

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)027**

**(Question Serial No. 2197)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Programme (3) that the Government aims to counter tax evasion, minimise opportunities for tax avoidance and promote compliance by taxpayers. In this connection, will the Government inform this Committee of the following:

- (a) the manpower and estimated expenditure involved in the investigation and combat of tax evasion in 2025-26;
- (b) (i) the respective numbers of demand notes with 5% surcharge imposed and 10% surcharge imposed resulting from tax default, as well as (ii) the total amount of the surcharge involved by tax types (e.g. profits tax, salaries tax, property tax, etc.) over the past 3 years; and
- (c) (i) the number of tax evasion cases and (ii) the amount of tax involved by tax types (e.g. profits tax, salaries tax, property tax, etc.) over the past 3 years.

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 32)

Reply:

- (a) For the financial year 2025-26, the Field Audit and Investigation Unit (FAIU) of the Inland Revenue Department (IRD) has an establishment of 234 staff members. The relevant estimated expenditures are approximately \$275 million.
- (b) The statistics on the surcharge notices issued by the IRD for four types of tax in the financial years 2022-23 to 2024-25 (up to 28 February 2025) are as follows:

Tax Type	5% surcharge			10% surcharge		
	Number of charges involved (note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)	Number of charges involved (note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)
<b>2022-23</b>						
<b>Profits Tax</b>	25 300	139.03	2,781	6 500	115.57	1,101
<b>Salaries Tax</b>	197 900	275.85	5,517	13 800	69.34	660
<b>Property Tax</b>	20 500	32.93	659	4 800	21.43	204
<b>Tax under Personal Assessment</b>	9 100	7.21	144	1 000	3.64	35
<b>Total</b>	252 800	455.02	9,101	26 100	209.98	2,000
<b>2023-24</b>						
<b>Profits Tax</b>	22 500	151.62	3,033	6 000	87.62	835
<b>Salaries Tax</b>	159 800	208.86	4,177	10 500	64.30	612
<b>Property Tax</b>	17 900	25.11	502	2 000	11.43	109
<b>Tax under Personal Assessment</b>	9 400	5.87	117	700	1.41	13
<b>Total</b>	209 600	391.46	7,829	19 200	164.76	1,569
<b>2024-25 (up to 28 February 2025)</b>						
<b>Profits Tax</b>	19 700	150.96	3,019	7 400	117.61	1,120
<b>Salaries Tax</b>	172 200	246.65	4,933	18 100	103.98	990
<b>Property Tax</b>	18 100	26.40	528	2 800	13.92	133
<b>Tax under Personal Assessment</b>	9 900	6.46	129	800	2.81	27
<b>Total</b>	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.

- (c) In the three financial years from 2022-23 to 2024-25 (up to 28 February 2025), the FAIU of the IRD completed 1 805, 1 802 and 1 701 field audit and tax investigation

cases and the back tax and penalty assessed were \$2.6 billion, \$3.3 billion and \$2.8 billion respectively.

The numbers of prosecution involving evasion of salaries tax, profits tax and property tax completed by the FAIU in the respective financial years and the amounts of associated back tax and penalty are as follows:

	2022-23			2023-24			2024-25		
	ST	PF	PT	ST	PF	PT	ST	PF	PT
<b>Cases completed</b>	0	2	0	0	1	1	0	0	2
<b>Total amount of back tax assessed (\$'000)</b>	0	910	0	0	1,970	540	0	0	370
<b>Total amount of penalty ordered by the Court (\$'000)</b>	0	820	0	0	2,170	240	0	0	740

Note: ST stands for salaries tax, PF stands for profits tax and PT stands for property tax

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