

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)028**

**(Question Serial No. 2982)**

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:

Will the Government please inform this Committee of:

- (A) the number of tax recovery cases with recovery actions not yet completed up till now, and the main reasons for not having completed the actions;
- (B) the details of the recovery cases for the financial year 2020-21 as requested in the table below:

Amount of tax involved in recovery cases	Number of cases				
	Salaries Tax	Profits Tax	Property Tax	Personal Assessment	Stamp Duty
Below \$100					
\$100 - \$500					
\$501 - \$1,000					
\$1,001 - \$5,000					
\$5,001 - \$10,000					
\$10,001 - \$50,000					
\$50,001 - \$100,000					
\$100,001 - \$500,000					
\$500,001 - \$1,000,000					
\$1,000,001 - \$5,000,000					
Over \$5,000,000					

- (C) the details of the staff establishment for taking recovery actions, including the ranks (with salary points specified), the number of staff deployed, and the total expenditure involved on personal emoluments.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 18)

Reply:

- (A) The Inland Revenue Department (IRD) takes proactive steps to recover any tax in default by a taxpayer, including imposition of surcharge, issuance of warning letter, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings. The estimated number of tax recovery cases to be completed in financial year 2020-21 is around 268 000.

As at 28 February 2021, the cumulative number of tax demand notes with payment overdue was around 284 000. For some taxpayers who encounter financial difficulties in paying their tax on time, they may apply to the IRD for making tax payment by instalments. As for other cases involving legal proceedings, it usually takes longer time to process. The IRD will continue to take appropriate actions to recover tax in default so as to protect government tax revenue.

- (B) The following table sets out the statistics on the surcharge notices issued by the IRD for four types of tax in 2020-21 (up to 28 February 2021):

Types of tax	5% surcharge			10% surcharge		
	Number of charges involved <sup>^</sup>	Amount of surcharge (\$million)	Amount of tax involved (\$million)	Number of charges involved <sup>^</sup>	Amount of surcharge (\$million)	Amount of tax involved (\$million)
Profits Tax	9 300	44.70	894	1 500	15.05	143
Salaries Tax	112 700	96.67	1 933	600	13.84	132
Property Tax	9 000	12.41	248	2 000	8.34	80
Personal Assessment	3 700	3.58	72	400	1.59	15
Total	134 700	157.36	3 147	4 500	38.82	370

<sup>^</sup> Rounded to the nearest hundred

As for stamp duty, there were 10 167 late stamping cases in financial year 2020-21 (as at 28 February 2021). The late penalty involved amounted to \$79 million.

The IRD has no breakdown on the tax default cases by the amount of tax in default.

- (C) The Enforcement Section of the IRD is headed by an Assistant Commissioner and has an establishment of 220 staff, comprising 32 Assessor grade staff, 141 Taxation Officer grade staff, 44 clerical grade staff and 3 common grade staff. The revised estimate of funding provision for this Section in financial year 2020-21 is \$145.1 million.

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