



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 2020-21 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
- Efficiency
- Responsiveness
- Fairness
- Effectiveness
- Courtesy
- Teamwork



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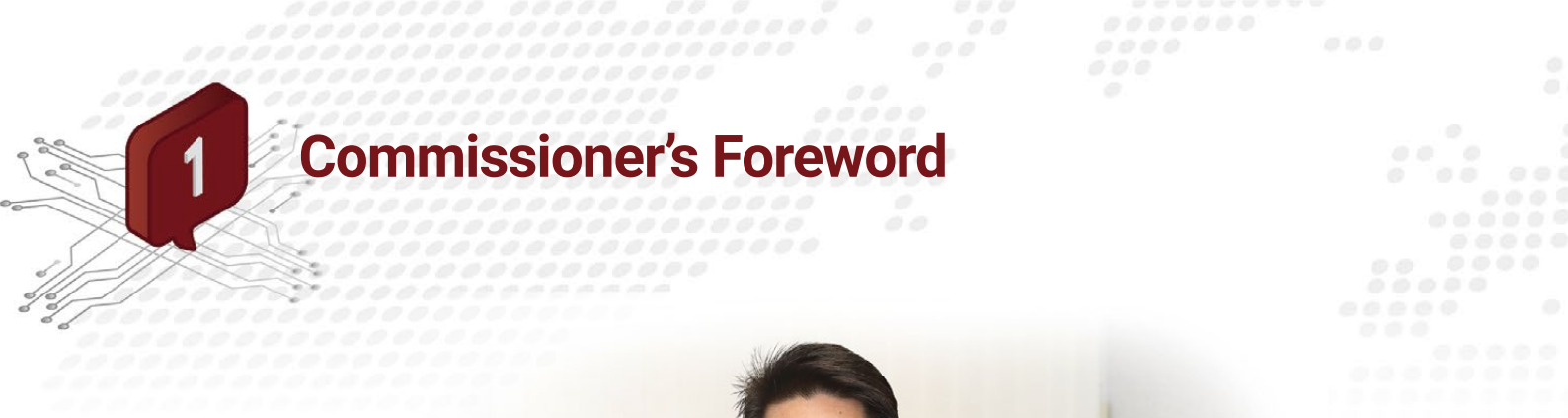
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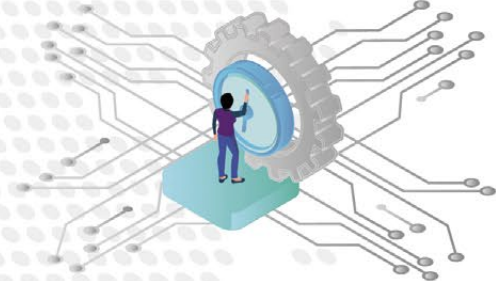
Commissioner's Foreword



The year 2020-21 was another challenging year. The global economy continued to be affected by the COVID-19 pandemic. Though the local pandemic situation gradually stabilised, global and local economic activities as well as employment situation had not returned to their pre-pandemic levels. Against such a backdrop, the Department collected tax revenue of \$330.8 billion, which was \$27.2 billion above that of last year. However, major tax yields varied. While salaries tax and stamp duty increased by 48.8% and 32.5% respectively, profits tax saw a drop of 13.1%.

For salaries tax, the increase in unemployment rate and the introduction of three kinds of tax deductions from the year of assessment 2019-20 onwards, namely qualifying premiums paid in respect of certified plans under Voluntary Health Insurance Scheme, qualifying annuity premiums paid under qualifying deferred annuity policies and tax deductible Mandatory Provident Fund voluntary contributions paid, led to a reduction in the amount of tax assessed. On the other hand, in the year 2019-20, the Department issued salaries tax assessments for the year of assessment 2018-19 later than originally planned. The tax payment due dates of some of those assessments were deferred to the financial year 2020-21, leading to an overall increase in salaries tax collected.

The growth of stamp duty collection was attributable to the increase in stamp duty collected from share transactions resulted from the active stock market during the year. In the midst of the economic downturn and uncertainties surrounding the pandemic, prices and transactions for non-residential properties had noticeably dropped and market demand for those properties had shrunk for a period of time. Further, the Doubled Ad Valorem Stamp Duty on non-residential property transactions was abolished with effect from 26 November 2020 and the relevant ad valorem stamp duty rates were reverted to the Scale 2 rates, i.e. the lower rates. Therefore, Doubled Ad Valorem Stamp Duty collected from non-residential properties transactions decreased by 40%.



Coupled with the reduction in Buyer's Stamp Duty and New Residential Stamp Duty on residential properties, the overall stamp duty collected from property transactions recorded a drop of 11% when compared with the previous year.

To strengthen and reinforce Hong Kong's position as an international maritime and financial centre, a number of revenue-related legislative amendments were made in 2020-21, including the following:

- The Inland Revenue Ordinance (Amendment of Section 50A) Notice 2020 expanded the definition of "controlling person" under section 50A of the Inland Revenue Ordinance by removing the 25% threshold previously applicable to partnerships and trusts. The Inland Revenue Ordinance (Amendment of Schedule 17D) Notice 2020 concerned a specific requirement in relation to the determination of controlling persons by financial institutions. These amendments brought the legislative framework of Hong Kong's automatic exchange of financial account information in tax matters (AEOI) into line with the prevailing international standard.
- The Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 provided profits tax concessions to qualifying ship lessors and qualifying ship leasing managers in respect of qualifying profits derived from ship leasing and management activities.
- The Limited Partnership Fund Ordinance established a limited partnership fund regime which enabled funds to be registered in the form of limited partnerships in Hong Kong and made consequential amendments to various enactments, including the Inland Revenue Ordinance, Business Registration Ordinance and Business Registration Regulations.
- The Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 provided profits tax concessions for general reinsurance business, selected general insurance business of direct insurers and selected insurance brokerage business of licensed insurance broker companies.
- The Stamp Duty Ordinance (Amendment of Schedule 8) Regulation 2020 waived the stamp duty on stock transfers involving the activities of exchange traded fund (ETF) market makers in the course of allotting and redeeming ETF units listed in Hong Kong.

In terms of international tax cooperation, Hong Kong has continued to engage a number of jurisdictions in negotiating comprehensive avoidance of double taxation agreements or arrangements (CDTAs). During the year 2020-21, Hong Kong entered into CDTAs with Serbia and Georgia and those agreements will become effective from the years of assessment 2021-22 and 2022-23 respectively. Besides, Hong Kong smoothly completed the third round of AEOI with other jurisdictions through the Organisation for Economic Cooperation and Development (OECD) Common Transmission System in 2020.

In October 2021, the OECD announced the framework for international tax reform to address base erosion and profits shifting (BEPS), commonly referred to as BEPS 2.0. The BEPS 2.0 package consists of two pillars. Pillar One targets multinational enterprise (MNE) groups with global turnover above 20 billion Euros and profitability above 10% and seeks to reallocate a portion of the residual profits (i.e. profits in excess of 10% of revenue) to market jurisdictions. Pillar Two introduces a global minimum corporate tax rate of 15%, which will apply to MNE groups with global revenue above 750 million Euros. Hong Kong, together with over 130 jurisdictions, has indicated acceptance of the package. The OECD is developing the detailed rules for the two Pillars, and aims at bringing them into effect in 2023. Implementation of the package will have profound impact on the tax environment of Hong Kong for large MNEs. The Department will continue to participate in the OECD's meetings and work closely with the relevant bureau to ensure effective implementation of the package in accordance with international standard.

Smooth accomplishments of various tasks during the year are undoubtedly attributable to the dedication, selfless devotion and collective effort of the Department's staff. In early 2021, some of my colleagues signed up or were nominated by the Department to assist in anti-epidemic operations whilst other colleagues in the office shared out the duties of those deployed to perform the ad hoc work. I would like to take this opportunity to express my most heartfelt gratitude to all my colleagues for their hard work, unfailing support and contributions throughout the year.

Despite challenges ahead, we will continue to work collectively to achieve the Department's missions and to embrace our core values in delivering high quality, professional and effective services to the public and taxpayers.

TAM Tai-pang
Commissioner of Inland Revenue



In 2020-21, the Inland Revenue Department collected \$330.8 billion which represents an increase of \$27.2 billion or 9% as compared with the previous year. The increase mainly came from salaries tax and stamp duty. Salaries tax and stamp duty collections increased by 48.8% to \$75 billion and 32.5% to \$89 billion respectively. Profits tax collections fell by 13.1% to \$135.5 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	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)	2020-21 (\$m)
Profits tax -				
Corporations	133,459.3	160,833.2	149,427.5	129,489.7
Unincorporated businesses	5,640.9	5,786.5	6,472.8	6,050.0
Salaries tax	60,838.8	60,145.9	50,412.4	75,027.3
Property tax	3,447.8	3,624.4	2,806.5	3,957.2
Personal assessment	5,342.5	5,963.1	4,999.8	6,293.7
Total earnings & profits tax	208,729.3	236,353.1	214,119.0	220,817.9
Estate duty	31.3	88.7	53.6	7.4
Stamp duty	95,172.8	79,978.7	67,198.0	89,044.6
Betting duty	21,959.1	22,194.4	22,012.2	20,877.1
Business registration fees	2,726.7	2,826.7	189.6	73.0
Total revenue collected	328,619.2	341,441.6	303,572.4	330,820.0
% change over previous year	13.2%	3.9%	-11.1%	9.0%

The revenue collected by the Department during 2020-21 accounted for 60.5% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 63.7% of the total revenue collected while stamp duty made up a further 26.9% (**Figure 3**).

Figure 2 Government General Revenue

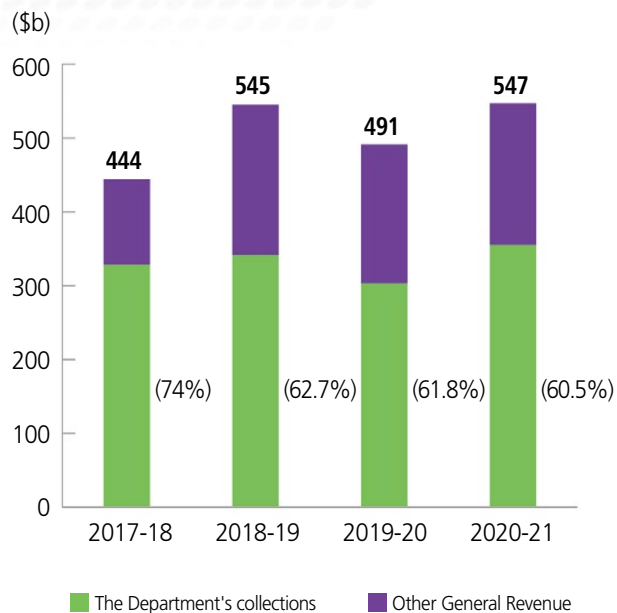
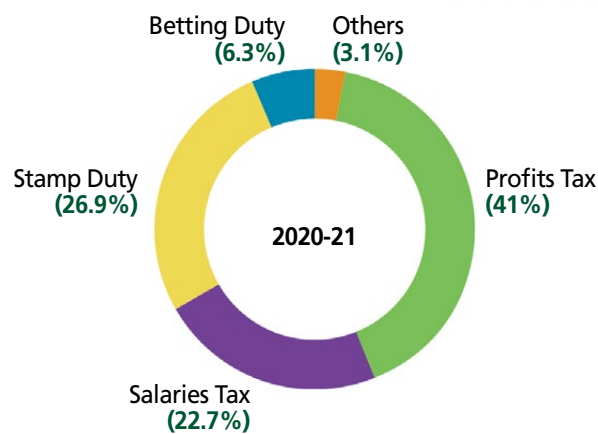
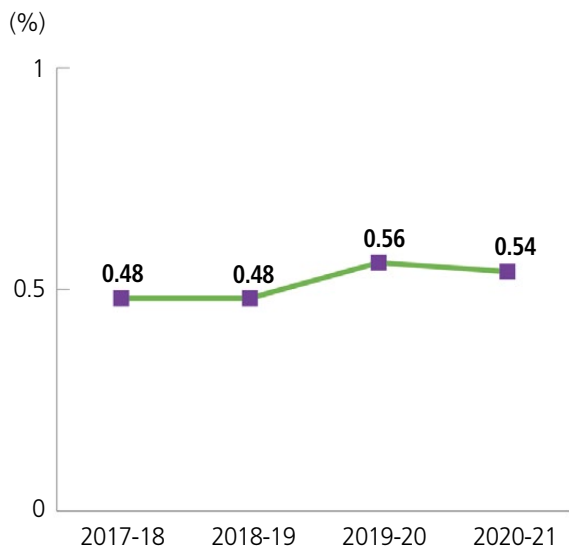


Figure 3 Composition of the revenue collections



In 2020-21, the cost of collection decreased from 0.56% to 0.54% (**Figure 4**).

Figure 4 Cost of collection



The Department raises revenue through taxes, duties and fees in accordance with the relevant legislation. Earnings and profits tax are assessed by reference to the incomes / profits of the taxpayers in the previous year, whereas duties and fees are charged at the time the relevant activities occur. For 2020-21, earnings and profits tax assessed decreased by \$22.4 billion (9.3%) (**Schedule 2**) as compared with the previous year. The total amount of duties and fees collected increased by \$20.5 billion (23%).

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. For the year of assessment 2019-20, the two-tiered profits tax rates remain unchanged. 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 are subject to the tax rate of 16.5% and 15% respectively. For two or more connected entities, only one of them may elect for the two-tiered profits tax rates. The amount of profits tax assessed in 2020-21 was \$138.9 billion, which was \$22.2 billion (13.8%) 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 on corporations for the year of assessment 2019-20, the property, financial and banking sectors together contributed 52.5% and the distribution sector generated 19.9% (**Figure 6**).

