

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)037

(Question Serial No. 1926)

Head: (76) Inland Revenue Department

Subhead (No. & title): (000) Operational expenses

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Inland Revenue Department (IRD) will implement mandatory electronic filing of profits tax returns, and the first phase will be applicable to entities of in-scope multinational enterprise groups. In this connection, will the Government inform this Committee of:

- 1) the estimated expenditure on system development, testing, security audits, user support and publicity in this financial year; and
- 2) the IRD's contingency arrangements and provision earmarked for handling system failures or cybersecurity incidents relating to electronic filing of tax returns?

Asked by: Hon CHAN Cho-kwong (LegCo internal reference no.: 18)

Reply:

- 1) The total expenditures on system development, testing and security audits for facilitating the implementation of mandatory electronic filing of profits tax returns amounted to \$4.73 million. As the project was completed in March 2026, no provision is made for the related expenditures in 2026-27. The expenditures involved on user support, publicity activities, etc. have been included in the general departmental expenses.
- 2) The IRD has all along strictly adhered to the information technology (IT) security policies and relevant guidelines issued by the Digital Policy Office to develop security incident handling procedures and emergency response plans for the electronic tax return filing system. The IRD regularly reviews the relevant procedures and plans, conducts drills and engages independent IT security auditors to perform audits to ensure the system can give effective response to various failures and cybersecurity incidents.

In the event of a failure or cybersecurity incident in the electronic tax return filing system, the IRD will follow the established procedures and contingency plans to minimize the impact of the incident on the Government and the public, and to ensure

that the related services would be resumed as soon as possible. The contingency arrangements will be implemented by the IRD's staff and the relevant expenditures have been included in the general departmental expenses.

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