	44	28,306,450	7	1,169,900	<b>211</b>	<b>273,658,159</b>
• section 82(2)	0	0	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	117	514,900	109	1,941,600	1,189	28,226,940	82	8,033,400	1	3,900	<b>1,498</b>	<b>38,720,740</b>
Costs awarded by the Board of Review	0	0	8	118,500	5	100,000	0	0	0	0	<b>13</b>	<b>218,500</b>
<b>Total</b>	<b>11,133</b>	<b>36,339,610</b>	<b>82,029</b>	<b>133,760,356</b>	<b>19,860</b>	<b>892,495,879</b>	<b>4,917</b>	<b>209,173,594</b>	<b>4,765</b>	<b>13,316,155</b>	<b>122,704</b>	<b>1,285,085,594</b>

\* Including penalties imposed by the Court