Figure 5 Profits tax assessed

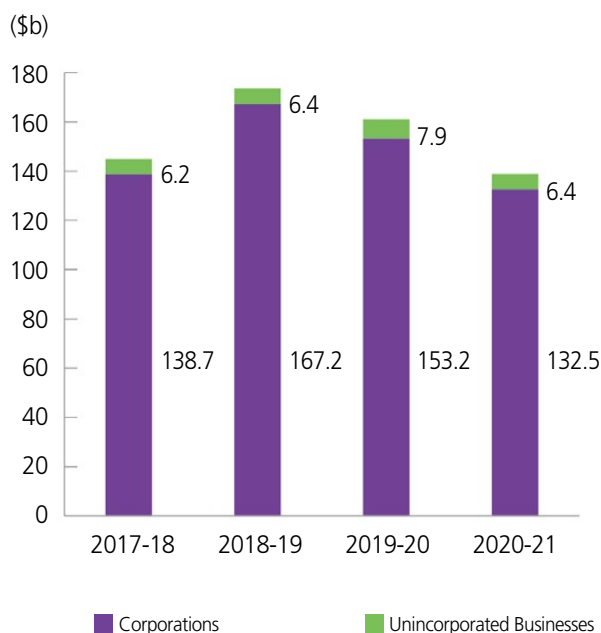
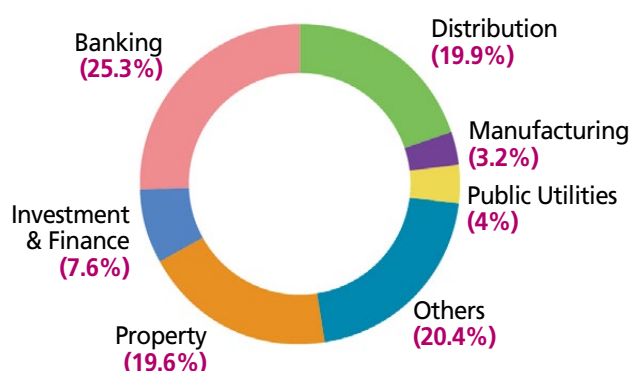


Figure 6 Ratios of corporation profits tax assessed under 2019-20 final assessments by business sectors

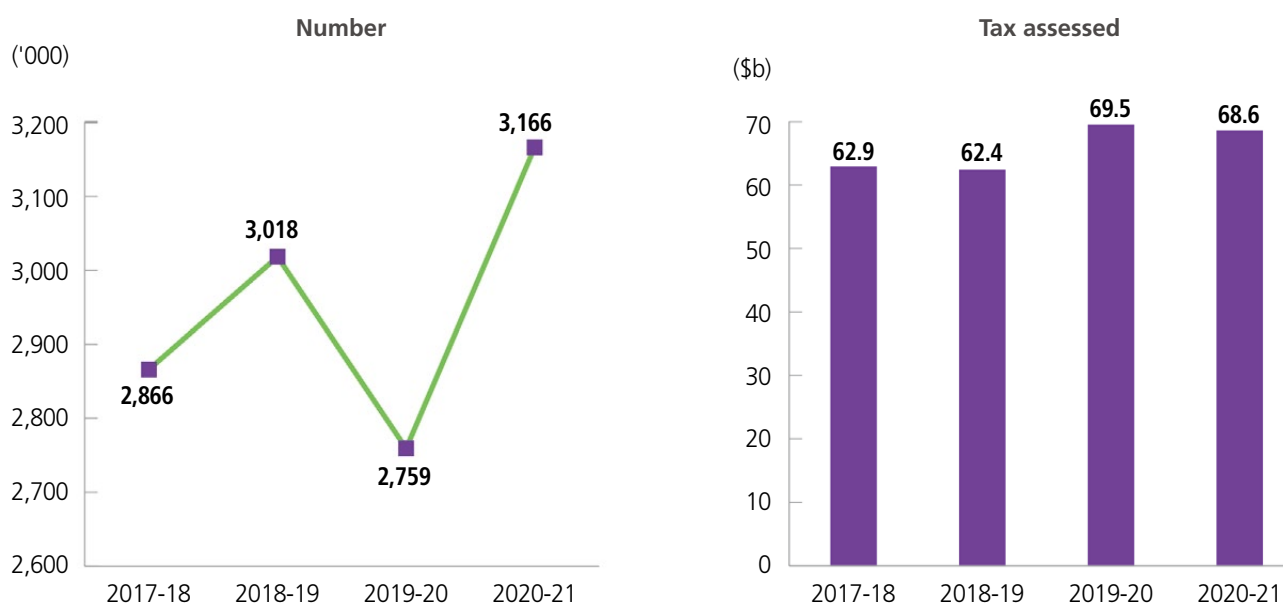


Salaries Tax

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 2020-21 increased by 14.8%. However, the increase in unemployment rate has resulted in reduction of income chargeable to tax which led to a 1.3% decrease 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 2019-20 are provided in **Schedules 5** and **6**.

For the year of assessment 2019-20, the number of standard rate taxpayers increased by 410 to 25,099. These taxpayers together contributed 35.7% of the final salaries tax assessed, a drop of 1.9% compared with last year (**Figure 8**).

Figure 8 Salaries Tax - standard rate taxpayers

Percentage of total number of taxpayers

Year of Assessment	2018-19	2019-20
Total number of taxpayers	1,837,824	1,909,611
Standard rate taxpayers	24,689	25,099
Percentage	1.3%	1.3%

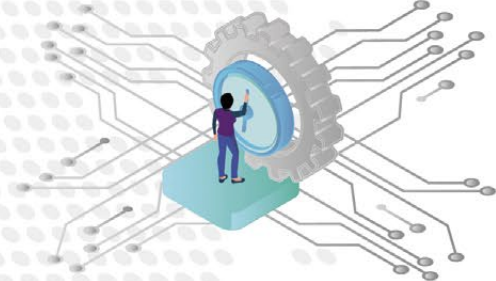


Figure 8 Salaries Tax - standard rate taxpayers (continued)

Percentage of total final tax assessed

Year of Assessment	2018-19	2019-20
Total final tax assessed (\$M)	63,258	65,683
Final tax contributed by standard rate taxpayers (\$M)	23,800	23,442
Percentage	37.6%	35.7%

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, 393,996 employers filed employer's returns with the Department.

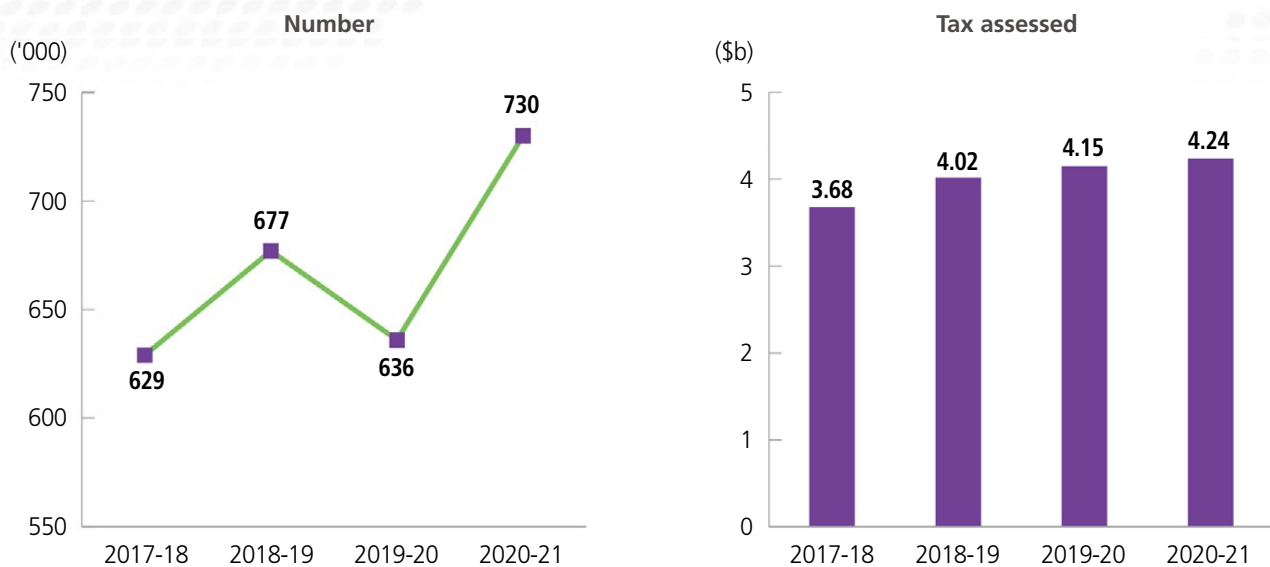
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain 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 2020-21 was more than that in the previous year by 14.8%. The amount of property tax assessed increased by 2.2% (**Figure 9**).

Figure 9 Property tax assessments

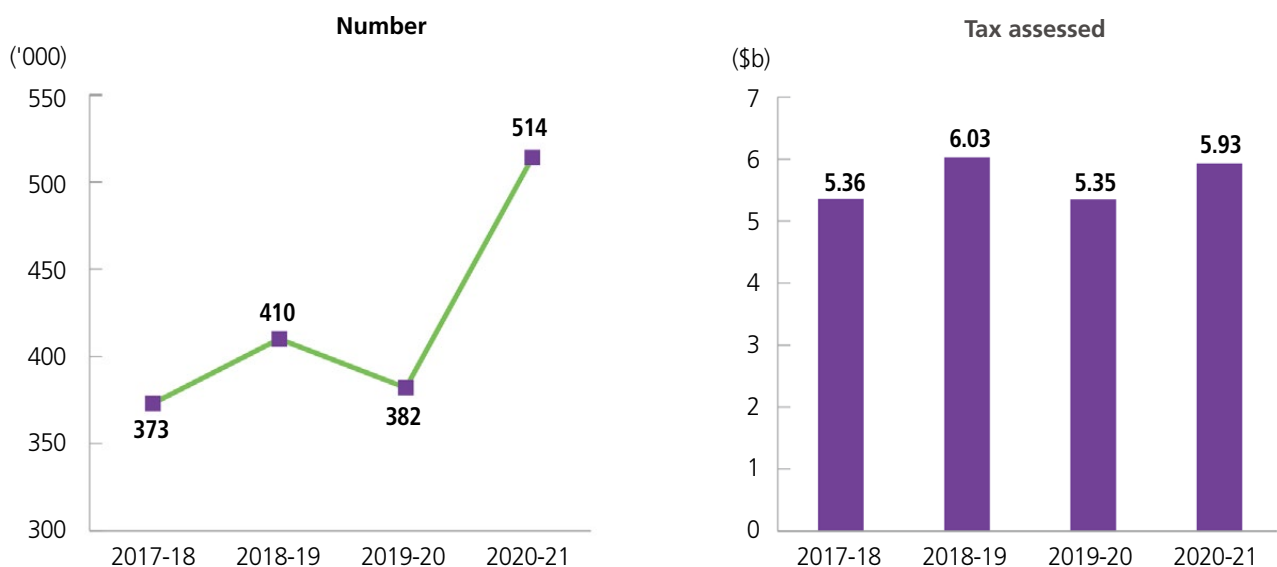


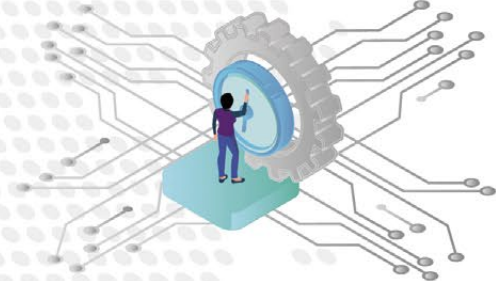
Personal Assessment

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 2020-21 increased by 34.6% and the amount of tax assessed was 10.8% higher (Figure 10).

Figure 10 Assessments made under personal assessment





Tax Treaty Network

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

As at 31 March 2021, Hong Kong has signed comprehensive avoidance of double taxation agreements / arrangements (CDTAs) with 45 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, Georgia, 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, Serbia, 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 2021, 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 of controlled transactions, an appropriate set of criteria for the determination of the transfer pricing for those transactions over a fixed period of time. It provides a tool for multinational enterprises to manage and mitigate the transfer pricing risk on a prospective basis.

A unilateral APA is an arrangement between the Commissioner and a person concerning the transfer pricing of controlled transactions. 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 controlled transactions. It provides certainty to a person 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 2021, 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.

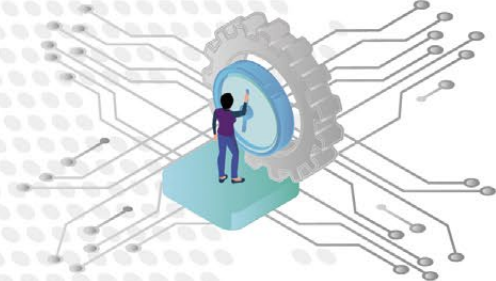
Hong Kong put in place a legislative framework for implementing AEOI in 2016. Furthermore, the Department has developed the AEOI Portal to facilitate reporting financial institutions to file their Financial Account Information Returns and fulfill other obligations related to AEOI. In 2020-21, compound penalties were imposed on four reporting financial institutions for their failure to submit Financial Account Information Returns on time.

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.

Up to 2020, Hong Kong smoothly completed three rounds of AEOI with other jurisdictions through the OECD Common Transmission system.

