

Collection



Revenue collected by the Department includes tax, additional tax, surcharge and fines. **Schedules 16 and 17** provide details of additional tax, surcharge and fines imposed by the Department in respect of Earnings and Profits Tax during 2003-04.

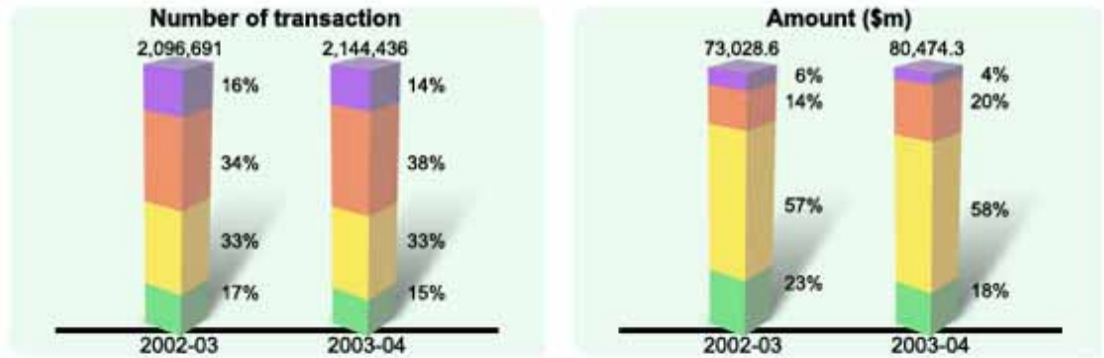
Collection of tax

There are various payment methods by which a taxpayer can choose to settle a tax liability. **Figure 28** shows the payment methods used by taxpayers in 2003-04. Electronic payments (by phone, bank ATM or the Internet) are gaining popularity. For Earnings and Profits Tax, 52% of the payment transactions made during the year were through electronic means.

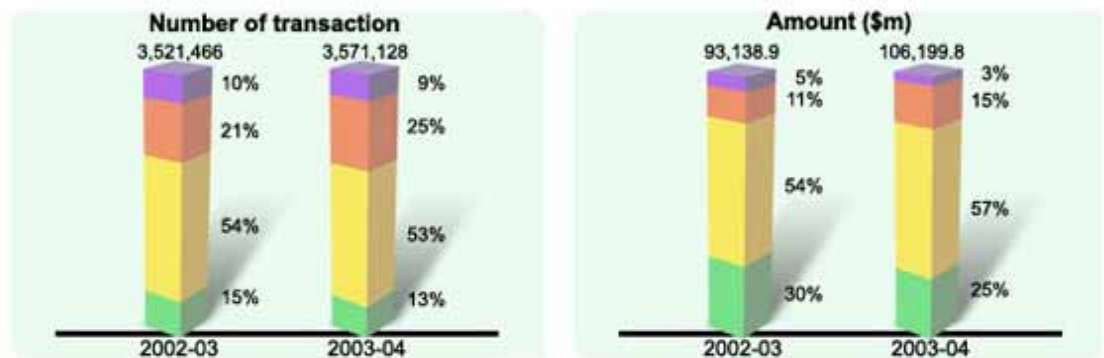
Earnings & Profits Tax

Figure 28
Payment methods

■ By ATM / Virtual ATM
■ By Phone / PPS on Internet
■ In Person
■ By Post



Total Revenue (including other duties)



Refund of tax

To give effect to the Salaries Tax rebate announced by the Administration in early 2003, the Department processed more than 1.25 million refund cases in July 2003. Refunds were also made during the year to taxpayers for various reasons, such as overpayment of tax or refund arising from a revision of assessment. They were issued as expeditiously as possible. During 2003-04, tax refunds totalling \$8.9 billion were made (**Figure 29**).

