

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2693)

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:

Please provide the following details in respect of salaries tax and profits tax for each of the past 3 years:

- 1) the number of tax evasion cases and the amount of tax involved;
- 2) the percentage of the amount of tax recovered after giving warnings and taking prosecution actions out of the amount of tax in default resulting in tax evasion;
- 3) the number of tax recovery cases in which legal actions were taken by the Inland Revenue Department in courts and the amount of tax involved.

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 31)

Reply:

The numbers of prosecution related to evasion of Salaries Tax and Profits Tax completed by the Field Audit and Investigation Unit of the Inland Revenue Department (IRD) in the 3 financial years from 2020-21 to 2022-23 (up to 28 February 2023) and the amounts of associated back tax and penalty are tabulated as follows:

| | 2020-21 | | 2021-22 | | 2022-23 (up to 28 February 2023) | |
|--|---------|----|---------|----|--|-----|
| (Note : ST stands for Salaries Tax and PF stands for Profits Tax) | ST | PF | ST | PF | ST | PF |
| Cases completed | 1 | 1 | 3 | 0 | 0 | 2 |
| Total amount of back tax assessed (\$'000) | 290 | 30 | 210 | 0 | 0 | 900 |
| Total amount of penalty ordered by the Court (\$'000) | 0 | 0 | 0 | 0 | 0 | 820 |

The back tax assessed in the above 3 financial years has been fully recovered by the IRD. The penalty ordered by the Court is payable to and recovered by the Court.