

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)033

(Question Serial No. 3298)

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:

Has the problem of tax evasion and avoidance become more serious in recent years? Will the Government need to deploy more resources including equipment and manpower to conduct investigations more effectively? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 45)

Reply:

The Inland Revenue Department (IRD) has been collecting revenue in an efficient and cost-effective manner. In recent years, the establishment of the Field Audit and Investigation Unit (FAIU) of the IRD was broadly similar. 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.