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 and 2019 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 2020-21, the Department completed the processing of 25 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

Figure 11 Advance rulings

	2019-20 Number	2020-21 Number
Awaiting decision at the beginning of the year	11	27
Add: Applications received during the year	<u>33</u>	<u>16</u>
	44	43
Less: Disposed of -		
Rulings made	14	16
Applications withdrawn	2	7
Rulings declined	<u>1</u>	<u>2</u>
	17	25
Awaiting decision at the end of the year	<u><u>27</u></u>	<u><u>18</u></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 2020-21, the Department completed the processing of 79,551 objections (**Figure 12**).

Figure 12 **Objections**

		2019-20 Number	2020-21 Number
Being processed at the beginning of the year		43,233	37,703
Add: Received during the year		<u>55,207</u>	<u>83,219</u>
		98,440	120,922
Less: Disposed of -			
Settled without determination	60,069		78,833
Determinations:			
Assessments confirmed	353		384
Assessments reduced	169		183
Assessments increased	130		139
Assessments annulled	<u>16</u>	<u>668</u>	<u>12</u>
		60,737	718
Being processed at the end of the year		<u><u>37,703</u></u>	<u><u>41,371</u></u>

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 2021, the Board consisted of a chairman and 10 deputy chairmen, who have legal training and experience, as well as 65 members. During 2020-21, the Board settled 43 appeal cases (**Figure 13**).

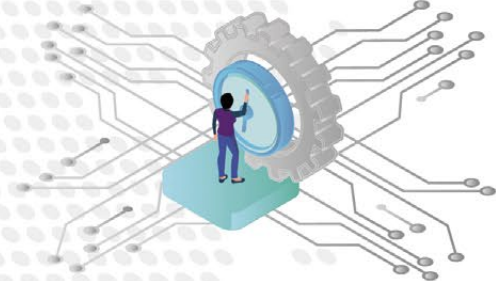


Figure 13 Appeals to the Board of Review

			Number
Awaiting hearing or decision as at 1 April 2020			29
Add: Received during the year			52
			<u>81</u>
Less: Disposed of -			
Withdrawn		20	
Decided:			
Assessments confirmed	5		
Assessments reduced in full	4		
Assessments reduced in part	6		
Assessments increased	8	23	43
Awaiting hearing or decision as at 31 March 2021			<u><u>38</u></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 2020-21, the Court of First Instance handed down a judgment on appeal by the taxpayer concerning the deductibility of amortization of spectrum utilization fees. The Court of First Instance ruled against the taxpayer and the taxpayer has appealed to the Court of Appeal. The Court of First Instance also heard two tax appeal cases concerning computation of income derived from services rendered outside Hong Kong under section 8(1A)(c) of the Inland Revenue Ordinance and the chargeability of shares and dividends received during an employment.

During the year, the Court of Appeal did not hand down any judgment for any tax appeal case.

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 2020-21, there was no tax appeal to the Court of Final Appeal.

Figure 14 sets out the statistics concerning appeals to the Courts during 2020-21.

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 2020	6	0	0	6
Add: Lodged during the year	2	4	0	6
	8	4	0	12
Less: Disposed of	3	0	0	3
Awaiting hearing or decision as at 31 March 2021	5	4	0	9

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 2021 stood at 1,550,148. It was 13,032 more than that as at 31 March 2020 (**Figure 15**).

Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2021, 27,478 businesses held 3-year certificates.

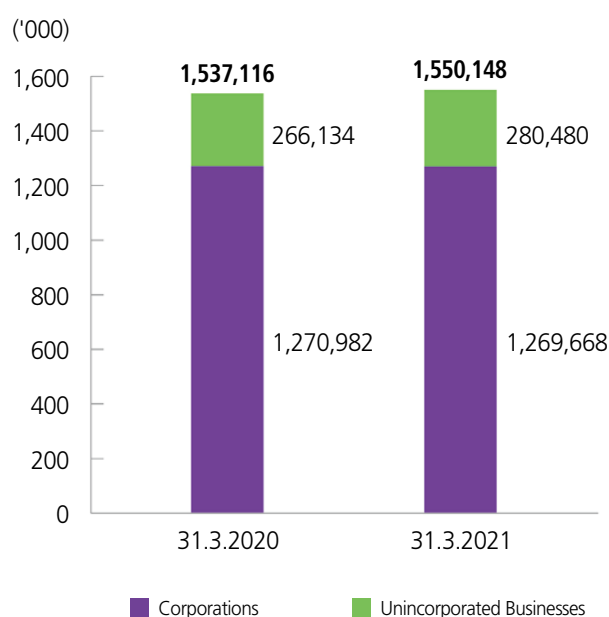
To help business enterprises, the Government waived the business registration fees for 2020-21. Businesses were still required to pay the levy on their business registration certificates.

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 2020-21 could obtain concessionary refunds if they had paid the registration fees for that year. Up to 31 March 2021, the Department had issued concessionary refunds to 18,257 businesses totaling \$23 million.

Due to the waiver of business registration fees for the whole financial year 2020-21, the amount of business registration fees and penalties collected in 2020-21 was reduced to \$73 million. It represents a significant decrease of 61.4% compared with last year, notwithstanding that 3.3% more certificates were paid (**Figure 16**). Business registration statistics are set out in **Schedule 8**.

Figure 15 Number of business registrations



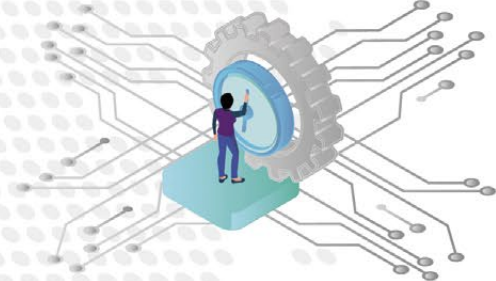


Figure 16 Business registration statistics

	2019-20	2020-21	Increase/Decrease
Number of certificates paid (Main and Branch)	1,536,705	1,587,411	+3.3%
Fees (inclusive of penalties) collected (\$m)	189	73	-61.4%

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 2020-21 was 9,850, representing a decrease of 13.6% from the previous year. Only one appeal case was received by the Board during 2020-21 (**Figure 17**).

Figure 17 Appeals to the Administrative Appeals Board

	2019-20 Number	2020-21 Number
Awaiting hearing at the beginning of the year	1	0
Add: Lodged during the year	0	1
	<u>1</u>	<u>1</u>
Less: Disposed of -		
Appeal allowed	0	0
Appeal dismissed	1	0
Appeal withdrawn	<u>0</u>	<u>1</u>
Awaiting hearing at the end of the year	<u><u>1</u></u>	<u><u>1</u></u>
	<u><u>0</u></u>	<u><u>0</u></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 an increase of 32.5% (\$21.8 billion) in the total stamp duty collection for the year 2020-21 (**Figure 19** and **Schedule 9**). The increase in the total stamp duty collection is attributable to the substantial increase in stamp duty collected from share transactions.

Figure 18 Composition of stamp duty collections

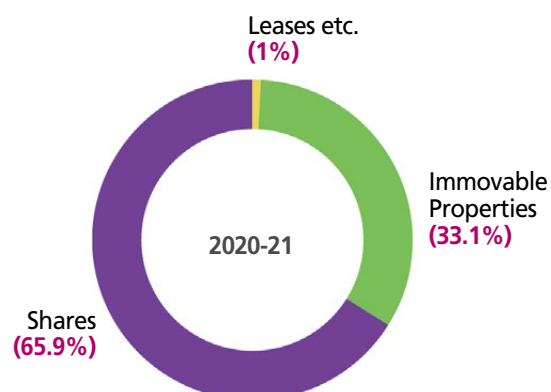


Figure 19 Stamp duty collections

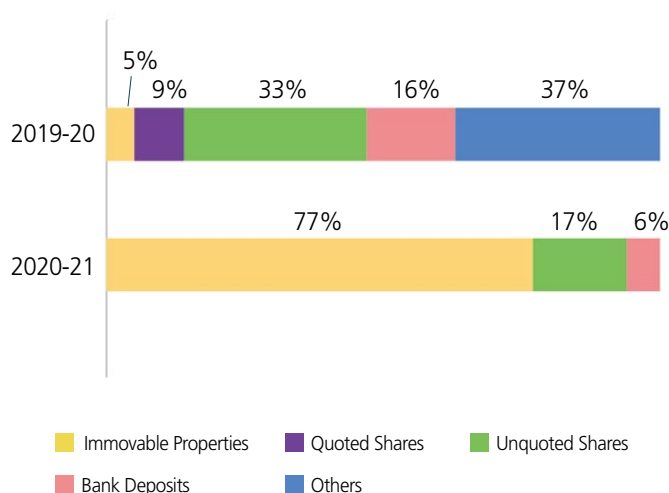
	2019-20 (\$m)	2020-21 (\$m)	Increase/ Decrease
Immovable Properties	33,071	29,470	-10.9%
Shares	33,231	58,645	+76.5%
Leases and other documents	896	930	+3.8%
Total	67,198	89,045	+32.5%

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 356 in 2020-21, a decrease of 21.6% from the last year (Figure 21).

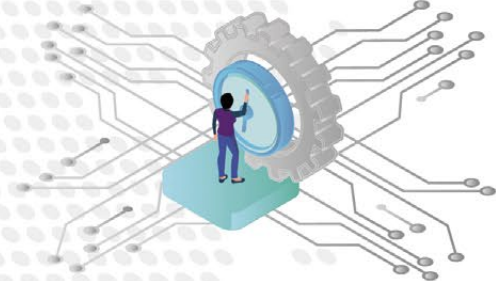
Figure 20 Composition of estates



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

Figure 21 Estate duty cases

	2019-20 Number	2020-21 Number
New cases	454	356
Cases finalised		
- Dutiable	7	4
- Exempt	448	385
	455	389



Estate duty of \$7.4 million was collected during the year (**Schedule 10**), a decrease of \$46.2 million (86.2%) 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). \$32,000 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 2020-21, the rates of betting duty on these betting activities remained unchanged (**Figure 22**).

Figure 22 Rates of betting duty in 2020-21

			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 2020-21 was 5.2% lower than that of the previous year (**Figure 23** and **Schedule 11**).

Figure 23 Betting duty collections

	2019-20 (\$m)	2020-21 (\$m)	Increase/ Decrease
Horse racing	12,341.1	12,893.5	+4.5%
Mark Six lotteries	1,931.6	459.0	-76.2%
Football betting	7,739.5	7,524.6	-2.8%
Total	22,012.2	20,877.1	-5.2%

Tax Reserve Certificates

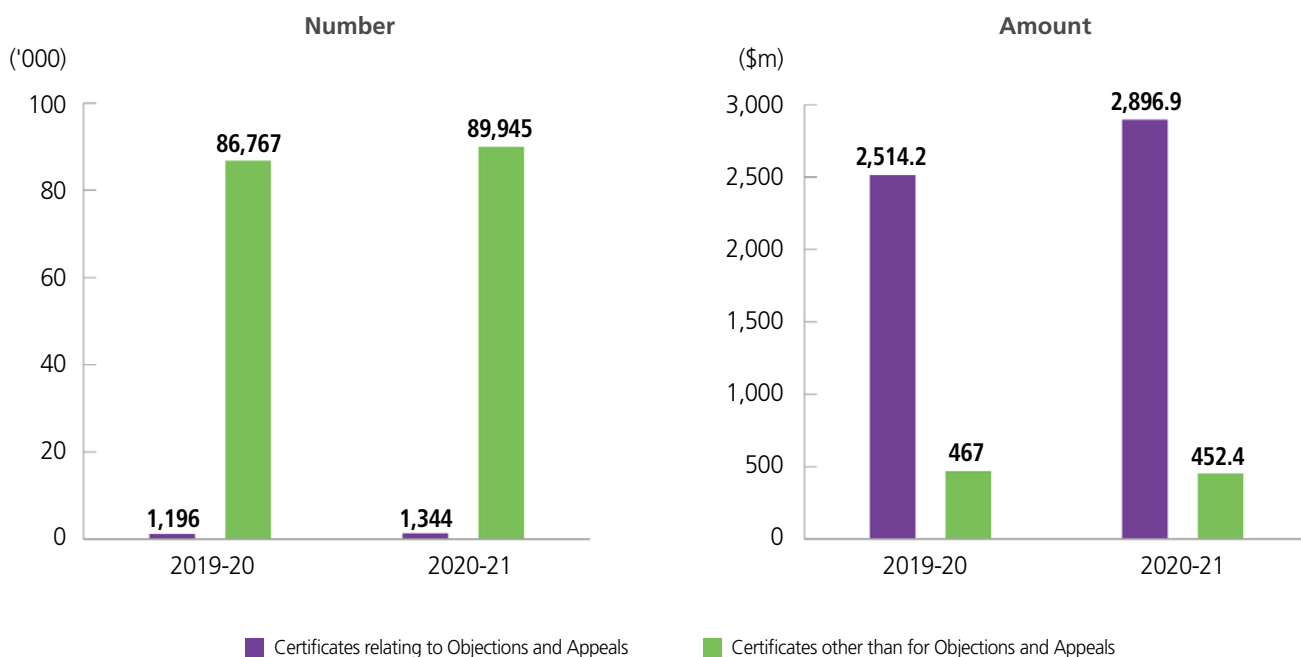
Taxpayers may purchase Tax Reserve Certificates (TRCs) under two situations.

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 2020-21, there was an increase of 4.2% in the number but a decrease of 4% in the amount of TRCs sold under the "Electronic Tax Reserve Certificates Scheme". For the "SAYE Scheme", an increase of 3.1% and 1.2% respectively was noted in the number and amount of TRCs sold (**Schedule 12**). Overall, the total amount of TRCs sold decreased by 3.1% (**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 2020-21.

