

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)021****(Question Serial No. 1029)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (2) CollectionControlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Will the Inland Revenue Department please inform:

A) the number of tax recovery cases with recovery actions not yet completed in the past 2 years, and the main reasons for not having completed the actions;

B) the details of the recovery cases for the past 2 years as requested in the table below:

Amount of tax involved in recovery cases	No. of cases				
	Salaries Tax	Profits Tax	Property Tax	Personal Assessment	Stamp Duty
Below \$100					
\$100 - \$500					
\$501 - \$1,000					
\$1,001 - \$5,000					
\$5,001 - \$10,000					
\$10,001 - \$50,000					
\$50,001 - \$100,000					
\$100,001 - \$500,000					
\$500,001 - \$1,000,000					
\$1,000,001 - \$5,000,000					
Over \$5,000,000					

C) the details of the staff establishment for taking recovery actions, including the ranks (with salary points specified), the number of staff deployed, and the total expenditure involved on personal emoluments.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 31)

Reply:

- A) The Inland Revenue Department (IRD) has been taking proactive steps to recover tax in default by a taxpayer to safeguard public money, including imposition of surcharge, issuance of warning letters, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings, etc.

As at 31 March 2024 and 28 February 2025, the numbers of tax demand notes with payment due in the financial years 2023-24 and 2024-25 but remained outstanding after tax recovery actions have been taken amounted to around 102 000 and 140 000 respectively. Tax recovery actions for some tax demand notes have not been completed in the relevant financial year because some of the taxpayers concerned have encountered financial difficulty in paying the tax involved on time and have been approved by the IRD for making tax payments by instalments, whilst in some cases it takes time to institute legal proceedings against the taxpayers. The IRD will continue to take appropriate follow up actions to protect government tax revenue.

- B) The following table sets out the statistics on the surcharge notices issued by the IRD for four types of tax in the financial years 2023-24 and 2024-25 (up to 28 February 2025):

Tax Type	5% surcharge			10% surcharge		
	Number of demand notes involved (Note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)	Number of demand notes involved (Note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)
2023-24						
Profits Tax	22 500	151.62	3,033	6 000	87.62	835
Salaries Tax	159 800	208.86	4,177	10 500	64.30	612
Property Tax	17 900	25.11	502	2 000	11.43	109
Tax under Personal Assessment	9 400	5.87	117	700	1.41	13
Total	209 600	391.46	7,829	19 200	164.76	1,569
2024-25 (up to 28 February 2025)						
Profits Tax	19 700	150.96	3,019	7 400	117.61	1,120
Salaries Tax	172 200	246.65	4,933	18 100	103.98	990
Property Tax	18 100	26.40	528	2 800	13.92	133
Tax under Personal Assessment	9 900	6.46	129	800	2.81	27
Total	219 900	430.47	8,609	29 100	238.32	2,270

Note: Figures include the demand notes with payment due in other financial years and have been rounded to the nearest hundred.

As for stamp duty, there were 10 620 and 9 922 late stamping cases in the financial years 2023-24 and 2024-25 (up to 28 February 2025) respectively, involving late penalty of about \$30 million and \$19 million respectively.

The IRD has no breakdown on the tax default cases by the amount of tax in default.

- C) The Collection Enforcement Section of the IRD is under the supervision of an Assistant Commissioner (Directorate Pay Scale Point 2). The Section has an establishment of 222 staff. Their respective grade, pay point and establishment details listed as follows:

Grade	Pay Point	Establishment
Assessor Grade	Master Pay Scale Point 16 - 49	32
Taxation Officer Grade	Master Pay Scale Point 3 - 27	141
Clerical Grade	Master Pay Scale Point 1 -15	45
Common Grade	Model Scale 1 Point 0 - 8	4
	Total	222

The revised estimated expenditure of this Section for the financial year 2024-25 is approximately \$160 million.

- End -