

## **Press Conference 2 May 2018**

### **The Gist of CIR's Speech**

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I shall speak on 5 topics: matters relating to this year's individuals tax returns, tax treaty negotiations, automatic exchange of financial account information in tax matters (AEOI), property demand-side management measures and revenue collections in 2017-18.

#### **2017/18 Tax Returns for Individuals**

Today, the IRD is sending out 2.6 million individuals tax returns for the year of assessment 2017/18.

In the Budget for this year, the Financial Secretary has proposed, a one-off reduction of 75% of profits tax, salaries tax and tax under personal assessment for the year of assessment 2017/18, subject to a ceiling of \$30,000 per case. Besides, he has proposed, with effect from the year of assessment 2018/19, to widen and increase the number of the tax bands and adjust the marginal tax rates for salaries tax; introduce a personal disability allowance; increase the basic and additional child allowances; increase the dependent parent/grandparent allowance and additional allowance; and raise the deduction ceiling for elderly residential care expenses. Furthermore, it is proposed to remove the current restriction and allow husband and wife the option to decide whether to elect for personal assessment separately.

The Government has started the legislative amendment exercise for these proposals. After enactment of the relevant legislation, the IRD will effect the tax reduction in the 2017/18 tax bills, and will automatically apply the new allowances / deduction ceiling and new tax bands and marginal tax rates, if applicable, in calculating the 2018/19 provisional tax. Taxpayers should complete their tax returns as usual. No application is required for the proposed tax measures.

A two-tiered profits tax rates regime is to be implemented from the year of assessment 2018/19 onwards. The profits tax rate for the first \$2 million of assessable profits of corporations and unincorporated businesses will be lowered to 8.25 per cent and 7.5 per cent respectively. Profits above that amount will continue to be subject to the corporation rate of 16.5 per cent and the standard rate of 15 per cent respectively. For connected entities, the two-tiered rates will only be applicable to one entity nominated among them. In the 2017/18 tax returns, including Tax Return - Individuals, taxpayers are required to state whether their businesses are chargeable at the two-tiered rates for 2018/19 provisional tax and, for taxpayers having any connected entities, whether any other connected entity has elected two-tiered rates.

A one-month period is allowed for filing individuals tax returns. The deadline is 2 June 2018. For sole proprietors of unincorporated businesses, a three-month period is allowed, i.e. the filing deadline is 2 August 2018. For taxpayers who file their returns through eTAX, they will get an automatic extension of 1 month.

Now, I will report the progress of some major work of the IRD.

### **Tax Treaty Negotiations**

Up to 31 March 2018, Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with 39 jurisdictions and concluded CDTA negotiations with 4 countries. Hong Kong is actively conducting negotiations with other countries for CDTAs.

### **AEOI**

Hong Kong has signed bilateral Competent Authority Agreements with 15 countries for conducting AEOI. Given the continued expansion in the scope and network of tax information exchanges in the international community, Hong Kong needs to move from the established bilateral approach for implementing various new tax standards to riding on the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention) to implement the relevant initiatives. The Inland Revenue (Amendment) Ordinance 2018 was gazetted on 2 February 2018 to provide the legal

framework for Hong Kong to implement multilateral tax arrangements. The Government has sought the assistance of the Central People's Government in depositing the declaration for territorial extension with the Organisation for Economic Co-operation and Development (OECD) so that the application of the Multilateral Convention shall be extended to Hong Kong. We expect that the relevant procedures can be completed by September 2018, the deadline for undertaking the first AEOI as required by the OECD.

### **Property Demand-side Management Measures**

The Government introduced on 5 November 2016 a new measure to raise the ad valorem stamp duty (AVD) rate of residential property transactions across-the-board to a flat rate at 15% to prevent the heightened risk of a bubble in the residential property market. The Stamp Duty (Amendment) Bill 2017, which seeks to implement the new residential stamp duty (NRSD) measure, was passed by the Legislative Council (LegCo) in January 2018.