Collection of Tax

Taxpayers can conveniently settle their tax liabilities by various payment methods, including electronic payment (by phone, bank ATM, via Faster Payment System (FPS) or via the Internet), payment in person or payment by post. 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 861,334 refund cases in 2020-21, representing an increase of 22.6%. The total amount of refunds was \$28.68 billion, representing an increase of \$8.19 billion or 40% compared with the previous year (**Figure 25**).

Figure 25 Tax refunds

Type of tax	2019-20		2020-21	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	59,643	10,168.4	69,589	12,836.2
Salaries tax	536,758	4,813.0	693,232	6,361.0
Property tax	15,423	169.3	18,647	219.8
Personal assessment	26,883	469.8	37,166	695.9
Others	63,651	4,872.8	42,700	8,566.6
Total	<u>702,358</u>	<u>20,493.3</u>	<u>861,334</u>	<u>28,679.5</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 2020-21 and the financial difficulties that some taxpayers might be facing, the Government announced 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 2019-20 issued between August 2020 and May 2022, 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 action in respect of some 2018-19 tax demand notes to 2020-21, the number of 5% surcharge notices issued in 2020-21 increased significantly as compared to that of the previous year. As the cycle on recovery of tax had been deferred, the numbers of 10% surcharge notices and recovery notices issued during the year were accordingly reduced in comparison with those of the previous year.

Figure 26 Recovery action



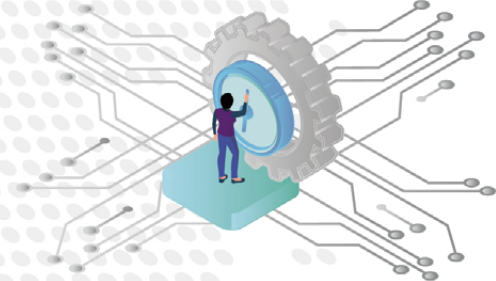
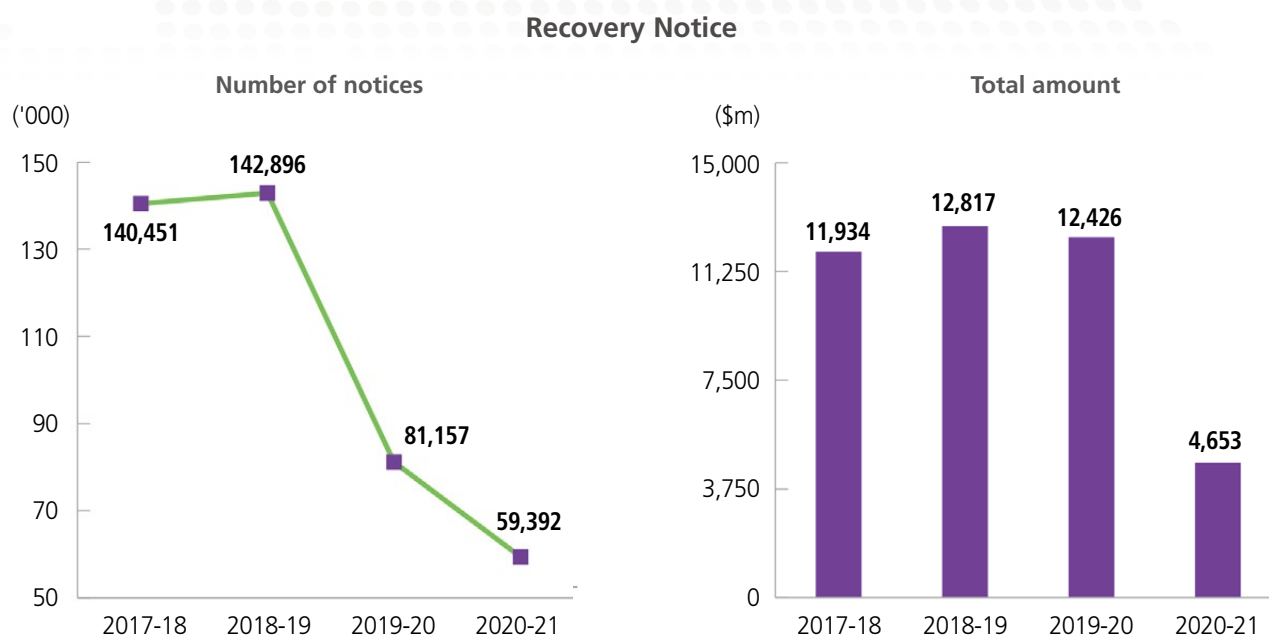


Figure 26 Recovery action (continued)



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 2020-21.

Figure 27 Legal costs and judgment interest collected in 2020-21

	\$	\$
Court cost		
Court fees	505,746	
Execution fees	10,710	516,456
Fixed cost		194,128
Judgment interest		
Pre-judgment interest	2,177,544	
Post-judgment interest	16,797,629	18,975,173
Total costs and interest collected		19,685,757

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 2020-21, the Field Audit and Investigation Unit completed 1,801 cases (including tax avoidance cases) and assessed back tax and penalties of about \$2.8 billion (**Figure 28**).

Figure 28 Results of the Field Audit and Investigation Unit

	2017-18	2018-19	2019-20	2020-21
Number of cases completed	1,804	1,802	1,716	1,801
Understated earnings and profits (\$m)	11,687.7	13,910.0	12,893.4	14,496.9
Average understatement per case (\$m)	6.5	7.7	7.5	8.0
Back tax and penalties assessed (\$m)	2,526.2	2,826.6	2,548.5	2,802.7
Back tax and penalties collected (\$m)	2,231.1	3,352.5	2,799.4	3,064.1

Field Audit

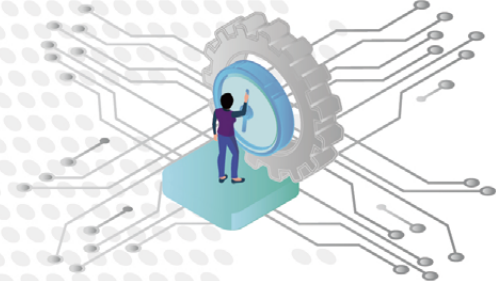
In 2020-21, there were 17 Field Audit sections. Field audit is conducted on both corporations and unincorporated businesses. The work of field auditors entails site visits to business premises and examination of accounting records of taxpayers in order to ascertain whether correct returns of profits 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 2020-21, the Field Audit and Investigation Unit completed 220 tax avoidance cases and assessed back tax and penalties of about \$1.61 billion (**Figure 29**).

Figure 29 Results of the audit on tax avoidance cases

	2017-18	2018-19	2019-20	2020-21
Number of cases completed	208	207	209	220
Understated earnings and profits (\$m)	4,613.4	7,891.4	6,979.5	8,417.1
Average understatement per case (\$m)	22.2	38.1	33.4	38.3
Back tax and penalties assessed (\$m)	948.5	1,426.6	1,246.6	1,614.3



Investigation

In 2020-21, 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 two tax evasion cases. The first case involved 2 company directors making use of or authorizing the use of fraud, art or contrivance, thereby overstating the company's expenses to evade profits tax. The two defendants were acquitted of all charges in the first trial. The Secretary for Justice lodged an appeal against the judgement for two charges. The Court of Appeal allowed the appeal and remitted the case to the District Court for retrial. Finally, the two defendants were convicted of evading profits tax and were sentenced to 6 weeks' imprisonment. The second case involved an employee making false statements in connection with holdover applications for provisional salaries tax and claims for deductions of expenses of self-education and approved charitable donations. The defendant pleaded guilty to the charges and was sentenced to 12 weeks' imprisonment.

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 2020-21, the Department completed compliance check on 334,867 property tax cases (**Figure 30**).

Figure 30 Results of the property tax compliance checks

	2017-18	2018-19	2019-20	2020-21
Number of cases completed	234,726	261,181	266,998	334,867
Understated rental income (\$m)	951.6	1,111.7	990.8	1,252.5
Back tax and penalties assessed (\$m)	114.2	133.4	118.9	150.3

IRD Website

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 online 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.

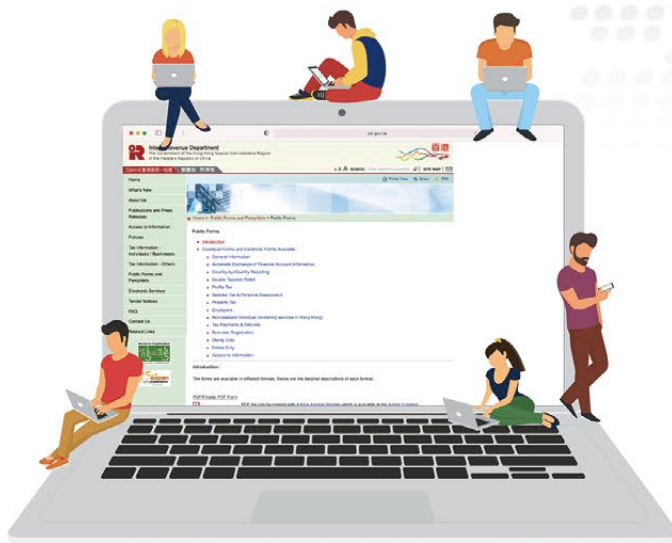
The IRD website has adopted responsive web design, which enables users to have quick and convenient access to tax information.

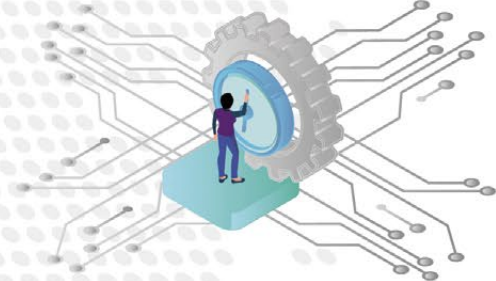
Electronic Enquiry Service

Electronic enquiry services are provided to eTAX users at <www.gov.hk/etax>. 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. In 2020-21, people of diverse races calling the Department's hotlines or visiting our office, with the consent from callers, telephone interpretation service in eight languages other than Chinese and English, namely, Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai, Urdu and Vietnamese, could be arranged free of charge with the assistance of a third party service provider.





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 2020-21 are shown in **Figure 31**.

Figure 31 Statistics of services provided through ITES

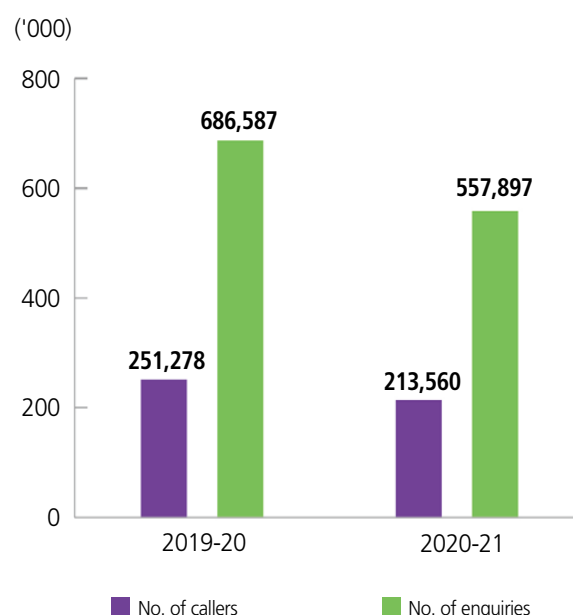
	2019-20 Number	2020-21 Number	Increase/ Decrease
Calls answered by staff	598,368	504,620	-15.7%
Calls answered by system	1,158,198	1,398,102	+20.7%
Leave-and-call-back messages	64,822	74,544	+15.0%
Documents supplied by fax	7,896	8,434	+6.8%

Counter Enquiry Service

Generally, the counter staff of the Centre is able to handle enquiries, collect mail items and issue 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 2020-21 was about 0.56 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>.

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 2.77 million Tax Returns - Individuals for the year of assessment 2019-20 on 1 June 2020. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in June 2020. 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.

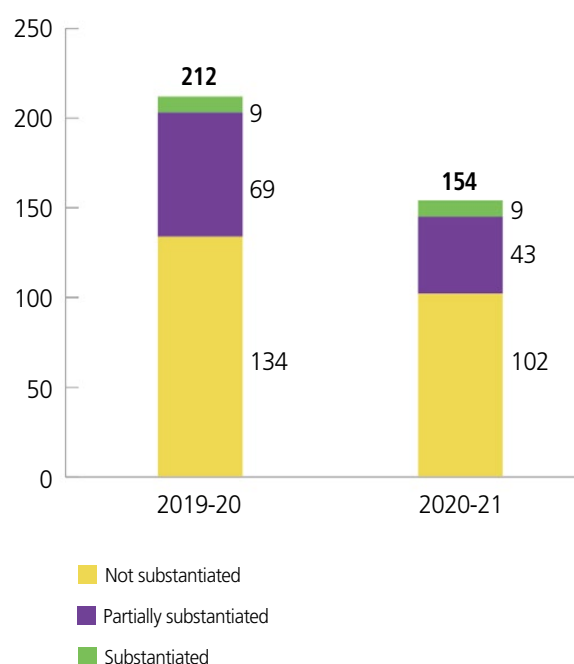
Complaints and Compliments

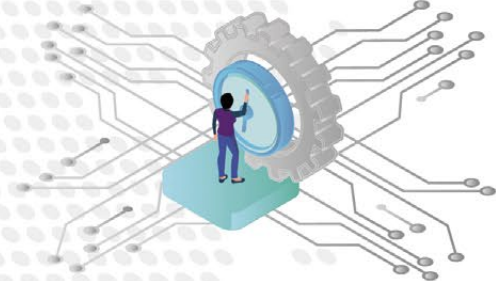
If taxpayers are dissatisfied with the services provided by the Department or their problems cannot be solved satisfactorily through normal channels, the Complaints Officer may be approached for assistance. The complaint channel provides taxpayers with the means of having individual grievances dealt with independently at a senior level. This ensures that such cases are properly handled in a fair and impartial manner. During 2020-21, 154 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 2020-21, the Ombudsman sought written comments from the Department in respect of 13 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, 229 Letters of Compliments were received.

