

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)033

(Question Serial No. 0843)

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 by the Inland Revenue Department (IRD) on its own initiative, through random inspection, and upon receipt of complaints or informers' reports in the past year. Please provide a breakdown of the numbers by tax type (e.g. profits tax, salaries tax, etc.) and set out the numbers of demand notes and amounts of tax involved.

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

Asked by: Hon LEE Chun-keung (LegCo internal reference no.: 2)

Reply:

1. The IRD is committed to combating tax evasion and avoidance. In the financial year 2025-26 (up to 28 February 2026), the total number of audit cases completed by the IRD is 1 707 and the relevant amount of back tax and penalties assessed is \$2.651 billion. The IRD does not maintain breakdown of statistics by the types of investigation cases and tax.
2. In the financial year 2025-26, the establishment of the Field Audit and Investigation Unit (FAIU) in the IRD, which is responsible for the above investigation work, was broadly comparable to that in the financial year 2024-25. Although there has been no indication that the number of tax evasion or avoidance cases is on a rising trend in recent years, the FAIU continues to leverage information technology to enhance work efficiency and effectiveness, such as using computer-assisted data analyses to identify high-risk cases for audit. In addition to measures improving the efficiency of tax administration, the IRD will also explore deploying more manpower and resources to the FAIU with a view to further enhancing the effectiveness of recovering back tax and penalties.