

CONTROLLING OFFICER'S REPLY

(Question Serial No. SV016)

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:

(a) How much manpower and expenditure does the Inland Revenue Department expect to save if electronic filing of Tax Return - Individuals is fully implemented? Will the Government provide incentives for taxpayers to file their tax returns electronically?

(b) The number of profits tax returns filed electronically by corporations and businesses was lower than the number of tax returns filed electronically by individuals, while the expenditure involved in promoting electronic filing of profits tax returns was higher than that of individual tax returns, suggesting that the promotion of electronic filing of profits tax returns was not so effective. In this connection, would the Government please provide explanations for that?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 19)

Reply:

- (a) The Inland Revenue Department (IRD) currently has no plan to mandate members of the public to file Tax Return - Individuals electronically. Hence, the IRD does not have the relevant estimates on the savings of manpower and expenses if all the Tax Return - Individuals are to be filed electronically.

To encourage electronic filing (e-filing) of Tax Return - Individuals, taxpayers will enjoy an automatic one-month extension for filing if they choose to file their tax returns electronically. That aside, there have been continuous enhancements to e-filing and introduction of new services to facilitate taxpayers' compliance and more effective handling of tax matters, which include: (i) pre-filing of taxpayers' personal particulars, income details, and particulars of tax deductions (e.g. approved charitable donations) under Salaries Tax and Personal Assessment which are stored by taxpayers in their eTAX accounts; (ii) offering taxpayers to obtain instant estimation of Salaries Tax payable before submission of their tax returns; (iii) giving immediate acknowledgement of tax returns to taxpayers upon their successful filing; and (iv) allowing taxpayers to view their tax returns filed through eTAX, tax assessments and acknowledgement of tax payment.

- (b) In April 2023, the IRD launched a new model of e-filing where taxpayers can e-file profits tax returns together with the supporting documents (including financial statements and tax computation) in inline eXtensible Business Reporting Language (iXBRL) format on a voluntary basis. Given that the iXBRL e-filing is a new initiative in Hong Kong, taxpayers will need time to learn and adapt. Therefore, the IRD has increased its expenditures to render a series of supporting services to taxpayers, including provision of free data conversion tools, online training materials and a helpdesk for answering telephone enquiries, setting up an outreaching team and conducting ongoing consultative stakeholder engagement sessions, etc. In addition, the IRD has also started a series of promotional activities with a view to striving to increase the number of taxpayers adopting e-filing of profits tax returns, including posters, publicity leaflets, MTR in-train video display, advertisement on digital social media and displaying promotional e-messages through the websites of professional bodies.

Comparing with e-filing of profits tax returns, the service of e-filing of Tax Return - Individuals is a more well-known electronic service. As the requirement and complexity of e-filing of profits tax returns or Tax Return - Individuals are different, it is not appropriate to compare their adoption rate and the promotional expenses involved for the two services.

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