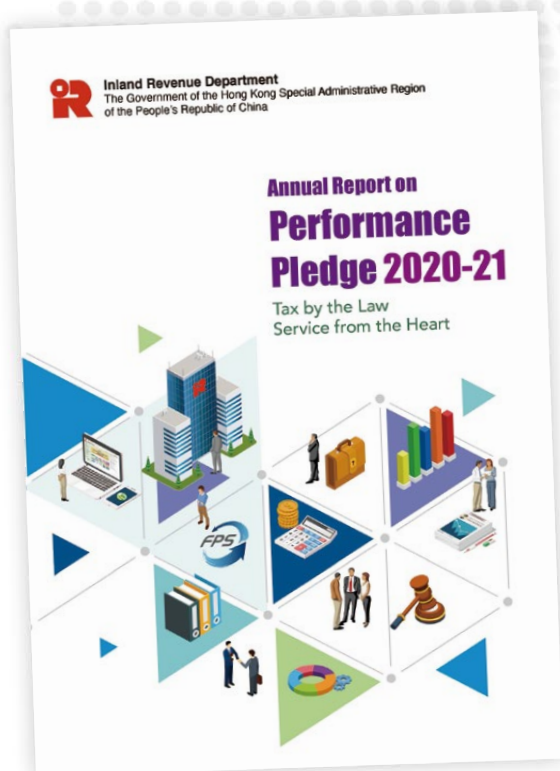
Figure 33 Complaint cases





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 2020-21.





Information Technology

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.

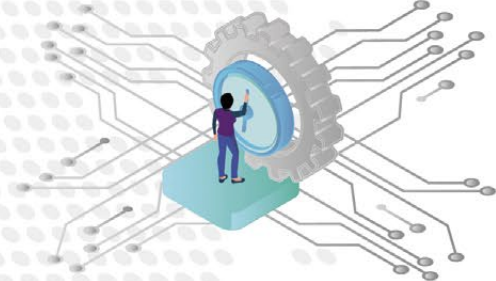
The Department will implement the following system development and modifications by phases from 2020-21 to 2025-26 –

- (1) to leverage cloud services to accommodate all of the Department's computer application systems;
- (2) to replace the eTAX System with an Individual Tax Portal with enhanced functionalities for individual taxpayers;
- (3) to develop a Business Tax Portal to facilitate submission of tax returns by businesses together with accounting and financial data;
- (4) to develop a Tax Representative Portal to enable tax representatives conducting e-transactions on behalf of their clients, both individuals and businesses; and
- (5) to extend the application of workflow technology for improving the Department's internal communication and work efficiency.

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.



From 30 December 2020 onwards, iAM Smart can be used as another means for taxpayers to log in to their eTAX accounts, file electronic tax returns and request revision of assessment electronically.

eTAX services are widely used by the public. As at 31 March 2021, there were some 1,095,000 registered eTAX users. The take-up rate increased year after year (**Figure 34**).

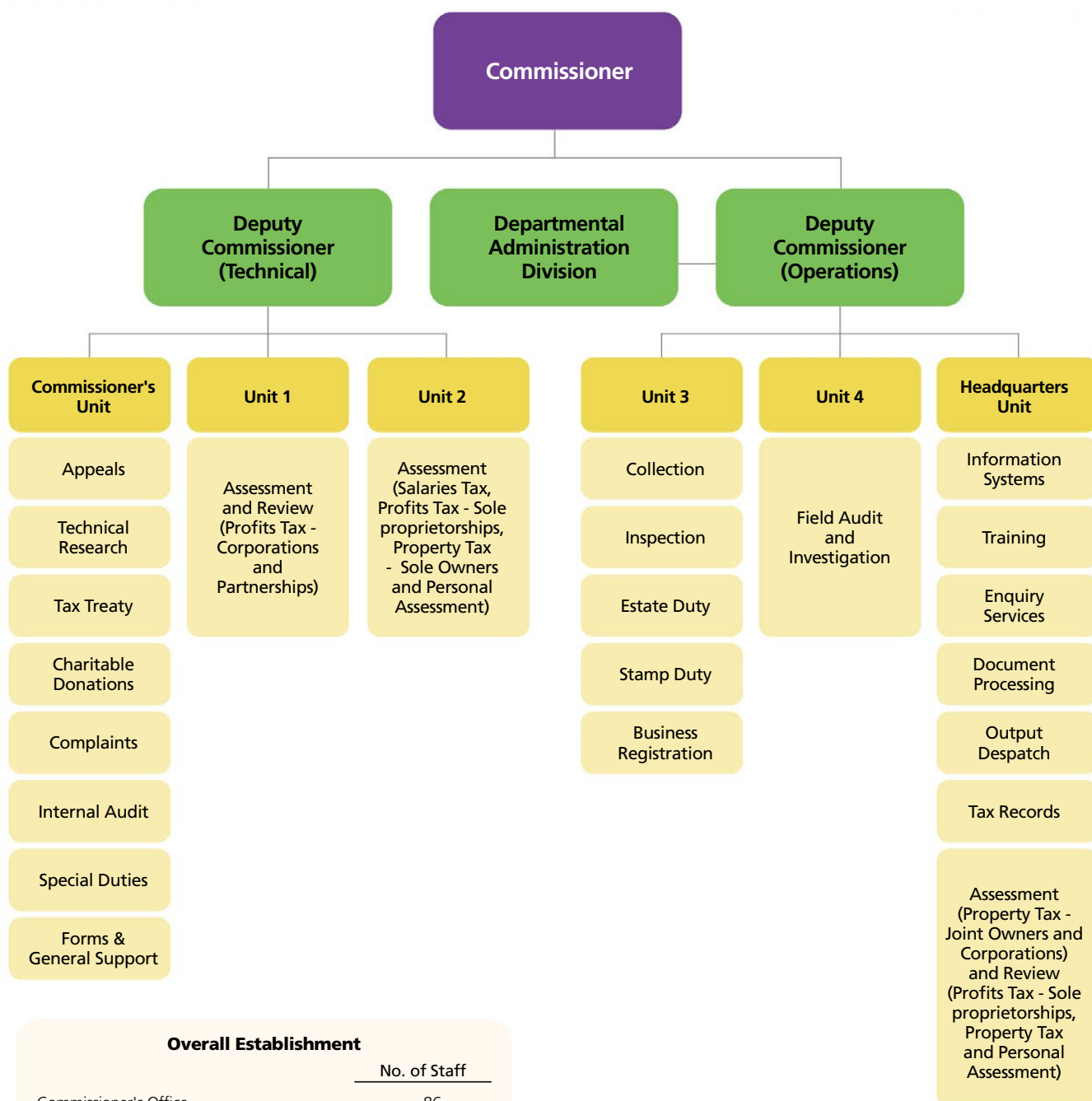
Figure 34 eTAX Usage Statistics

	2019-20 Number	2020-21 Number	Increase/ Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	725,375	797,816	+10.0%
- Employer's Return of Remuneration and Pensions			
BIR56A	23,219	32,101	+38.3%
IR56B	299,009	537,019	+79.6%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	32,505	61,706	+89.8%
Stamping of Property Document	294,932	360,555	+22.3%
Business Registration Number Enquiry	5,559,018	4,006,516	-27.9%
Application for Supply of Information on the Business Register			
- Requisition	166,101	203,731	+22.7%
- Business registrations involved	487,255	597,243	+22.6%

Other Electronic Services

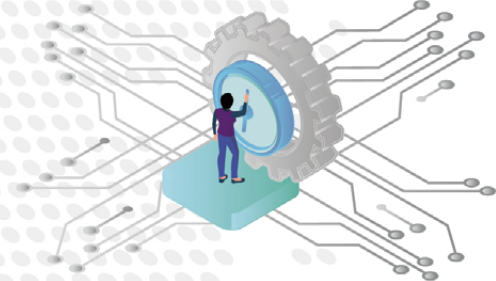
During 2020-21, some 25,000 employers furnished annual returns for 2,427,900 employees in total by diskettes, DVDs or USB storage devices. About 52% of these employers used the free software provided by the Department.

Organisation Chart of the Inland Revenue Department as at 31.3.2021



Overall Establishment

	No. of Staff
Commissioner's Office	86
Commissioner's Unit	120
Headquarters Unit	711
Unit 1	382
Unit 2	774
Unit 3	627
Unit 4	239
Total	2,939



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 31.3.2021)



Mr LEUNG Kin-wa
Deputy Commissioner (Operations)



Mr TAM Tai-pang
Commissioner



Ms LEUNG Wing-chi
Deputy Commissioner (Acting) (Technical)



Miss CHAN Shun-mei
Assistant Commissioner
(Unit 1)



Ms WONG Ki-fong
Assistant Commissioner
(Unit 2)



Mr CHAN Sze-wai, Benjamin
Assistant Commissioner
(Unit 3)



Mr NG Man-kwan
Assistant Commissioner (Acting)
(Unit 4)



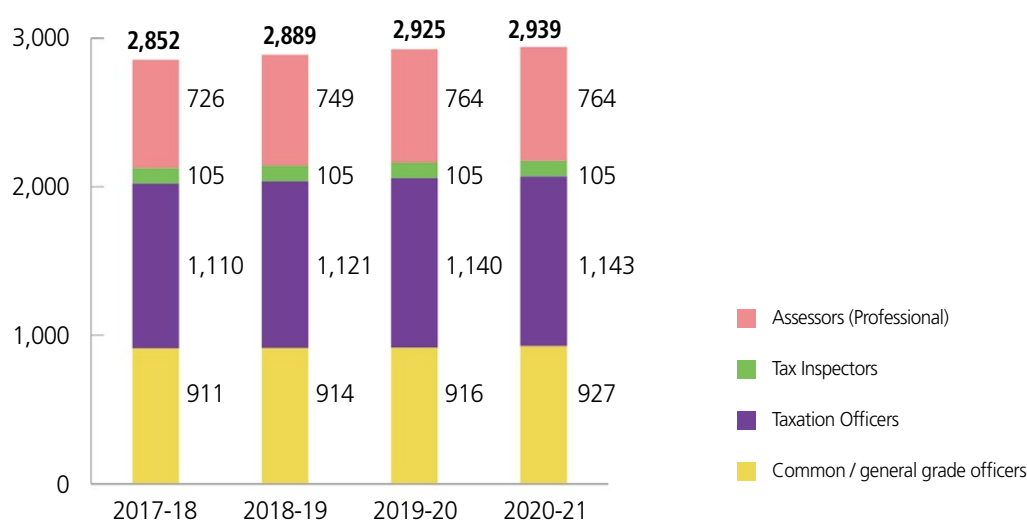
Mr WONG Kai-cheong, Tony
Assistant Commissioner
(Headquarters Unit)



Miss MAN Wai-ming
Departmental Secretary

As at 31 March 2021, the Department had an establishment of 2,939 permanent posts (including 28 directorate posts) in the Commissioner's Office and the 6 Units of the Department. Of the total, 2,012 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 927 posts were in common / general grades, providing administrative, information technology and clerical support services (**Figure 35**).

Figure 35 Staff establishment



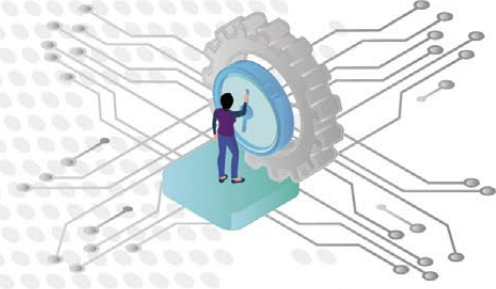
Most of the professional officers serving in the Department were below the age of 45 (**Figure 36**). The ratio of male to female professional officers was 1:1.8.

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

Age Group	Male		Female		Total	
Below 25	7	(2%)	31	(7%)	38	(5%)
25 to below 35	103	(38%)	165	(34%)	268	(35%)
35 to below 45	32	(12%)	110	(23%)	142	(19%)
45 to below 55	89	(33%)	127	(26%)	216	(29%)
55 and over	42	(15%)	48	(10%)	90	(12%)
Total	273	(100%)	481	(100%)	754	(100%)

Staff Promotions and Turnover

In 2020-21, a total of 50 departmental grade officers and 14 common / general grade officers were promoted. Among them, 3 were in directorate rank. 202 officers joined the Department, of which 166 were new appointees and 36 were officers transferred from other grades / departments. A total of 203 officers (including 43 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 2020-21, the COVID-19 pandemic has impacted numerous facets of the training programmes due to the need to maintain social distancing, resulting in reduction of our staff received training for a total of 5,483 man-days, which was equivalent to about 1.87 man-days per officer.

The major training activities conducted for our staff during 2020-21 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
- Chinese official writing course
- English writing course

Continuing Professional Education

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

- Updates on Accounting Standard and Latest Development of HKICPA
- Annual Update of Appeal Cases
- Automatic Exchange of Financial Account Information in Tax Matters and Implementation of the Common Reporting Standard in Hong Kong
- Updates on Salaries Tax Issues
- Advance Pricing Arrangement
- Exchange of Information on Request

Speakers for one of the seminars were outside experts and others were staff members. Five of the CPE seminars were e-seminars and uploaded onto the Department's Intranet together with the video file of a face-to-face seminar. A total of 99 staff members attended the face-to-face seminar and 1,540 staff members had viewed the e-seminars and video file.

