

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 1342)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): ()  
Programme: (2) Collection  
Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)  
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- A) Please provide information on the number of applications for paying tax by instalments, the types of tax involved, the number of successful applications, the average number of days for vetting the applications, the average number of instalments, as well as the mean, the median, the 25th percentile and the 75th percentile values of repayment for the past 2 years.
- B) For each type of tax, how long did it take on average for taxpayers to receive the results of their applications for paying tax by instalments after submission in the previous year? Can taxpayers submit their applications via eTAX directly?
- C) Since the Government has announced that no surcharge would be imposed on the payment of tax by instalments temporarily, how many applications have been received for each type of tax so far? Please also advise on the status of the vetting process.
- D) Members of the public and certain industries have raised concerns over the problems with the process of applying for payment of tax by instalments, such as the lack of clarity in the process and the long waiting time before their telephone enquiries were answered due to the work-from-home arrangement for government employees. Given the lack of instructions and guidelines for the whole process from making enquiries to submitting the applications and the various obstacles they have encountered, they think that the Government has no intention to alleviate their financial difficulties from their perspectives. The Inland Revenue Department should offer instalment options that are easy to comprehend, e.g. dividing the amount of tax payable into 6/12 instalments.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 32)

Reply:

- (A) Taxpayers who encounter financial difficulties in settling their tax bills on time may apply to the Inland Revenue Department (IRD) for payment of tax by instalments. The number of cases approved and amount of tax involved by tax type in the financial years 2019-20 and 2020-21 are provided in the table below.

<b>Financial Year</b>	<b>2019-20</b>		<b>2020-2021 (As at 28 February 2021)</b>	
<b>Type of Tax</b>	<b>Number of demand notes approved for payment by instalments</b>	<b>Amount of tax involved (\$ million)</b>	<b>Number of demand notes approved for payment by instalments</b>	<b>Amount of tax involved (\$ million)</b>
Profits Tax	1 000	508	1 550	2,925
Salaries Tax	4 160	491	6 000	616
Property Tax	60	4	90	4
Personal Assessment	220	21	300	28

The IRD did not conduct further analysis on the number of applications or cases approved for instalment payments.

(B) Taxpayers may complete the fillable instalment application form through the IRD's website or the GovHK website and submit it together with the supporting documents required to the IRD for processing. Generally speaking, the IRD will provide a reply within 21 working days upon receipt of the applications. The IRD did not conduct analysis on the time taken for processing the applications for instalment payments.

(C) In light of the economic condition and the financial difficulties faced by some taxpayers, the IRD announced in December 2019 and August 2020 respectively that for taxpayers in financial difficulties who obtained IRD's approval for settlement of demand notes for Salaries Tax, Profits Tax and Personal Assessment issued between December 2019 and December 2020 for the year of assessment 2018/19 and those issued between August 2020 and August 2021 for the year of assessment 2019/20 by instalments, and provided that the instalment plans are duly adhered to, no surcharge would be imposed for a maximum period of one year counting from the respective due dates of the demand notes concerned. As at 28 February 2021, the IRD received about 13 410 instalment applications, of which about 8 330 have been approved. The details are provided below.

<b>Type of Tax</b>	<b>Number of demand notes in respect of which applications for payment by instalments were made</b>	<b>Number of demand notes approved for payment by instalments</b>
Profits Tax	2 100	1 090
Salaries Tax	10 990	7 040
Personal Assessment	320	200

(D) Upon announcement of the relevant relief measures, the IRD had uploaded the details of the application procedures, the supporting documents required, the related frequently asked questions and examples together with the application forms onto its website for applicants' reference.

Payment of tax by instalments is approved by the IRD on the basis of the financial difficulties faced by individual applicants. In this connection, when making applications, applicants are required to state the reasons for failing to pay tax on time and provide supporting documents in order to enable the IRD to verify and approve the appropriate tax instalment arrangements having considered the financial position of the applicants. Compared to imposing an across-the-board repayment period of 6 or 12

months, the current practice can better suit the needs of individual applicants and is more in line with the original intention of allowing payment of tax by instalments.

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