

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)028

(Question Serial No. 2415)

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:

1. Please provide the numbers of tax investigations which were carried out on the Inland Revenue Department (IRD)'s own initiative, through random-checking, and upon receipt of complaints or informers' reports in the last year. Please set out according to the tax types (e.g. profits tax, salaries tax, etc.) and set out the numbers of demand notes and the amounts of tax involved.

2. Did the IRD deploy more manpower and resources to the tax investigation work in the last year? If yes, what are the details? If no, will the IRD consider increasing the relevant provision for proactive investigation to enhance the effectiveness? If not, what are the reasons?

Asked by: Hon LEE Chun-keung (LegCo internal reference no.: 3)

Reply:

1. The IRD is committed to combating tax evasion and avoidance. In the financial year 2024-25 (up to 28 February 2025), the total number of audit cases completed by the IRD and the relevant amount of back tax and penalties assessed are as follows:

	2024-25 (up to 28 February 2025)
Total number of cases completed	1 701
Back tax and penalties assessed	\$2.769 billion

The IRD does not maintain breakdown of statistics by the types of investigation cases and tax.

2. The IRD is committed to collecting revenue in an efficient and cost-effective manner. In the financial year 2024-25, the establishment of the Field Audit and Investigation

Unit (FAIU) was broadly similar to that in the financial year 2023-24. Based on the available information, there is no indication that the number of tax evasion or avoidance cases is on a rising trend in recent years. Besides, the FAIU has all along been making good use of information technology to enhance the efficiency and effectiveness of its work. For example, computer-assisted data analyses are performed to identify high-risk cases for audit. The IRD will continue to explore measures to improve the efficiency of tax administration. The IRD has no plan to increase the manpower and resources of the FAIU at present.

- End -