Courses in Overseas

By participating in overseas training programmes, our professional officers may broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues. In 2020-21, the use of online platforms for delivering training by overseas course organisers accelerated during the pandemic. The Department deployed information and communication technology in an effort to achieve a sustainable system of distance learning, and 65 officers attended virtual training and e-learning courses on different issues.

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. 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

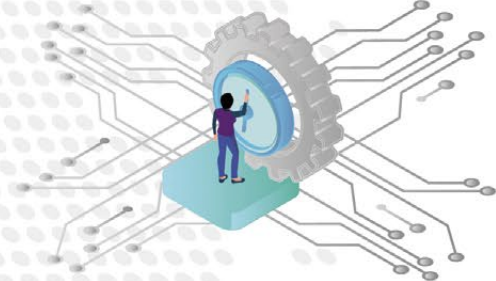
A Mentorship Scheme for Assistant Assessors has been set up since 2008. Under this scheme, experienced officers (the mentors) will guide newly recruited Assistant Assessors (the mentees) to broaden their perception about the Department such as the organisation structure, work, connection and culture, 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 2020-21, 7 out of 19 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 2020-21, 35 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 2020

In 2020, an Assistant Data Preparation Supervisor and a Supplies Supervisor I were awarded the Secretary for the Civil Service's Commendation in recognition of their exceptionally meritorious and consistently outstanding performance. The presentation ceremony was held in November 2020.

The Long and Meritorious Service Travel Award Scheme

In 2020-21, 29 officers with long and meritorious service were granted awards under the Long and Meritorious Service Travel Award Scheme.

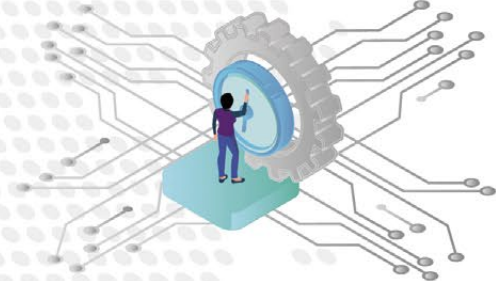
Visit of the Secretary for Financial Services and the Treasury

The Secretary for Financial Services and the Treasury, Mr HUI Ching-yu, Christopher, visited the Department on 21 May 2020. After meeting with the senior management of the Department, Mr HUI made a tour to the Document Processing Centre and Business Registration Office to know more about their daily operation and services.



Visit of the Secretary for the Civil Service

The Secretary for the Civil Service, Mr NIP Tak-kuen, Patrick, visited the Department on 11 June 2020. Mr NIP made a tour to the Central Telephone Enquiry to learn about its daily operation and services. After the tour, Mr NIP met with colleagues of various grades to exchange views on matters of mutual concern.



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 recreational and sports events to foster a healthy and balanced lifestyle, as well as to enhance the friendship and solidarity among colleagues.

In 2020-21, the Association organized a number of creative activities, e.g. e-sports competition, board-game competition, online photograph / video sharing activities, etc., to provide colleagues with opportunities to demonstrate their talents in various aspects. The Association also organized a bowling competition to encourage members to have regular exercise. All the activities were well received and supported by colleagues.

The IRD Volunteer Team showed their on-going commitment and concern for the community, taking part in various voluntary services. During the year, 106 volunteers participated in a number of voluntary works and provided over 300 community service hours in total. In the outbreak of the COVID-19, 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 16th 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 \$200,000 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 Champion in "The Largest Amount of Total Donation" in "World Vision – Skip-A-Meal" again this year.



Legislative Amendments

The following pieces of legislation enacted during the year 2020-21 are related to matters under the purview of the Department.

Inland Revenue Ordinance (Amendment of Section 50A) Notice 2020 (Legal Notice No. 42 of 2020)

This Notice amended the specified percentage applicable to the identification of controlling persons of partnerships and trusts from 25% to 0% under section 50A of the Inland Revenue Ordinance. The specified percentage applicable to the identification of controlling persons of corporations remains unchanged at 25%.

Inland Revenue Ordinance (Amendment of Schedule 17D) Notice 2020 (Legal Notice No. 43 of 2020)

This Notice amended Schedule 17D to the Inland Revenue Ordinance to specify that for the purpose of determining the controlling persons of an account holder of a new entity account, a reporting financial institution may rely on information collected and maintained pursuant to anti-money laundering / know your customer procedures if those procedures are consistent with Recommendations 10 and 25 of the Financial Action Task Force Recommendations.

Stamp Duty Ordinance (Amendment of Schedule 8) Regulation 2020 (Legal Notice No. 74 of 2020)

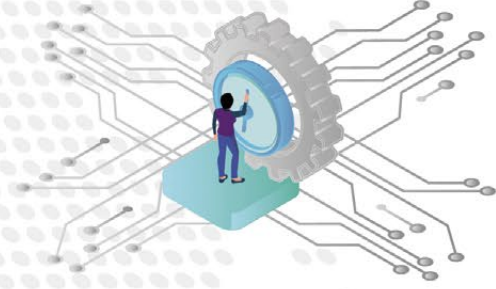
This Regulation amended Schedule 8 to the Stamp Duty Ordinance to waive the stamp duty on stock transfers involving the activities of exchange traded fund (ETF) market makers in the course of allotting and redeeming ETF units listed in Hong Kong.

Exemption from Salaries Tax and Profits Tax (Anti-epidemic Fund) Order (Legal Notice No. 112 of 2020)

This Order exempted, subject to certain conditions, individuals and businesses from the payment of salaries tax and profits tax in respect of financial assistance or relief provided under the Anti-epidemic Fund. The exemption applies in relation to salaries tax and profits tax chargeable for the year of assessment 2019-20 onwards.

Inland Revenue (Amendment) (Tax Concessions) Ordinance 2020 (Ordinance No. 4 of 2020)

This Ordinance amended the Inland Revenue Ordinance to give effect to a proposal concerning tax concessions in the Budget for the 2020-21 financial year to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2019-20 by 100%, subject to a maximum of \$20,000 in each case.



Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 (Ordinance No. 5 of 2020)

This Ordinance amended the Inland Revenue Ordinance to give profits tax concessions to qualifying ship lessors and qualifying ship leasing managers.

Limited Partnership Fund Ordinance (Ordinance No. 14 of 2020)

This Ordinance established a limited partnership fund regime which enables funds to be registered in the form of limited partnerships in Hong Kong and made consequential amendments to various enactments, including the Inland Revenue Ordinance, Business Registration Ordinance and Business Registration Regulations.

Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 (Ordinance No. 15 of 2020)

This Ordinance amended the Inland Revenue Ordinance to give profits tax concessions to all general reinsurance business of direct insurers, selected general insurance business of direct insurers and selected insurance brokerage business of licensed insurance broker companies.

Public Revenue Protection (Stamp Duty) Order 2020 (Legal Notice No. 231 of 2020)

This Order gave full force and effect of law to the Stamp Duty (Amendment) Bill 2020, which sought to amend the Stamp Duty Ordinance to abolish the Doubled Ad Valorem Stamp Duty rates applicable to non-residential property transactions and to revert the Ad Valorem Stamp Duty rates chargeable on the non-residential property transactions to the Scale 2 rates with effect from 26 November 2020, before the enactment of the Bill.

Inland Revenue (Profits Tax Concessions for Insurance-related Businesses) (Threshold Requirements) Notice (Legal Notice No. 4 of 2021)

This Notice prescribed threshold requirements for determining whether an activity producing the assessable profits of a specified insurer or a licensed insurance broker company derived from any of the specified insurance-related businesses, which are charged at the reduced tax rate is, or is arranged to be, carried out by the insurer or the company in Hong Kong.

Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 (Commencement) Notice (Legal Notice No. 5 of 2021)

This Notice appointed 19 March 2021 as the effective date of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020.

Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2021 (Legal Notice No. 34 of 2021)

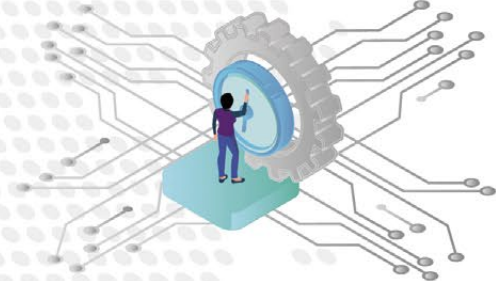
This Order reduced the fee payable in respect of a business registration certificate or branch registration certificate with a date of commencement that falls within the period of 12 months beginning on 1 April 2021 (concession period). However, for simultaneous business registration application of a 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 within the concession period. The reduction amount on business registration fee payable is \$2,000 for business registration certificate and \$73 for branch registration certificate.

Stamp Duty (Amendment) Ordinance 2021 (Ordinance No. 2 of 2021)

This Ordinance amended the Stamp Duty Ordinance to abolish the Doubled Ad Valorem Stamp Duty rates applicable to non-residential property transactions and to revert the Ad Valorem Stamp Duty rates chargeable on non-residential property transactions to the Scale 2 rates with effect from 26 November 2020.

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

Country/Region	Date of Order	Nature
Macao Special Administrative Region	12 May 2020	Double Taxation Relief with respect to Taxes on Income and Prevention of Tax Evasion and Avoidance
Serbia	20 October 2020	Double Taxation Relief with respect to Taxes on Income and Capital and Prevention of Tax Evasion and Avoidance
Georgia	20 October 2020	Double Taxation Relief with respect to Taxes on Income and Capital and Prevention of Tax Evasion and Avoidance



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

Legal notice no.	Periods in force	Annual rate of interest
58 of 2020	4 May 2020 to 31 May 2020	0.2333%
113 of 2020	1 June 2020 to 6 December 2020	0.2000%
238 of 2020	7 December 2020 to 6 April 2021	0.1500%



Environmental Report

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

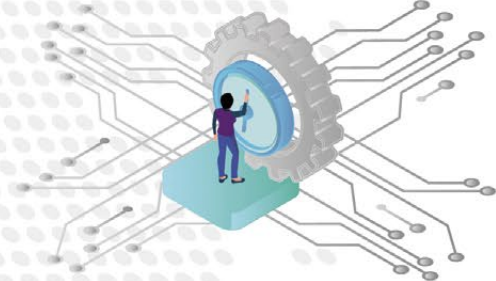
Green Management

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 to 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.

Environmental Protection Performance in 2020-21

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 to 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;
- 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 continues to adhere to the 3R principle - “Reduce, Reuse and Recycle” in the consumption of materials.

Reduction and Reuse of Paper

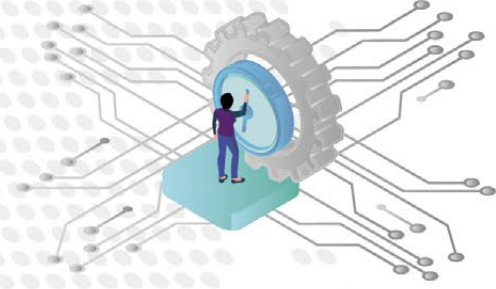
In specific, the Department adopted the following measures in the year to reduce paper consumption:

- Encouraging staff to minimise photocopying, use recycled paper instead of virgin paper, 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 online, 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 online enquiries;
- Using templates or overlay printing to replace pre-printed forms;
- Viewing reports online through the Computer Output Online 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 Revenue Tower. Besides, used printer cartridges are also collected for recycling. Throughout the year, 423,831kg of waste paper, 775kg of aluminium cans, 73kg of plastic bottles, 10kg of glass bottles and 5,917 used printer cartridges were collected.



Smoke-free Workplace

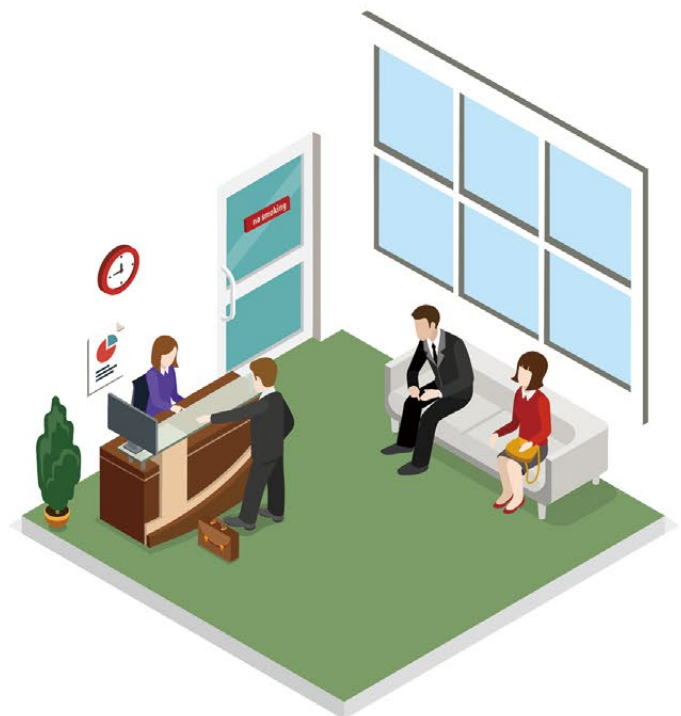
Smoking has been prohibited in Revenue Tower since 1996. Starting from 2007, it is a statutory requirement that all indoor areas in workplaces are smoke-free. No-smoking signs are displayed at conspicuous locations in the office. Circulars are re-circulated regularly to remind staff about the importance 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 2020 to May 2021.

