

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)030

(Question Serial No. 2737)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 234 of the Budget Speech that a two-tiered standard rates regime for salaries tax and tax under personal assessment will be implemented starting from the year of assessment 2024/25. In calculating the amount of tax for taxpayers whose net income exceeds \$5 million and whose salaries tax or tax under personal assessment is to be charged at a standard rate, the first \$5 million of their net income will continue to be subject to the standard rate of 15 per cent, while the portion of their net income exceeding \$5 million will be subject to the standard rate of 16 per cent. In this regard, please advise this Committee on:

1. the number of taxpayers whose net income exceeds \$5 million out of all taxpayers chargeable to salaries tax and tax under personal assessment, and its percentage against the number of relevant taxpayers in each of the past 5 financial years;
2. the additional amount of tax that would have been collected in each of the past 5 financial years if the two-tiered standard rates regime proposed in the Budget of this year had been implemented back then.

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 24)

Reply:

1. In the past 5 financial years, the numbers of taxpayers under salaries tax and tax under personal assessment who were charged at standard rate with net income exceeded \$5 million and the corresponding percentages to total numbers of relevant taxpayers are as follows:

| Financial year | Year of assessment | Number of taxpayers under salaries tax and tax under personal assessment who were charged at the standard rate with net income exceeded \$5 million | Percentage to total number of relevant taxpayers |
|--|--------------------|---|--|
| 2019-20 | 2018/19 | 10 144 | 0.50% |
| 2020-21 | 2019/20 | 9 974 | 0.47% |
| 2021-22 | 2020/21 | 10 437 | 0.52% |
| 2022-23 | 2021/22 | 11 668 | 0.58% |
| 2023-24 (up to 29 February 2024) | 2022/23 | 10 518 | 0.52% |

2. In the past 5 financial years, if the new two-tiered standard rates regime as proposed in the 2024-25 Budget had been implemented, the additional revenue that would have been collected in each of the financial years would be as follows:

| Financial year | Additional revenue (\$ million) |
|-------------------------------------|---------------------------------|
| 2019-20 | 708 |
| 2020-21 | 680 |
| 2021-22 | 848 |
| 2022-23 | 905 |
| 2023-24 (up to 29 February 2024) | 740 |

- End -