

chapter 5

Collection

Revenue collected by the Department includes tax, additional tax, surcharge and fines. **Schedules 13** and **14** provide details of additional tax, surcharge and fines imposed by the Department in respect of earnings and profits tax during 2024-25.

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 680,908 refund cases in 2024-25, representing a decrease of 2%. The total amount of refunds was \$29.5 billion, representing an increase of \$0.8 billion or 2.7% compared with the previous year (**Figure 25**).

Figure 25 Tax refunds

Type of tax	2023-24		2024-25	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	69,541	13,679.3	68,963	13,441.8
Salaries tax	537,766	6,245.5	523,751	6,074.2
Property tax	25,502	302.2	23,753	270.7
Personal assessment	35,368	656.3	37,036	648.9
Others	26,458	7,822.2	27,405	9,032.0
Total	<u>694,635</u>	<u>28,705.5</u>	<u>680,908</u>	<u>29,467.6</u>

Recovery of Tax in Default

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

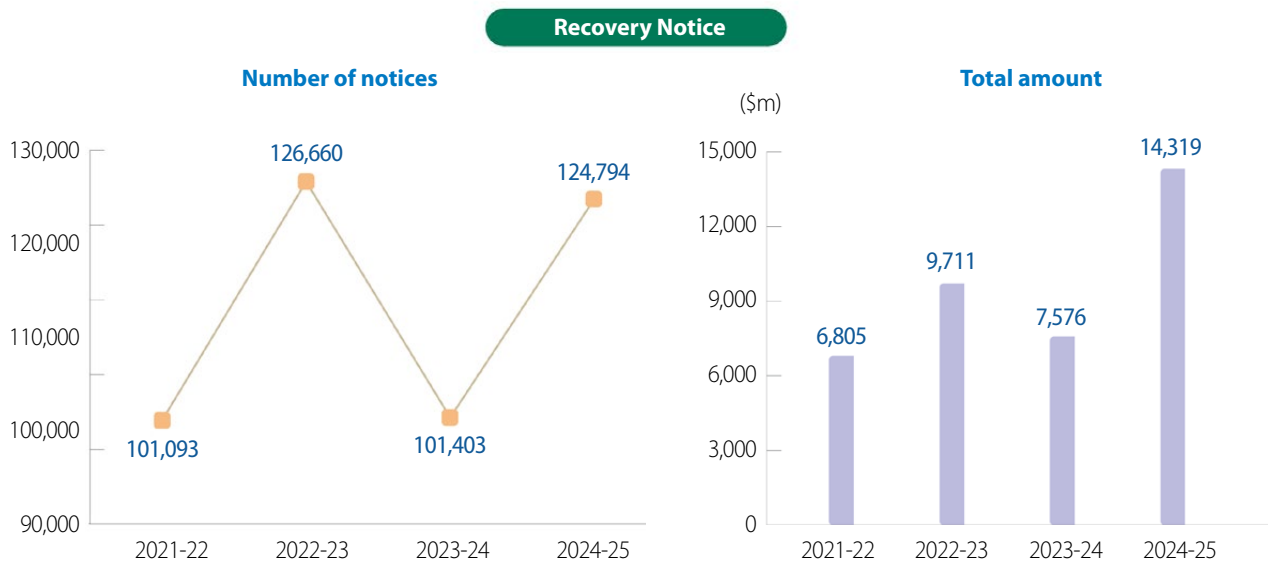
A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 26** summarises different types of recovery actions taken by the Department.

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 2024-25.

Figure 27 Legal costs and judgment interest collected in 2024-25

	\$	\$
Court cost		
Court fees	179,990	
Execution fees	8,390	188,380
Fixed cost		118,203
Judgment interest		
Pre-judgment interest	2,029,129	
Post-judgment interest	14,522,729	16,551,858
Total costs and interest collected		16,858,441

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.