

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)026

(Question Serial No. 2195)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under Programme (1) 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. In this regard, will the Government advise this Committee on the following:

- (a) the estimated expenditure on the development of the new Tax Portals;
- (b) the respective numbers of tax returns filed by individual taxpayers in electronic form via eTAX and in traditional paper form in each of the past 3 years;
- (c) the means the IRD will use to encourage members of the public and enterprises to file tax returns and make tax payments electronically; whether the IRD will consider introducing artificial intelligence (AI) technology for automatic detection of irregularities (e.g. unreasonable tax deduction items) so as to provide assistance to digitally disadvantaged groups such as the elderly and small and medium-sized enterprises to adapt to the electronic filing of tax returns;
- (d) whether the IRD has made any estimation on the cost and manpower savings that can be achieved if all taxpayers have switched to filing tax returns and making tax payments electronically.

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 30)

Reply:

- (a) The total development costs of the three new Tax Portals (i.e. Individual Tax Portal, Business Tax Portal and Tax Representative Portal) of the IRD are approximately \$250 million, including research, design, testing and deployment.
- (b) In the past three financial years, the respective numbers of Tax Returns – Individuals filed via eTAX and in paper form are as follows:

Financial Year	Total Number of Tax Returns - Individuals (Note)		
	Electronic Returns	Paper Returns	Total Number of Returns
2022-23	866 600	1 675 800	2 542 400
2023-24	934 600	1 589 900	2 524 500
2024-25 (as at 28 February 2025)	1 078 400	1 623 100	2 701 500

Note: Rounded to the nearest hundred.

- (c) The IRD will continue to launch a series of promotional activities in the financial year 2025-26, including displaying posters, distributing publicity leaflets, sending “GovHK Notifications” messages through smartphones, online publicity as well as sending emails to civil servants and some large organisations to encourage members of the public to file their Tax Returns - Individuals electronically. In addition, taxpayers who choose to file the Returns electronically will enjoy an automatic one-month extension for filing. The IRD will launch the new Individual Tax Portal in July 2025 in order to enhance the electronic filing of tax return service for individuals. By then, if the figures entered by taxpayers in certain deduction items are unreasonable, messages will be displayed to remind taxpayers to review the information entered.

Further, the IRD has launched a new measure of electronic filing of Profits Tax Returns. Companies and their tax representatives can prepare electronic financial statements and tax computations by adopting the inline eXtensible Business Reporting Language (iXBRL) standard for electronic filing (e-filing) with their Profits Tax Returns. Apart from promoting e-filing to stakeholders and consulting them on the enhanced e-filing system, the IRD also developed a data conversion tool for taxpayers to use free-of-charge to convert their financial statements and tax computations into iXBRL data files, and provided training sessions and a helpdesk for answering telephone enquiries to support taxpayers. In addition, after the launch of Business Tax Portal and Tax Representative Portal in July 2025, companies can set up an online account with Business Tax Portal to handle their tax matters or appoint their tax representatives to handle related matters electronically. With a view to optimising the use of the data received for tax audit and review purposes, the IRD has adopted the Splunk platform for analysing the data. The IRD will continue to explore the use of new technology to improve electronic services.

In the financial years from 2022-23 to 2024-25, the number of tax payments by electronic means accounts for more than 70% of the total number of tax payments. This shows that making tax payments by electronic means has been widely adopted by taxpayers. The IRD will continue to explore measures to further encourage members of the public and enterprises to pay taxes electronically.

- (d) The IRD currently has yet to mandate members of the public to file tax returns and pay taxes electronically, and therefore needs to reserve certain resources to process tax returns filed in paper form and non-electronic tax payments. The IRD does not have relevant estimates on the amount of expenditure that could be saved in a full-scale implementation of electronic filing of tax returns and payment of tax.

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