

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3281)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Amendments were made to the Inland Revenue Ordinance in late 2018 to provide for enhanced tax reduction for qualifying research and development (R&D) expenditure so as to encourage enterprises to devote resources to local R&D. Would the Government please advise this Committee of the total expenditure on R&D for tax deduction approved in the year of assessment 2019/2020?

Asked by: Hon SHEK Lai-him, Abraham (LegCo internal reference no.: 24)

Reply:

The assessment work for the year of assessment 2019/20 has not yet been completed. Among the Profits Tax Returns received by the Inland Revenue Department up to end of February 2021, there are 171 cases claiming for tax deductions in respect of research and development expenditures for the year of assessment 2019/20. The relevant amount of expenditures claimed for tax deduction is about \$3 billion.

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