

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)023

(Question Serial No. 1054)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- 1) Please advise on the number of applications for paying tax by instalments, the tax types involved, the number of successful applications, and the average number of days for vetting the applications for the past 3 years.
- 2) For each tax type, how long did it take on average for taxpayers to receive the results of their applications for paying tax by instalments after submission in the previous year?
- 3) Will the Inland Revenue Department offer instalment options that are easy to comprehend, e.g. dividing the amount of tax payable into 6/12 instalments?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 4)

Reply:

- 1) Taxpayers who encounter financial difficulties in settling their tax bills on time may apply to the Inland Revenue Department (IRD) for payment of tax by instalments. The number of demand notes approved for instalment payment and amount of tax involved in the latest three financial years are provided below.

Tax Type	2022-23		2023-24		2024-2025 (up to 28 February 2025)	
	Number of demand notes approved for instalment payment (note)	Amount of tax involved (\$ million)	Number of demand notes approved for instalment payment (note)	Amount of tax involved (\$ million)	Number of demand notes approved for instalment payment (note)	Amount of tax involved (\$ million)
Profits Tax	1 000	1,008	830	2,516	640	471
Salaries Tax	5 760	520	5 890	470	5 090	337
Property Tax	120	4	140	5	100	5
Tax under Personal Assessment	230	18	200	16	130	6

Note: Rounded to the nearest ten

The IRD did not conduct other analysis on the number of applications or cases approved for instalment payments.

- 2) Generally speaking, the IRD will provide a reply within 21 working days upon receipt of the applications for payment of tax by instalments. The IRD did not conduct analysis on the time taken for processing such applications.
- 3) Payment of tax by instalments is approved by the IRD based on the financial difficulties faced by individual applicants. When making applications, applicants are required to explain the reasons for failing to pay the tax on time and provide supporting documents so that the IRD could verify the financial position of the applicants and approve the appropriate tax instalment arrangements. Compared to the suggestion of imposing an across-the-board repayment period of six or 12 months, the current practice can better suit the needs of the applicants, and is in line with the original intention of allowing payment of tax by instalments as well as the principle of safeguarding public money.

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