

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)035**

**(Question Serial No. 1139)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the tax recovery actions taken over the past 3 years, will the Government advise by types of tax on the number of warning letters issued, the number of recovery notices issued to third parties (such as employers and banks), and the number of civil proceeding cases initiated by the Inland Revenue Department in the recovery actions? What is the percentage of the successful recovery actions (i.e. the taxpayers settled the payment for all outstanding tax).

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 8)

Reply:

For the purposes of recovering tax in default, the Inland Revenue Department (IRD) takes prompt actions including imposition of surcharge, issuance of warning letters, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings. Statistics on different recovery actions taken by the IRD in the past 3 years are set out in the table below.

(1) Issuance of surcharge notices to taxpayers

Financial year	Types	5% surcharge	10% surcharge
		No. of charges involved (Note 1)	No. of charges involved (Note 1)
2016-17	Profits Tax	17 300	4 500
	Salaries Tax	173 200	13 500
	Property Tax	18 900	2 800
	Personal Assessment	15 400	1 000
	<b>Total</b>	<b>224 800</b>	<b>21 800</b>

Financial year	Types	5% surcharge	10% surcharge
		No. of charges involved (Note 1)	No. of charges involved (Note 1)
2017-18	Profits Tax	18 100	4 700
	Salaries Tax	194 300	13 000
	Property Tax	15 500	2 100
	Personal Assessment	14 900	1 000
	<b>Total</b>	<b>242 800</b>	<b>20 800</b>
2018-19	Profits Tax	22 300	5 200
	Salaries Tax	180 100	13 100
	Property Tax	16 600	2 200
	Personal Assessment	17 300	1 000
	<b>Total</b>	<b>236 300</b>	<b>21 500</b>

Note 1: Rounded to nearest hundred

(2) Issuance of recovery notices to third parties and initiation of court proceedings

Financial year	Total number of cases (Note 2)	
	Recovery Notice (Note 3)	Civil Jurisdiction Action (Note 3)
2016-17	141 000	1 800
2017-18	140 500	1 600
2018-19	142 900	1 800

Note 2: Rounded to nearest hundred

Note 3: The recovery action may involve different tax types. The IRD does not have statistical breakdown on tax recovery actions by different tax types.

The IRD does not keep statistics on the number of warning letters issued. As the above recovery actions can be taken concurrently, we are unable to calculate the success rate for each individual recovery action.

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