

CONTROLLING OFFICER'S REPLY

S-FSTB(Tsy)03

(Question Serial No. S0035)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Further to “Reply Serial No. FSTB(Tsy)028”, regarding the applications for tax credits lodged by tax residents, would the Government please inform this Committee of the following:

1. The number of tax residents who applied for partial tax exemption in respect of their income under section 8(1A)(c) of the Inland Revenue Ordinance in each of the past 5 years. Please set out the figures by types of Hong Kong tax residents; types of tax payable, and the locations where the relevant services were provided. What are the respective amounts of tax so exempted?
2. Further to the above question, regarding the Hong Kong tax residents who were granted partial tax exemption in respect of their income, what is the average number of consecutive days or aggregate days of their presence in Mainland China?
3. The Government announced in March this year the tax measures concerning the Greater Bay Area. For Hong Kong people who have been present on the Mainland for less than 24 hours, such a stay will not be counted as a day of presence on the Mainland. Has the Government made any projection of the number of Hong Kong tax residents being affected by the policies? Has the Government made any projection of the increase or decrease in the amount of income tax to be exempted or waived as tax credits?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.:)

Reply:

1. The Inland Revenue Department (“IRD”) does not maintain statistical information on the amount of tax paid by a Hong Kong tax resident in a territory where there is a double taxation relief arrangement/agreement with Hong Kong and the locations where the services are provided. In the past 5 years of assessment, the number of cases with income exemption granted under section 8(1A)(c) of the Inland Revenue Ordinance are shown in the table below. IRD does not maintain statistical information regarding revenue foregone arising from granting the income exemption.

Year of Assessment	No. of cases (Note)
2013/14	11 000
2014/15	10 000
2015/16	10 000
2016/17	9 000
2017/18	7 000

Note: Rounded to the nearest thousand

- 2 & 3. As IRD does not maintain statistics on the number of days the Hong Kong tax residents stayed in the Mainland, IRD is not able to estimate the number of Hong Kong tax residents who will be affected by the new standard introduced by the Mainland in determining the number of days the Hong Kong residents staying in the Mainland.

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