Examination of Estimates of Expenditure 2026-27

Reply Serial No.

FSTB(Tsy)039

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1928)

Head: (76) Inland Revenue Department

Subhead (No. & title): (209) Special legal expenses

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the estimates that the provision under "special legal expenses" for this financial year is $1 million. In this connection, will the Government inform this Committee of:

1) the main usage of the provision;

2) the relevant cases and expenditure in the past 5 financial years; and

3) whether cost control arrangements for engaging external legal services are in place, and the relevant monitoring mechanism.

Asked by: Hon CHAN Cho-kwong (LegCo internal reference no.: 20)

Reply:

1) & 2)

"Special legal expenses" are mainly court fees paid by the Inland Revenue Department (IRD) for the registration of writs for tax recovery.

The amounts of legal expenses paid by the IRD and the numbers of cases involved in the past five financial years are as below:

Financial year	Legal expenses ($) (Note 1)	Number of cases (Note 2)
2021-22	528,000	800
2022-23	348,000	600
2023-24	375,000	700
2024-25	297,000	600
2025-26 (up to 28 February 2026)	488,000	900

Note 1: Rounded to the nearest thousand.
Note 2: Rounded to the nearest hundred.

Since the number of civil litigation cases in respect of tax in default varies from year to year, there are fluctuations in the amount of legal expenses.

3) If the IRD needs legal assistance for tax recovery matters, it will seek advice from the Department of Justice and generally will not engage external legal services directly.

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