On 11 April 2017, the Government announced that it would introduce legislative amendments to tighten up the exemption arrangement for Hong Kong permanent residents (HKPRs) under the NRSD regime. If a HKPR-buyer acquires more than one residential property under a single instrument, the transaction will no longer be exempted and will be subject to the NRSD rate of 15%. The tightened up exemption arrangement took effect on 12 April 2017. The Stamp Duty (Amendment) (No. 2) Bill 2017, which seeks to implement the tightened exemption arrangement, was passed by LegCo in April 2018.

### **IRD Revenue Collections**

I will next give an account of the revenue collections by the IRD in the year 2017-18, and the forecast collection for the coming year. I would like to emphasize that the figures for 2017-18 are provisional figures only.

In the year 2017-18, the IRD collected \$328.6 billion, representing a 13% increase when comparing to last year and the increase mainly came from stamp duty receipts. Profits tax collection was

\$139.1 billion, more or less similar to that of last year. Salaries tax collection increased by 3% to \$60.8 billion. Stamp duty increased by 54% to \$95.2 billion.

In the coming year, the forecast total revenue collection is \$342.3 billion.

I hope you will find the information sheets on revenue collections helpful.

Lastly, I wish to remind taxpayers to file the tax returns on or before the deadlines and to pay sufficient postage if they send in the returns by post.

Thank you.

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表一 各項稅收  
Table 1 Revenue Collected by Tax Type

財政年度 Financial Year	2017-18 臨時數字 Provisional figures	2016-17	變動 Change	
	百萬元 (\$m)	百萬元 (\$m)	百萬元 (\$m)	
利得稅 Profits Tax	139,091	139,238.1	- 147.1	- 0.1%
薪俸稅 Salaries Tax	60,839	59,077.5	+ 1,761.5	+ 3%
物業稅 Property Tax	3,449	3,371.7	+ 77.3	+ 2%
個人入息課稅 Personal Assessment	5,343	5,220.0	+ 123.0	+ 2%
入息及利得稅總額 Total Earnings & Profits Tax	208,722	206,907.3	+ 1,814.7	+ 1%
遺產稅 Estate Duty	31	18.8	+ 12.2	+ 65%
印花稅 Stamp Duty	95,173	61,899.0	+ 33,274.0	+ 54%
博彩稅 Betting Duty	21,959	21,119.0	+ 840.0	+ 4%
商業登記費 Business Registration Fees	2,727	227.7	+ 2,499.3	+ 1098%
稅收總額 Total Revenue Collected	328,612	290,171.8	+ 38,440.2	+ 13%

表二 發出的稅單  
Table 2 Demand Notes Issued

財政年度 Financial Year	2017-18 臨時數字 Provisional figures	2016-17	變動 Change	
利得稅 Profits Tax	164,000	163,000	+ 1,000	+ 1%
薪俸稅 Salaries Tax	1,606,000	1,590,000	+ 16,000	+ 1%
物業稅 Property Tax	139,000	146,000	- 7,000	- 5%
個人入息課稅 Personal Assessment	192,000	237,000	- 45,000	- 19%
總額 Total	2,101,000	2,136,000	- 35,000	- 2%

表三 評定的稅款  
Table 3 Tax Assessed

財政年度 Financial Year	2017-18 臨時數字 Provisional figures	2016-17	變動 Change	
	百萬元 (\$m)	百萬元 (\$m)	百萬元 (\$m)	
利得稅 Profits Tax	144,920	138,240	+ 6,680	+ 5%
薪俸稅 Salaries Tax	62,870	61,280	+ 1,590	+ 3%
物業稅 Property Tax	3,680	3,690	- 10	- 0.3%
個人入息課稅 Personal Assessment	5,360	5,270	+ 90	+ 2%
總額 Total	216,830	208,480	+ 8,350	+ 4%

表四 本年度欠稅情況  
Table 4 Current Year Arrears Position

財政年度 Financial Year 截至 As at	2017-18 臨時數字 Provisional figures (31-3-2018)	2016-17 (31-3-2017)	變動 Change	
	百萬元 (\$m)	百萬元 (\$m)	百萬元 (\$m)	
利得稅 Profits Tax	2,059	2,049	+ 10	+ 0.5%
薪俸稅 Salaries Tax	1,576	1,600	- 24	- 2%
物業稅 Property Tax	232	202	+ 30	+ 15%
個人入息課稅 Personal Assessment	121	83	+ 38	+ 46%
總額 Total	3,988	3,934	+ 54	+ 1%

