

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)019**

**(Question Serial No. 0278)**

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:

In 2024-25, the Inland Revenue Department continues its determined efforts in combatting tax evasion and countering tax avoidance schemes. Please provide the following details in respect of salaries tax, profits tax and property tax:

- 1) the number of tax evasion cases and the amount of tax involved in the past 3 financial years;
- 2) the amount of tax recovered after giving warnings and taking prosecution actions and the percentage thereof out of the amount of tax in default resulting in tax evasion in the past 3 financial years;
- 3) the number of tax recovery cases in which legal actions were taken and the amount of tax involved in the past 3 financial years;
- 4) the establishment and estimated expenditure required for combatting tax evasion and processing tax evasion cases in the 2024-25 financial year.

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 2)

Reply:

1) to 3)

In the 3 financial years from 2021-22 to 2023-24 (up to 29 February 2024), the Field Audit and Investigation Unit of the Inland Revenue Department (IRD) completed 1 720, 1 805 and 1 741 field audit and tax investigation cases and the back tax and penalty assessed were \$2.897 billion, \$2.602 billion and \$3.263 billion respectively. The numbers of prosecution related to evasion of salaries tax, profits tax and property tax completed by the Field Audit and Investigation Unit in the respective financial years and the amounts of associated back tax and penalty are tabulated as follows:

	2021-22			2022-23			2023-24 (up to 29 February 2024)		
Cases completed	ST	PF	PT	ST	PF	PT	ST	PF	PT
		3	0	0	0	2	0	0	1
Total amount of back tax assessed (\$'000)	210	0	0	0	900	0	0	1,960	0
Total amount of penalty ordered by the Court (\$'000)	0	0	0	0	820	0	0	2,160	0

**Note: ST stands for salaries tax, PF stands for profits tax and PT stands for property tax**

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.

4) For the financial year 2024-25, the estimated staff establishment and financial provision of the Field Audit and Investigation Unit are tabulated as follows:

Financial Year	Staff establishment	Financial Provision (\$ million)
2024-25 (Estimate)	234	266

- End -