

CONTROLLING OFFICER'S REPLY

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(Question Serial No. 1030)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Matters Requiring Special Attention in 2025-26 that the Inland Revenue Department (IRD) will strengthen the effort in promoting the use of electronic services and replace the eTAX system by 3 new Tax Portals with enhanced and new functionalities during 2025-26. In this regard, please inform this Committee of the following:

- a. What are the enhancements in the functions of the above 3 new Tax Portals compared with the existing eTAX system?
- b. What are the development costs and time for the 3 new Tax Portals?
- c. Theoretically, the new system should be able to enhance operational efficiency, reduce manpower and save costs. Has the IRD assessed the annual financial implications of the new system?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 32)

Reply:

- a. The three new tax portals (i.e. Individual Tax Portal, Business Tax Portal and Tax Representative Portal) of the IRD will have the following enhanced features:
 - Improved user interface: The new tax portals will adopt a modern design with a more intuitive user interface, allowing users to navigate and use the required functions more conveniently. Furthermore, the three new tax portals provide customized services to each user group, thus enhancing service efficiency and user experience.

- Higher degree of digitalization: The new tax portals will advance the digitalization of tax services by offering more comprehensive electronic functionalities. For example, a new bi-directional communication feature will be introduced to allow taxpayers or their authorized representatives to interact directly with the IRD through the portals. This includes submission of supplementary documents, inquiry on tax-related matters, etc. Additionally, the new system will enable electronic submissions and storage of more tax information, further simplifying tax processes and improving processing efficiency.
 - Automated processes: The new tax portals will support various automation features, enhance operational efficiency of the IRD and shorten the processing time. For example, the system will automatically process tax returns and supplementary forms submitted by taxpayers and update tax records. Additionally, the back-end automation function will support the classification and processing of certain tax applications and claims, further reducing the requirement for manual processing.
 - Personalized services: The new tax portals will offer flexible service options, enabling users to select suitable tax services based on their needs, or appoint their tax representatives to conduct the relevant electronic services. Additionally, the new portals will provide dedicated tax service menus based on the types of users, making it easier for them to quickly access their most frequently used functions and enhancing convenience.
 - Multi-platform support: The new systems will support multiple devices and operating systems, including desktops, tablets, smartphones, etc. Additionally, the IRD will introduce a new mobile app designed specifically for individual taxpayers as part of the Individual Tax Portal. The app will integrate key tax functions, allowing users to manage their personal tax matters anytime and anywhere, such as checking tax status, submitting tax returns and making tax payments, further enhancing the convenience and mobility of tax services.
- b. The total development costs of the three new tax portals are approximately \$250 million, including research, design, testing and deployment. The project requires 18 months for completion. It is expected that the new portals will be fully launched in July 2025.
- c. Developing the three new tax portals is mainly for facilitating taxpayers' compliance with their tax obligations and enabling the IRD to provide more dedicated electronic services to different groups of taxpayers. The relevant amount of cost savings depends on the numbers of taxpayers who will file their Profits Tax Returns, Tax Returns - Individuals and Employer's Returns electronically in the future. The IRD will keep a close eye on the take-up rates and operational efficiencies to assess the financial impact resulting from the change of the operational expenses after the launch of the portals.

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