

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No.1766)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( )

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the handling of the collection of stamp duty by the Government between 2012 and 2016, how much resource has been used each year for handling the stamping of new instruments regarding the collection of Special Stamp Duty (SSD) and Buyer's Stamp Duty (BSD)? For each of the above years, what were the numbers of instruments stamped respectively for the collection of the SSD and the BSD, including the number of instruments stamped for the payment of the BSD by people or companies from the Mainland? For each of the above years, please provide the information of: the number of instruments handled regarding the acquisition of property by persons under the age of 18; the resources used for vetting the applications for stamping of instruments submitted by applicants claimed to be first-time property buyers; and the number of instruments involved regarding the stamping of instruments for first-time property buyers. Did the Government verify the buyers' claims by vetting all the applications submitted by applicants claimed to be first-time buyers or verify the claims by random checks? If it was in the latter case, please state the number of random checks conducted each year and their respective results.

Asked by: Hon TO Kun-sun, James (Member Question No.18)

Reply:

When submitting a stamping request, the applicant is only required to declare whether the buyer is a Hong Kong identity card holder (local individual) or a company established in Hong Kong (local company). In cases where the buyer is a non-local individual or non-local company, the applicant is not required to state the country or region the individual comes from or where the company was established. Therefore, the Inland Revenue Department (IRD) does not have statistics on non-local individual buyers or non-local company buyers by countries or regions (including Mainland buyers). In addition, unless the residential property is acquired by the guardian on behalf of a Hong Kong permanent resident (HKPR) who is a minor and the buyer applies for charging ad valorem stamp duty (AVD) at Scale 2 rates on the instrument, IRD is not required to verify the age of the buyer. As such, IRD does not have statistics on property buyers who are under the age of 18.

For the financial years 2012-13 to 2016-17 (as at 28 February 2017), the breakdown of the cases of special stamp duty (SSD), buyer's stamp duty (BSD), acquisition of residential property by non-local individuals or non-Hong Kong companies, and acquisition of residential property by guardians on behalf of HKPR minor by year is tabulated below:

Financial Year	SSD (No. of case)	BSD (No. of case)	Acquisition of residential property by non-local individuals or non-local companies (No. of case)	Acquisition of residential property by guardian on behalf of a HKPR minor* (No. of case)
2012-13	2 115	-	3 505	-
2013-14	1 133	1 827	1 144	21
2014-15	589	4 966	1 270	1
2015-16	550	2 191	812	-
2016-17 (as at 28.2.2017)	519	2 498	1 142	-

\*Only cases where the buyers applied for charging the instruments at Scale 2 rates are included.

All along, IRD has been allocating resources according to service needs and work priorities for the delivery of its various responsibilities. To cope with the increasing workload and handle policy initiatives in relation to stamp duty, including various demand-side management measures (i.e. SSD, BSD and double stamp duty), IRD created 8 permanent posts and 1 three-year supernumerary directorate post under the stamp office in the financial year 2014-15. The three-year supernumerary Chief Assessor post will be lapsed on 1 April 2017. In order to provide continuous directorate support, we have proposed to create 1 Chief Assessor permanent post in stamp office. The proposal has been submitted to the Establishment Subcommittee of the Legislative Council for consideration.

Under the Stamp Duty Ordinance, irrespective of whether the buyer is a first-time home buyer or not, if he or she is a HKPR acting on his or her own behalf in acquiring a residential property and on the date of acquisition, he or she is not a beneficial owner of any other residential property in Hong Kong, the instrument for acquiring the residential property is chargeable with AVD at Scale 2 rates. IRD is only required to verify whether the HKPR is acting on his or her own behalf in acquiring the residential property and holds any other residential property in Hong Kong when he or she acquires the new residential property but is not required to ascertain whether he or she is the first-time home buyer. In all cases, IRD will vet the applications for charging AVD at Scale 2 rates. The assessment of stamp duty payable (be it AVD at Scale 1 or Scale 2 rates, SSD or BSD) and verification of buyer's identity form part and parcel of the whole process of handling a stamping request. Hence, the IRD does not specifically maintain statistics on the resources used to process a particular type of the stamp duty cases.

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