

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1732)

Head: (76) Inland Revenue Department
Subhead (No. & title): ()
Programme: (3) Investigation and Field Audit
Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government inform this Committee of the following:

- 1) Regarding the tax investigation conducted by the Inland Revenue Department (IRD) over the past 3 years, please provide the number of investigation cases which were carried out on the IRD's own initiative; through random-checking, and upon receipt of complaints or informers' reports. Please set out the numbers of demand notes and the amounts of tax and penalty involved by tax types (e.g. profits tax, salaries tax, etc.).
- 2) During the investigation process, how many cases were involved with auditors' reports signed by persons impersonating qualified practicing accountants over the past 3 years? What was the amount of tax involved?
- 3) Has the IRD been in discussion with other regulatory authorities on how to combat those impersonation cases? If so, what are the details? If no, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 37)

Reply:

- 1) The Inland Revenue Department (IRD) all along exerts efforts in combating tax evasion and countering tax avoidance schemes. In the financial years 2020-21 to 2022-23 (up to 28 February 2023), the total number of cases completed and the amount of back tax and penalties assessed by the IRD are as follows:

	2020-21	2021-22	2022-23 (Up to 28 February 2023)
Total number of cases completed	1 801	1 720	1 724
Back tax and penalties assessed	\$ 2.803 billion	\$ 2.897 billion	\$ 2.440 billion

The IRD does not maintain statistical breakdown by the types of investigation and tax. The IRD is therefore unable to provide the requested information.

- 2) During the past three years, the IRD did not discover any taxpayer submitting auditor's report signed by a non-qualified practicing accountant in the course of tax investigation.
- 3) The IRD is responsible for the administration of the Inland Revenue Ordinance. Its main duty is to assess and collect taxes. It has no authority to supervise practicing accountants. Further, the IRD did not discover any auditor's report signed by a non-qualified practicing accountant in the course of tax investigation. Therefore, there was no relevant follow-up matter. The IRD also has no plan to liaise with other regulatory authorities for any action in this regard.

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