

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1895)

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:

The Inland Revenue Department indicated that it would continue to exert determined efforts in combatting tax evasion and countering tax avoidance schemes. In recent years, the pandemic has driven the demand for online shopping. Among the product or service providers, a few of them hold a Business Registration Certificate while the rest may involve in operating unlicensed business. Will the Government need to deploy more resources including equipment and manpower to conduct tax evasion and tax avoidance investigations? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 2)

Reply:

The Business Registration Ordinance (Cap. 310) ("BRO") requires every person who carries on a business in Hong Kong to apply for business registration. Persons who carry on businesses, whether through the internet or a brick-and-mortar presence, have to comply with the relevant requirements.

Information regarding the business registration for online businesses as well as reminders to those operating business in Hong Kong through the internet to apply for business registration has been provided in the website of the Inland Revenue Department ("IRD") and displayed in the Business Registration Office. Besides, in order to ensure that the business operators have complied with the requirements of the BRO, a dedicated team has been assigned to conduct on-site inspections of the businesses and proactive sample checks on the business activities conducted online, and to follow up on related reported cases. For business operators who have failed to apply for the business registration, or possess valid business registration certificates, the IRD would follow up on non-compliance cases according to the established mechanism.

According to the information available to the IRD, there is no indication that the number of tax evasion or avoidance cases relating to online trading is on a rising trend. Nevertheless, the IRD will continue to monitor the situation closely and take appropriate actions where necessary.

- End -