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 to 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.





Miscellaneous

Charitable Institutions

Charitable institutions are exempt from tax under section 88 of the Inland Revenue Ordinance. As at 31 March 2021, there are 9,448 charities recognised as exempt from tax, of which 454 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 2019-20, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$5.42 billion and \$7.47 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 40,284 visits were made during the year.

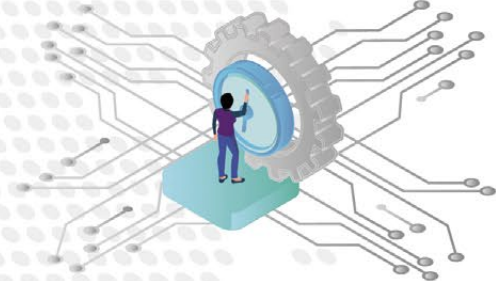
Internal Audit

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

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

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

Schedules



- 1** Tax Assessed and Collections for the year ended 31 March 2021
- 2** Demand Notes Issued, Tax Assessed and Collections (2017-18 to 2020-21)
- 3** Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2017-18 to 2019-20
- 4** Profits Tax Contributions from Various Business Sectors (Unincorporated Businesses) for years of assessment 2017-18 to 2019-20
- 5** Analysis of Salaries Tax Assessments for the year of assessment 2019-20
- 6** Analysis of Allowances granted for the year of assessment 2019-20
- 7** Property Statistics (as at 31 March 2021)
- 8** Business Registration Statistics (2017-18 to 2020-21)
- 9** Stamp Duty Collections and Stamp Office Activities (2017-18 to 2020-21)
- 10** Estate Duty Assessed and Collections for the year ended 31 March 2021
- 11** Betting Duty Collections (2018-19 to 2020-21)
- 12** Tax Reserve Certificates Statistics (2017-18 to 2020-21)
- 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 2021

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2018-19 and earlier years	429,544,305	(168,436,505)	(226,172,426)	728,119,726	774,120,552	1,537,175,652
2019-20 Final Tax only	58,331,463	(1,260,551,947)	(3,205,214,341)	118,258,376	5,152,642,721	863,466,272
2020-21 Provisional Payments and Final Tax	3,753,211,478	70,040,402,483	135,945,229,765	5,579,900,794	1,449,655	215,320,194,175
Total Tax Assessed	4,241,087,246	68,611,414,031	132,513,842,998	6,426,278,896	5,928,212,928	217,720,836,099
Add: Collectables -						
Tax outstanding as at 31 March 2020 brought forward	1,878,762,308	27,448,145,201	51,600,451,620	3,724,493,752	1,342,521,054	85,994,373,935
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	61,060,880	222,560,543	692,282,831	180,751,063	12,640,864	1,169,296,181
Interest on Tax Held Over	52,620	1,593,738	136,930,924	483,923	1,448,146	140,509,351
Write-off re-opened	389,164	9,090,554	866,319	4,026,664	647,341	15,020,042
Total of Tax Assessed and Collectables (a)	6,181,352,218	96,292,804,067	184,944,374,692	10,336,034,298	7,285,470,333	305,040,035,608
Collections during the year -						
Net Tax collected	3,908,552,833	74,861,793,439	128,555,768,153	5,859,942,671	6,280,988,353	219,467,045,449
<i>(After allowing for refunds of tax)</i>	<i>(138,578,401)</i>	<i>(5,876,096,162)</i>	<i>(12,211,530,467)</i>	<i>(441,576,333)</i>	<i>(675,700,546)</i>	(19,343,481,909)
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	48,587,869	164,104,930	822,828,109	189,461,226	11,279,692	1,236,261,826
Interest on Tax Held Over	37,495	1,425,966	111,062,100	603,703	1,458,484	114,587,748
Total Net Collections (b)	3,957,178,197	75,027,324,335	129,489,658,362	6,050,007,600	6,293,726,529	220,817,895,023
Balance of Tax, Surcharge, etc. payable (a) - (b)	2,224,174,021	21,265,479,732	55,454,716,330	4,286,026,698	991,743,804	84,222,140,585
Less: Not collected by virtue of set-off	557,035,058	3,836,465,873	0	370,754,358	0	4,764,255,289
Written-off as irrecoverable	2,205,974	39,287,641	250,888,599	11,593,991	1,418,880	305,395,085
Tax, Surcharge, etc. outstanding as at 31 March 2021 carried forward	1,664,932,989	17,389,726,218	55,203,827,731	3,903,678,349	990,324,924	79,152,490,211
Less: Under objection or appeal	18,648,579	684,827,830	28,894,449,183	827,686,449	460,020,418	30,885,632,459
Listed for write-off but awaiting approval	0	196,308	132,191	80,437	114,931	523,867
Assessed but not yet due	731,049,394	9,591,347,445	17,700,587,687	700,871,297	183,975,082	28,907,830,905
Net Tax, Surcharge, etc. in arrears as at 31 March 2021	915,235,016	7,113,354,635	8,608,658,670	2,375,040,166	346,214,493	19,358,502,980

Schedule 2

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

	2017-18		2018-19		2019-20		2020-21	
	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)	
Profits Tax -								
Corporations	129,158	138,666,263	133,912	167,207,247	134,444	153,198,153	122,577	132,513,843
Unincorporated Businesses	35,314	6,264,977	38,634	6,350,299	34,483	7,934,344	38,181	6,426,279
Salaries Tax	1,605,642	62,865,581	1,646,699	62,360,411	1,547,020	69,486,659	1,528,966	68,611,414
Property Tax	138,880	3,677,439	151,309	4,016,920	137,194	4,146,971	150,134	4,241,087
Personal Assessment	191,820	5,357,642	254,739	6,027,802	106,785	5,349,170	124,906	5,928,213
Total	2,100,814	216,831,902	2,225,293	245,962,679	1,959,926	240,115,297	1,964,764	217,720,836

	2017-18		2018-19		2019-20		2020-21	
	Collections		Collections		Collections		Collections	
	(\$'000)		(\$'000)		(\$'000)		(\$'000)	
Profits Tax -								
Corporations		133,459,327		160,833,150		149,427,519		129,489,658
Unincorporated Businesses		5,640,892		5,786,496		6,472,804		6,050,008
Salaries Tax		60,838,782		60,145,881		50,412,460		75,027,324
Property Tax		3,447,839		3,624,446		2,806,485		3,957,178
Personal Assessment		5,342,499		5,963,102		4,999,787		6,293,727
Total		208,729,339		236,353,075		214,119,055		220,817,895

Schedule 3

CORPORATIONS – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2017-18		2018-19		2019-20	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Distribution -						
Retail	3,608,398	2.4	3,930,421	2.7	2,542,225	1.8
Wholesale, Import and Export	28,264,688	19.0	26,943,409	18.7	25,494,442	18.0
Foreign Corporations carrying on Import and Export	48,497	0.1	40,201	0.1	28,444	0.1
Public Utilities	7,610,406	5.2	6,883,341	4.8	5,578,012	4.0
Property	26,126,789	17.6	22,229,865	15.4	27,527,758	19.6
Investment and Finance (other than Banking)	11,100,441	7.5	10,897,621	7.6	10,630,913	7.6
Banking	31,305,779	21.1	36,029,968	25.0	35,538,836	25.3
Manufacturing -						
Clothing and Textiles	781,454	0.5	589,387	0.4	503,708	0.4
Food and Beverage Products	575,153	0.4	569,443	0.4	531,111	0.4
Steel and Other Metals	317,445	0.2	283,843	0.2	270,132	0.2
Printing and Publishing	408,114	0.3	361,847	0.3	309,354	0.2
Others	3,763,728	2.6	3,198,946	2.3	2,884,283	2.0
Shipping (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,333,039	0.9	1,446,664	1.0	1,123,075	0.8
Hotels, Restaurants and Amusement Centres	3,155,459	2.1	2,980,222	2.1	1,844,570	1.3
Stevedoring, Wharfing and Godowns	1,019,333	0.7	1,044,202	0.7	919,067	0.6
Clubs and Associations	1,457,946	1.0	1,778,049	1.2	1,684,950	1.2
Insurance Companies and Insurance Agents	3,709,950	2.5	3,227,697	2.2	2,897,168	2.1
Non-resident Corporations Trading through Agents (including Consignment Tax)	1,618,348	1.1	1,620,196	1.1	1,464,589	1.0
Building Contractors and Engineering Works	3,827,880	2.6	3,630,974	2.5	3,386,491	2.4
Aircraft Owners and Operators	513,428	0.3	426,472	0.3	229,675	0.2
Taxis, Hire Cars, Public Light Buses and Motor Boats	251,203	0.2	182,169	0.1	122,655	0.1
Miscellaneous	17,274,082	11.7	15,662,707	10.9	15,011,535	10.7
Total	148,071,560	100.0	143,957,644	100.0	140,522,993	100.0

Schedule 4

UNINCORPORATED BUSINESSES – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2017-18		2018-19		2019-20	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Property Developers, Property Dealers, Property Agents and Subletting Businesses	65,211	1.5	36,028	0.8	37,454	0.9
Finance and Securities including Brokers, Dealers and Insurance Agents	559,787	13.2	641,638	14.0	562,952	13.1
Builders, Decorators and Civil Engineering Works	43,625	1.0	40,481	0.9	49,919	1.2
Distribution -						
Import and Export	53,123	1.3	43,162	0.9	49,248	1.2
Wholesale	22,210	0.5	27,168	0.6	25,403	0.6
Retail	220,943	5.2	242,082	5.3	221,418	5.1
Manufacturing -						
Agricultural Trades and Food & Beverage Products Manufacturers	3,810	0.1	3,684	0.1	3,411	0.1
Cloth and Clothing	2,454	0.1	1,210	0.0	1,645	0.0
Chemical Products and Mechanical Engineering	41,641	1.0	41,258	0.9	39,770	0.9
Printing and Publishing	5,702	0.1	5,557	0.1	4,511	0.1
Others	12,936	0.3	11,299	0.3	12,041	0.3
Hotels, Restaurants and Amusement Centres	89,604	2.1	97,822	2.1	53,402	1.2
Transport (including Wharfing and Godowns)	35,713	0.8	31,734	0.7	31,549	0.7
Professions -						
Accountants	362,061	8.5	388,736	8.5	323,104	7.5
Architects, Engineers, Surveyors, etc.	1,822	0.0	1,523	0.0	3,598	0.1
Doctors and Dentists	1,013,555	23.8	1,037,980	22.7	959,297	22.3
Solicitors and Barristers	1,303,218	30.7	1,465,682	32.0	1,457,345	33.9
Other Professions	406,554	9.6	449,432	9.8	442,883	10.3
Miscellaneous	8,789	0.2	13,701	0.3	21,929	0.5
Non-resident Businesses*	0	0.0	1	0.0	0	0.0
Total	4,252,758	100.0	4,580,178	100.0	4,300,879	100.0

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

Schedule 5

ANALYSIS OF SALARIES TAX ASSESSMENTS FOR THE YEAR OF ASSESSMENT 2019-20 BY INCOME GROUP

Annual Income	No. of Taxpayers	Percentage of Taxpayers	No. of Elections for Joint Assessment	Total Income (After Deductions other than Self Education Expenses and Concessory Deductions)	Total Allowances (See analysis per Schedule 6)	Self Education Expenses	Concessory Deductions							Total Net Chargeable Income	Final Tax	Percentage of Total Final Tax	Average Tax per Taxpayer
							Total Donations to Charities	Home Loan Interest	Elderly Residential Care Expenses	Contributions to Recognized Retirement Schemes	Tax Deductible MPF Voluntary Contributions	Qualifying Annuity Premiums	Qualifying Premiums under the Voluntary Health Insurance Scheme Policy				
(\$)		(%)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(%)	(\$)
132,001 - 200,000	236,962	12.41	0	40,571,998	31,538,127	52,875	120,395	69,635	2,440	825,559	35,135	8,613	36,562	7,882,657	0	0.00	0
200,001 - 300,000	435,665	22.81	9	109,002,399	67,016,689	410,259	456,598	594,615	28,915	2,858,520	143,301	122,687	123,788	37,247,027	0	0.00	0
300,001 - 400,000	346,735	18.16	261	120,895,691	64,162,675	459,634	574,303	1,003,670	55,391	3,128,520	176,104	240,053	127,880	50,967,461	143,880	0.22	415
400,001 - 500,000	229,027	11.99	3,152	102,217,607	51,492,994	403,179	600,887	1,135,856	62,767	2,518,678	205,342	375,800	111,998	45,310,106	933,249	1.42	4,075
500,001 - 600,000	157,221	8.23	5,792	85,986,347	40,740,967	273,827	573,108	1,118,787	57,081	1,803,473	224,659	486,873	92,432	40,615,140	1,741,770	2.65	11,078
600,001 - 700,000	109,061	5.71	6,321	70,609,846	31,003,824	190,027	518,708	1,020,048	47,757	1,319,220	226,968	531,186	76,159	35,675,949	2,252,393	3.43	20,653
700,001 - 800,000	86,604	4.54	6,045	64,512,889	26,161,163	158,038	511,510	978,618	48,362	1,058,676	228,291	627,869	68,816	34,671,546	2,740,411	4.17	31,643
800,001 - 900,000	64,253	3.36	4,786	54,749,101	19,967,385	117,911	480,015	833,876	43,430	839,452	220,193	601,155	57,730	31,587,954	2,972,506	4.53	46,263
900,001 - 1,000,000	41,754	2.19	3,748	39,470,098	13,370,876	81,619	319,584	563,085	25,250	527,035	163,707	416,359	36,378	23,966,205	2,499,913	3.81	59,872
1,000,001 - 1,500,000	105,640	5.53	7,003	126,819,075	33,742,547	207,016	1,048,495	1,523,250	78,588	1,289,292	525,308	1,244,520	87,120	87,072,939	10,793,548	16.43	102,173
1,500,001 - 2,000,000	40,491	2.12	2,104	69,253,845	13,127,896	72,079	536,347	626,774	30,074	471,213	227,066	518,629	30,589	53,613,178	7,575,942	11.53	187,102
2,000,001 - 3,000,000	30,662	1.61	1,361	73,492,307	9,010,425	49,899	522,876	481,096	17,067	337,699	167,940	329,566	19,135	62,556,604	9,245,296	14.08	301,523
3,000,001 - 5,000,000	15,734	0.82	448	58,822,599	3,456,654	19,864	392,650	229,282	7,019	169,993	83,406	146,005	9,468	54,308,258	8,144,605	12.40	517,644
5,000,001 - 7,500,000	4,925	0.26	34	29,547,045	292,284	5,635	196,416	65,719	1,557	53,692	22,841	35,894	2,145	28,870,862	4,268,465	6.50	866,693
7,500,001 - 10,000,000	1,896	0.10	0	16,233,858	5,424	1,410	117,141	22,918	519	20,030	6,408	11,755	698	16,047,555	2,369,967	3.61	1,249,983
10,000,001 & over	2,981	0.16	2	67,492,062	744	1,613	499,373	33,436	513	31,692	7,896	12,590	1,018	66,903,187	10,000,980	15.22	3,354,908
Total	1,909,611	100.00	41,066	1,129,676,767	405,090,674	2,504,885	7,468,406	10,300,665	506,730	17,252,744	2,664,565	5,709,554	881,916	677,296,628	65,682,925	100.00	34,396