Figure 29
Tax refunds

Type of Tax	2002-03		2003-04	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits Tax	26,822	3,492.2	24,633	2,785.1
Salaries Tax	290,963	1,396.4	1,452,148	3,382.7
Property Tax	14,481	110.7	13,568	102.5
Personal Assessment	27,014	251.5	132,817	325.8
Others	21,217	1,593.4	14,092	2,285.1
Total	380,497	6,844.2	1,637,258	8,881.2

Recovery of tax in default

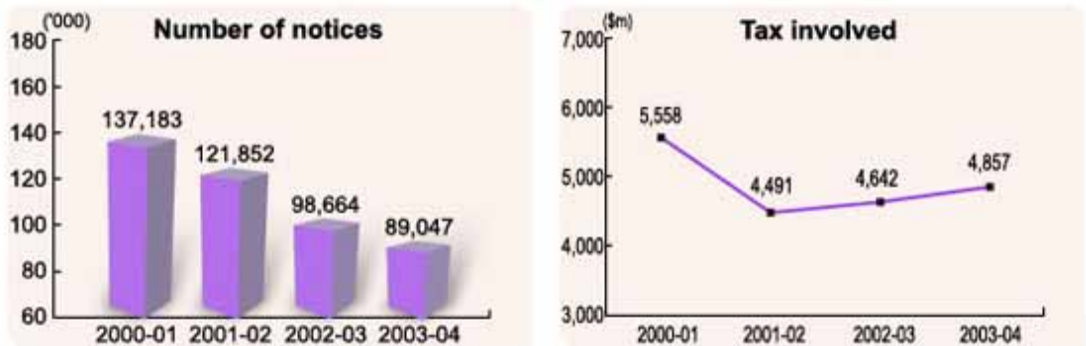
Taxpayers should pay tax on or before the due date shown on the demand notes issued to them. The vast majority of taxpayers settle their tax liabilities in a timely manner.

A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

Any tax in default is immediately recoverable. Recovery notices can be issued to third parties (including employers, bankers and other parties owing money to or holding money on behalf of the defaulting taxpayers) to effect collection. Actions may also be commenced in the District Court. **Figure 30** summarizes the recovery actions taken by the Department. Upon entry of judgment, a defaulting taxpayer becomes liable to legal costs and interest on judgment debt for the period from the date of commencement of proceedings to the date of full settlement in addition to the outstanding tax. **Figure 31** shows the legal costs and judgment interest collected during 2003-04.

Figure 30
Recovery action

Recovery notices



Recovery action in the District Court

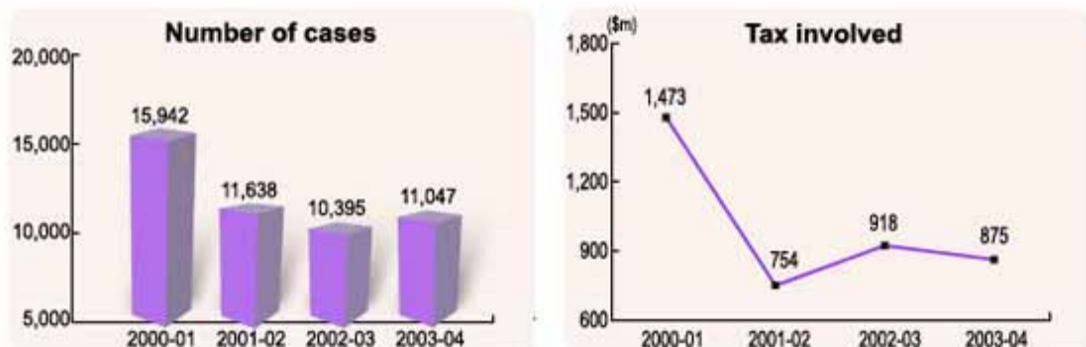


Figure 31
 Legal Costs and
 Judgment Interest
 collected in 2003-04

		\$	\$
Court Cost	Court Fees	2,055,112	
	Execution Fees	<u>46,545</u>	2,101,657
Fixed Cost			883,409
Judgment Interest	Pre-judgment Interest	3,115,139	
	Post-judgment Interest	<u>9,584,781</u>	<u>12,699,920</u>
Total costs and interest collected			<u><u>15,684,986</u></u>

A person with tax in default may be prevented from leaving Hong Kong. This, however, requires the Commissioner to satisfy a District Judge that there are reasonable grounds for believing that the person intends to depart, or has departed, from Hong Kong to reside elsewhere without paying his tax or furnishing adequate security for payment of such tax. The relevant legislation also provides that the person concerned may appeal to the Court of First Instance of the High Court against a District Judge's decision.