

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1734)

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:

The Inland Revenue Department (IRD) will continue to promote the use of electronic services, encourage taxpayers to make greater use of eTAX services, and promote the use of electronic payment services. Please inform this Committee of the following:

1. Regarding the situation of tax payments made by taxpayers for Salaries Tax and Profits Tax via electronic means such as eTAX, please set out by the two tax types the respective numbers of transactions of tax payments made via electronic means and the respective percentages to the total tax payment transactions in each of the past 5 years in a table;
2. whether the IRD has set any performance indicators in relation to encouraging members of the public and enterprises to make use of electronic means to file tax returns and make tax payments. If yes, what are the details? If no, what are the reasons?
3. whether the IRD has made any estimation on the annual cost savings that can be achieved if all tax return filings and tax payments are made via electronic means.

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 21)

Reply:

1. The Inland Revenue Department (IRD) does not maintain statistical breakdown on the payment transactions for Salaries Tax and Profits Tax by electronic means. In the past 5 financial years, the number of transactions of tax payments made by electronic means and the percentage to the total tax payment transactions are set out in the table below.

Financial year	Tax payments made by electronic means	
	Number of transactions (Note)	Percentage to total tax payment transactions
2018-19	1 880 000	56%
2019-20	1 810 000	68%
2020-21	2 920 000	69%
2021-22	2 350 000	70%
2022-23 (As at 28 February 2023)	2 190 000	71%

Note: Rounded to the nearest ten thousand.

2. The IRD strives to promote electronic filing of Tax Return - Individuals. The performance indicator is to increase the number of electronic filing of Tax Return – Individuals by at least 5% each year for the financial years from 2022-23 to 2026-27. The IRD is also actively promoting the voluntary electronic filing of profits tax returns together with supporting documents by all corporations and businesses with effect from 1 April 2023.

Besides, making tax payments by electronic means has been widely adopted by taxpayers. The IRD has not set performance indicator for further encouraging members of the public and enterprises to pay taxes electronically.

3. Taxpayers may choose the means of filing tax returns and making tax payments. The IRD currently has no plan to mandate members of the public to file tax returns and pay taxes electronically, and needs to reserve certain resources to process tax returns filed in paper form and non-electronic tax payments made by taxpayers. In the circumstances, the IRD does not have relevant estimation.

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