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 2019-20 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 - 200,000	31,278,984	0	168	22,650	0	190,075	42,300	3,950	0	0	0	0	0	0	0	31,538,127
200,001 - 300,000	56,249,556	2,516,448	952,003	185,625	132	4,670,650	2,179,625	108,650	29,125	0	41,475	1,050	0	19,425	62,925	67,016,689
300,001 - 400,000	41,936,268	7,665,504	3,066,669	177,450	18,084	6,971,450	3,708,025	163,100	47,225	14,550	269,550	5,025	13,425	55,200	51,150	64,162,675
400,001 - 500,000	25,844,148	8,774,832	6,050,364	153,112	245,105	6,391,525	3,297,400	182,450	54,325	26,700	327,825	8,250	34,658	67,425	34,875	51,492,994
500,001 - 600,000	16,414,728	8,676,888	7,176,976	90,675	287,338	5,079,450	2,363,200	145,725	40,050	26,550	292,875	9,225	49,462	58,125	29,700	40,740,967
600,001 - 700,000	10,957,716	6,876,672	6,655,945	59,363	216,216	4,039,650	1,673,425	112,175	26,375	23,025	232,650	9,225	51,787	47,550	22,050	31,003,824
700,001 - 800,000	8,509,644	5,844,168	6,253,329	46,500	186,722	3,492,750	1,368,425	92,425	21,150	16,200	204,000	8,625	53,850	48,000	15,375	26,161,163
800,001 - 900,000	6,252,312	4,458,168	4,992,067	39,488	128,700	2,733,975	987,350	70,975	14,250	14,625	169,800	7,650	41,775	43,275	12,975	19,967,385
900,001 - 1,000,000	3,813,084	3,396,888	3,462,528	21,638	78,738	1,755,000	610,200	45,125	8,875	9,975	102,675	3,225	27,900	25,725	9,300	13,370,876
1,000,001 - 1,500,000	9,613,032	8,662,896	9,173,103	51,225	207,341	4,167,000	1,302,700	111,475	19,000	17,475	259,500	13,725	70,500	59,625	13,950	33,742,547
1,500,001 - 2,000,000	3,450,612	3,788,400	3,845,304	15,675	78,540	1,400,450	373,575	34,650	5,600	5,550	76,500	4,125	26,040	19,050	3,825	13,127,896
2,000,001 - 3,000,000	1,487,508	3,195,456	3,126,534	8,887	57,790	832,550	199,475	18,750	3,000	3,300	44,400	2,625	16,200	12,075	1,875	9,010,425
3,000,001 - 5,000,000	286,836	1,339,008	1,512,168	2,250	30,492	208,550	48,575	4,000	550	1,200	11,100	300	7,800	3,075	750	3,456,654
5,000,001 - 7,500,000	7,392	110,352	150,720	75	1,320	17,200	3,325	350	50	0	525	0	750	150	75	292,284
7,500,001 - 10,000,000	0	1,584	3,840	0	0	0	0	0	0	0	0	0	0	0	0	5,424
10,000,001 & over	0	264	480	0	0	0	0	0	0	0	0	0	0	0	0	744
Total	216,101,820	65,307,528	56,422,198	874,613	1,536,518	41,950,275	18,157,600	1,093,800	269,575	159,150	2,032,875	73,050	394,147	458,700	258,825	405,090,674

Schedule 7

PROPERTY STATISTICS (as at 31 March 2021)

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)	1,124,170	42.92
(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)	125,150	
Other usage or vacant	493,518	23.62
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance	452,217	17.27
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme	338,755	12.94
(v) New ownership - awaiting classification	85,164	3.25
Total	2,618,974	100.00

Classification by Number of Owners	No. of Properties	%
Properties owned by : 1 owner	1,838,016	70.18
2 owners	719,308	27.47
3 owners	36,771	1.40
4 owners	10,912	0.42
5 owners	5,220	0.20
6 - 10 owners	6,944	0.26
11 - 20 owners	1,622	0.06
Over 20 owners	181	0.01
Total	2,618,974	100.00

Schedule 8

BUSINESS REGISTRATION STATISTICS

Fiscal Year	2017-18	2018-19	2019-20	2020-21
New registrations	187,657	163,413	151,654	140,607
Re-opened registrations	12,432	15,590	14,502	9,618
Cancelled registrations	168,139	193,929	146,791	137,193
Current registrations as at 31 March	1,532,677	1,517,751	1,537,116	1,550,148
Paid Certificates (including certificates with annual fees waived)*	1,493,423	1,517,791	1,536,705	1,587,411
Businesses exempted from payment of fees	14,856	16,658	11,403	9,850
Extracts of information issued	413,584	421,742	412,159	457,171
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Fees and penalties collected (excluding levy)*	2,726,742	2,826,688	189,560	73,031
Court fines	14,473	11,459	7,092	11,032
Fees and penalties in arrears as at 31 March (excluding levy)	234,717	258,767	106,754	67,712

* The annual fees in respect of business and branch certificates with commencement dates falling within the period from 1 April 2019 to 31 March 2021 were waived.

Schedule 9

STAMP DUTY COLLECTIONS AND STAMP OFFICE ACTIVITIES

Fiscal Year	2017-18		2018-19		2019-20		2020-21	
	(\$m)		(\$m)		(\$m)		(\$m)	
Duties on -								
• Property Assignments and Chargeable Agreements	57,375.8		45,898.9		33,071.5		29,470.0	
• Contract notes								
- Collected by Stamp Office	2,897.5		3,327.5		2,951.9		3,506.6	
- Collected through The Stock Exchange of Hong Kong Limited	34,032.3	36,929.8	29,774.3	33,101.8	30,278.7	33,230.6	55,138.0	58,644.6
• Leases	663.0		724.5		672.4		591.0	
• Transfer deeds	2.3		1.4		1.2		1.6	
• Other documents	135.5		170.6		169.9		254.4	
Penalties	66.2		81.3		52.2		82.2	
Additional duties for delays in payment	0.2		0.2		0.2		0.8	
Total duty collections	95,172.8		79,978.7		67,198.0		89,044.6	
Average number of callers to Stamp Office per day	1,704		1,691		1,528		1,454	
Number of documents stamped during the year	1,734,222		1,725,186		1,599,781		1,637,786	

Schedule 10

ESTATE DUTY – DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2021

	Assessments issued before 1 April 2020	Assessments issued in 2020-21						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 2019-20	121,251	-	-	-	-	-	-	121,251
Less: Amount discharged	2,911	-	-	-	-	-	-	2,911
Net outstanding charges brought forward from 2019-20	118,340	-	-	-	-	-	-	118,340
Net duty assessed	-	135	-	-	2,422	-	55	2,612
Penalties charged	-	40	-	-	724	-	11	775
Interest charged	2,355	484	-	-	2,959	-	11	5,809
Total amount payable	120,695	659	-	-	6,105	-	77	127,536
Less: Amount paid on account before 1 April 2020	-	-	-	-	2,823	-	-	2,823
Net duty, penalties and interest payable in 2020-21	120,695	659	-	-	3,282	-	77	124,713
Less: Outstanding charges carried forward to 2021-22	117,352	-	-	-	-	-	-	117,352
Net duty, penalties and interest paid in 2020-21	3,343	659	-	-	3,282	-	77	7,361
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	-	2	-	30	-	-	-	32
Total collections in 2020-21	3,343	661	-	30	3,282	-	77	7,393

Schedule 11

BETTING DUTY COLLECTIONS

Fiscal Year	2018-19		2019-20		2020-21	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Horse Racing						
Day Meetings						
Net Stake Receipts	10,179,914		9,932,399		10,030,735	
Betting Duty		7,442,054		7,260,602		7,291,370
Night Meetings						
Net Stake Receipts	7,189,480		6,951,868		7,658,053	
Betting Duty		5,254,604		5,080,485		5,602,098
Horse Race Betting Duty (For rates, please refer to Figure 22 of Chapter 3)		12,696,658		12,341,087		12,893,468
Lotteries (Mark Six)						
Proceeds from Lotteries	7,948,643		7,726,292		1,835,839	
Lotteries Duty (Rate: 25%)		1,987,161		1,931,573		458,960
Football Betting						
Net Stake Receipts	15,021,213		15,479,136		15,049,296	
Football Betting Duty (Rate: 50%)		7,510,607		7,739,568		7,524,648
Total duty collected		22,194,426		22,012,228		20,877,076

Schedule 12

TAX RESERVE CERTIFICATES

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
		(\$'000)		(\$'000)	(\$'000)
2017-18					
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
Total	93,084	5,023,275	88,787	2,161,169	2,739
		(\$'000)		(\$'000)	(\$'000)
2018-19					
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
Total	90,645	4,620,224	78,332	1,927,499	1,610
		(\$'000)		(\$'000)	(\$'000)
2019-20					
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
Total	87,963	2,981,217	73,736	2,862,338	3,717
		(\$'000)		(\$'000)	(\$'000)
2020-21					
Save for Tax Payment					
• Paper certificate	1	2	5	10	1
• Save-As-You-Earn Scheme	42,567	79,867	54,493	92,504	162
• Electronic Tax Reserve Certificates Scheme	47,377	372,485	54,622	351,308	451
Security for Tax in Dispute	1,344	2,896,920	1,693	2,781,430	9,639
Total	91,289	3,349,274	110,813	3,225,252	10,253

Schedule 13

EARNINGS AND PROFITS TAX – OFFENCES COMMITTED AND COURT FINES IMPOSED

2020-21

	Inland Revenue Ordinance										Total	
	Failure to submit return and other offences [section 80(1)&(2)(d)]		Failure to comply with Court Order [section 80(2B)]		Wilfully with intent to evade tax or to assist other persons to evade tax [section 82]		Furnishing incorrect return, statement or information [section 80(2)(a),(b)&(c)]		Failure to comply with the requirement of section 51(2) to notify the chargeability [section 80(2)(e)]			
	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Profits Tax												
• Corporations	13,430	34,509,500	991	4,520,050	4	0	0	0	0	0	14,425	39,029,550
• Unincorporated Businesses	588	1,443,350	116	492,900	0	0	0	0	0	0	704	1,936,250
Salaries Tax												
• Employees	2,644	5,621,150	339	1,418,000	10	0	0	0	0	0	2,993	7,039,150
• Employers	733	2,010,750	235	1,096,500	0	0	0	0	0	0	968	3,107,250
Property Tax												
• Individuals	56	127,900	5	34,800	0	0	0	0	0	0	61	162,700
Total	17,451	43,712,650	1,686	7,562,250	14	0	0	0	0	0	19,151	51,274,900

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 2021 is 29,415

Schedule 14

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

2020-21

	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	14,493	27,683,875	118,733	124,000,851	10,525	57,216,167	4,265	25,538,683	4,978	6,310,984	152,994	240,750,560
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	14	95,600	0	0	0	0	14	95,600
• section 80(1)	97	878,100	1,256	3,444,500	140	8,450,000	131	6,461,100	0	0	1,624	19,233,700
• section 80(2)	894	30,678,505	5,392	67,534,280	6,001	444,865,886	1,017	105,049,080	23	6,311,880	13,327	654,439,631
• section 80G/H/I	0	0	0	0	5	15,000	0	0	0	0	5	15,000
• section 82(1)	21	1,615,600	91	24,227,612	104	156,776,678	41	38,045,000	1	7,000	258	220,671,890
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	67	204,800	114	3,294,800	533	24,828,500	107	5,657,200	3	11,000	824	33,996,300
Costs awarded by the Board of Review	0	0	5	58,500	2	35,000	0	0	0	0	7	93,500
Total	15,572	61,060,880	125,591	222,560,543	17,324	692,282,831	5,561	180,751,063	5,005	12,640,864	169,053	1,169,296,181

* Including penalties imposed by the Court

