

## 7. About Tax Payment and Recovery of Tax-in-arrears

### (a) Who is Responsible for the Payment of Property Tax?

#### ➤ If the property is owned by one person

The Assessor will issue the Property Tax assessment in the name of the sole owner.

If he/she does not make payment in time, the IRD may impose surcharge of 5% on the amount of tax not paid by the due date. If still unpaid, the Collector will proceed with recovery action as appropriate to the circumstances.

#### ➤ If the property is owned by two persons

The Assessor will issue the Property Tax assessment in the name of the joint-owners/co-owners.

If the property is owned by a couple, CHAN Tai-man and LEE Mei-lee, the assessment will be issued to “CHAN Tai-man and LEE Mei-lee”.

#### ➤ If the property is owned by two or more than two persons

The Assessor will issue the Property Tax assessment as follows :

<u>Owners</u>	<u>Property Tax demand note will be issued in the name of</u>
A, B & C	A and other owners
A, B, C, D & E	A and other owners
A & B	A & B

For joint-owners/co-owners, their liability to pay Property Tax and Provisional Property Tax is “joint and several”.

#### **Example 1**

If A, B, C & D are 25% interest co-owners and the amount of tax-in-arrears is \$10,000.

“Joint” liability means that the 4 persons will together be liable to pay up the whole amount of tax demanded, \$10,000. Each person should put up \$2,500 towards settlement.

“Several” means that each joint-owner/co-owner will be responsible for paying up the tax demanded as if he/she is a sole owner. The IRD can sue A for the whole amount - \$10,000. Once A has paid \$10,000, IRD

will discontinue with all recovery action against all the owners. If A and B are both untraceable, IRD can sue C & D for \$10,000.

In any event, tax will not be overcharged. Any overpayment of tax will be refunded.

### ***Tax refund***

If no election for Personal Assessment is involved, the refund cheque will be made in the names of all of the owners, e.g., “A, B, C, D & E”. If these 5 owners do not have a joint-name bank account, they can together sign a Letter of Authorization, authorizing IRD to issue a replacement cheque in the name of “A” to receive the entire refund on behalf of all of the owners. IRD will also ask “A” to sign a “Letter of Indemnity” to indemnify the IRD against any loss that may arise subsequently.

## **(b) Methods of Payment**

### **➤ “Pay ThruPost” Service**

- (1). You may pay tax at Post Offices in person. By now nearly every Post Office can handle tax payment. If you want to check opening hours and exact locations etc., please dial Hongkong Post’s Hotline at 2921 2222 or visit their Web site at [www.hongkongpost.com](http://www.hongkongpost.com).
- (2). Alternatively, you may dial IRD’s Hotline concerning tax payment matters at 187 8033 or visit IRD’s Web site at [www.ird.gov.hk](http://www.ird.gov.hk).
- (3). Post office accepts payment by EPS, in cash or by cheque.

- You may pay
  - ✧ by bank ATM
  - ✧ by telephone (using a PPS account)
  - ✧ via Internet by personal computer
- For payment by post, please send to Inland Revenue Department, P.O. Box 28282, Gloucester Road Post Office, Hong Kong. Send cheque and not cash if you want to make payment by post.
- To avoid late payment penalty, please mark your due date on your personal calendar to ensure that you will make payment on or before due date.
- Click [HERE](#) for more information on payment.

### **(c) Can I pay tax by instalments?**

- The Collector, Enforcement Section handles applications for instalments. You may apply in person or submit your written proposals by post, but you must provide the Collector and her staff with sufficient paper evidence concerning the present status of your income (say how much you are earning per month) and cash flow.
- The Collector may accept /reject/offer an alternative proposal.
- As far as possible you should apply before the due date. Any tax not paid by the due date may attract a 5% surcharge.
- Where you have been allowed to pay the whole amount of tax demanded by two instalments, once you failed to pay up the first sum in entirety by the first payment date, the benefit of payment by two instalments will be automatically withdrawn. The second instalment of tax will become immediately due and payable and also subject to the 5% surcharge.
- Any tax and surcharge still unpaid 6 months after due date may attract a further 10% surcharge.
- Click [HERE](#) for more information in the IRD Homepage under “Application for Paying Tax by Instalments”.

### **(d) Penalties for late payment and recovery of tax-in-arrears**

- Apart from the 5% and 10% surcharges and for the benefit of paying tax by two instalments withdrawn automatically, the Collector may
  - ✧ Issue garnishee order to third parties who may owe you money or has money due to be paid to you (such as your banker, your employer, your tenant, your trade debtors)
  - ✧ Take legal action to obtain court judgment against you and demand for
    - court fees
    - interest on claim for debt
    - interest on judgment debt.
  - ✧ Instruct the Bailiff to execute the court judgment against you by taking possession of your non-movable properties.
  - ✧ Apply for a Departure Prevention Direction, if applicable, to prevent you from leaving Hong Kong.