表五 本年度欠稅佔評定稅款比率  
Table 5 % of Current Year Arrears over Tax Assessed

財政年度 Financial Year	2017-18 臨時數字 Provisional figures		2016-17		比率變動 Change in % point
	比率 % point	評定的稅款 Tax Assessed	比率 % point	評定的稅款 Tax Assessed	
		百萬元 (\$m)		百萬元 (\$m)	
利得稅 Profits Tax	1.4%	144,920	1.5%	138,240	- 0.1
薪俸稅 Salaries Tax	2.5%	62,870	2.6%	61,280	- 0.1
物業稅 Property Tax	6.3%	3,680	5.5%	3,690	+ 0.8
個人入息課稅 Personal Assessment	2.3%	5,360	1.6%	5,270	+ 0.7
總額 Total	1.8%	216,830	1.9%	208,480	- 0.1



表六 處理的緩繳暫繳稅申請個案  
Table 6 Provisional Tax Holdover Applications Processed

財政年度 Financial Year	利得稅 Profits Tax	薪俸稅 Salaries Tax	物業稅 Property Tax	總數 Total
2013-14	5,400	38,800	3,100	47,300
2014-15	4,700	40,100	3,000	47,800
2015-16	4,600	39,300	2,800	46,700
2016-17	4,700	34,700	2,600	42,000
<b>2017-18</b>	<b>4,400</b>	<b>33,400</b>	<b>3,000</b>	<b>40,800</b>
2017-18 年度變動 Change for 2017-18	- 300 <b>- 6%</b>	- 1,300 <b>- 4%</b>	+ 400 <b>+ 15%</b>	- 1,200 <b>- 3%</b>

表七 獲准分期繳稅個案  
Table 7 Approved Instalment Cases

財政年度 Financial Year	利得稅 Profits Tax	薪俸稅 Salaries Tax	物業稅 Property Tax	個人入息課稅 Personal Assessment	總數 Total
2013-14	1,100	4,610	70	360	6,140
2014-15	940	4,710	80	360	6,090
2015-16	920	4,110	100	290	5,420
2016-17	1,090	3,780	90	220	5,180
<b>2017-18</b>	<b>910</b>	<b>3,280</b>	<b>70</b>	<b>220</b>	<b>4,480</b>
2017-18 年度變動 Change for 2017-18	- 180 <b>- 17%</b>	- 500 <b>- 13%</b>	- 20 <b>- 22%</b>	-- <b>--</b>	- 700 <b>- 14%</b>

表八 薪俸稅納稅人應評稅入息整體增長

Table 8 Overall Growth in Assessable Income under Salaries Tax

課稅年度 Year of Assessment	2016/17 臨時數字 Provisional figures	2015/16
年薪 Annual income		
90 萬元以上 Above \$900,000	+ 1%	+ 3%
\$600,001 - \$900,000	+ 5%	+ 6%
\$300,001 - \$600,000	+ 5%	+ 5%
30 萬元或以下 \$300,000 & below	+ 6%	+ 7%
整體增長 Overall growth	+ 4%	+ 5%

表九 利得稅納稅人應評稅淨利潤整體增長

Table 9 Overall Growth in Net Assessable Profits under Profits Tax

課稅年度 Year of Assessment	2016/17 臨時數字 Provisional figures	2015/16
整體增長 Overall growth	- 1%	+ 2%

表十 按年薪的薪俸稅納稅人分佈  
Table 10 Distribution of Salaries Tax Payers by Annual Income

課稅年度 Year of Assessment	最後評稅 Final Tax			
	2016/17 臨時數字 Provisional figures		2015/16	
年薪 Annual income	納稅人數目 No. of Taxpayers	百分比 %	納稅人數目 No. of Taxpayers	百分比 %
90 萬元以上 Above \$900,000	195,000	11.0%	182,000	9.8%
\$600,001 - \$900,000	216,000	12.2%	200,000	10.8%
\$400,001 - \$600,000	350,000	19.8%	341,000	18.4%
\$300,001 - \$400,000	291,000	16.5%	300,000	16.2%
\$200,001 - \$300,000	398,000	22.6%	427,000	23.1%
20 萬元或以下 \$200,000 & below	315,000	17.9%	402,000	21.7%
總數 Total	1,765,000	100.0%	1,852,000	100.0%

表十一 按應評稅利潤的公司分佈  
Table 11 Distribution of Corporations by Net Assessable Profits

課稅年度 Year of Assessment	2016/17 臨時數字 Provisional figures		2015/16	
應評稅淨利潤 Net Assessable Profits	公司數目 No. of companies	百分比 %	公司數目 No. of companies	百分比 %
5 千萬元以上 Above \$50m	1,900	1.8%	1,800	1.7%
\$30,000,001 - \$50,000,000	1,100	1.0%	1,100	1.1%
\$20,000,001 - \$30,000,000	1,200	1.1%	1,200	1.2%
\$10,000,001 - \$20,000,000	3,100	2.9%	3,000	2.9%
\$7,500,001 - \$10,000,000	1,800	1.7%	1,700	1.6%
\$5,000,001 - \$7,500,000	3,000	2.8%	3,000	2.9%
\$3,000,001 - \$5,000,000	4,900	4.6%	4,800	4.6%
\$2,000,001 - \$3,000,000	4,900	4.6%	4,700	4.5%
\$1,000,001 - \$2,000,000	10,700	10.0%	10,500	10.1%
100 萬元或以下 \$1m & below	74,100	69.5%	72,000	69.4%
總數 Total	106,700	100.0%	103,800	100.0%

表十二 2018-19 預算與 2017-18 稅收比較  
Table 12 Comparison of Estimates for 2018-19 and Collections for 2017-18

財政年度 Financial Year	2018-19 預算 Approved Estimates	2017-18 稅收 Collections 臨時數字 Provisional figures	變動 Change	
	百萬元 (\$m)	百萬元 (\$m)	百萬元 (\$m)	
利得稅 Profits Tax	155,143	139,091	+ 16,052	+ 12%
薪俸稅 Salaries Tax	54,835	60,839	- 6,004	- 10%
物業稅 Property Tax	3,600	3,449	+ 151	+ 4%
個人入息課稅 Personal Assessment	4,870	5,343	- 473	- 9%
入息及利得稅總額 Total Earnings & Profits Tax	218,448	208,722	+ 9,726	+ 5%
遺產稅 Estate Duty	15	31	- 16	- 52%
印花稅 Stamp Duty	100,000	95,173	+ 4,827	+ 5%
博彩稅 Betting Duty	21,212	21,959	- 747	- 3%
商業登記費 Business Registration Fees	2,650	2,727	- 77	- 3%
稅收總額 Total Revenue Collected	342,325	328,612	+ 13,713	+ 4%

表十三 實地審核及調查的成績  
Table 13 Results of Field Audit and Investigation

財政年度 Financial Year	2017-18 臨時數字 Provisional figures	2016-17	2015-16	2014-15	2013-14
完成個案數目 No. of cases completed	1,804	1,801	1,804	1,803	1,802
所短報的入息及利潤 Understated earnings & profits (百萬元 / \$m)	11,688	12,409	13,889	12,858	12,936
平均每個個案所短報的款額 Average understatement per case (百萬元 / \$m)	6	7	8	7	7
評定的補繳稅款及罰款 Back tax and penalties assessed (百萬元 / \$m)	2,526	2,528	2,538	2,533	2,540
每個個案平均補繳稅款及罰款 Average back tax and penalties per case (百萬元 / \$m)	1.4	1.4	1.4	1.4	1.4

檢控數字  
Results of Prosecutions

財政年度 Financial Year	2017-18	2016-17	2015-16	2014-15	2013-14
個案數目 No. of cases completed	-	5	3	7	2