

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)078****(Question Serial No. 6853)**

Head: (76) Inland Revenue Department

Subhead (No. & title): ( ) Operational Expenses

Programme: (3) Investigation and Field Audit

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following details in respect of salaries tax and property tax for each of the past 3 years:

- (1) the number of tax evasion cases;
- (2) further to the above question, the amount of tax involved;
- (3) further to the above question, the percentage of the amount of tax recovered after giving warnings and taking prosecution actions out of the amount of tax in default resulting in tax evasion;
- (4) further to the above question, the actions taken by the Inland Revenue Department against cases of which the tax in default was unrecovered despite warning and prosecuting actions taken.

Asked by: Hon CHAN Tanya (Member Question No. 91)

Reply:

The numbers of prosecution related to evasion of Salaries Tax and Property Tax completed by the Field Audit and Investigation Unit of the Inland Revenue Department (IRD) in the past three financial years from 2014-15 to 2016-17 (up to 28 Feb 2017) and the amounts of associated back tax and penalty are tabulated as follows:

|  | 2014-15 |    | 2015-16 |    | 2016-17<br>(up to 28 Feb 2017) |    |
|--|---------|----|---------|----|--------------------------------|----|
|  | ST      | PT | ST      | PT | ST                             | PT |
| (Note : ST stands for Salaries Tax and PT stands for Property Tax) |         |    |         |    |                                |    |
| Cases completed  | 6       | 1  | 3       | 0  | 5                              | 0  |
| Back tax assessed (\$ten thousand)                                 | 40      | 10 | 30      | 0  | 40                             | 0  |
| Penalty ordered by the Court (\$ten thousand)                      | 30      | 0  | 60      | 0  | 40                             | 0  |

The back tax assessed in the above three financial years has been fully recovered by the IRD. The penalty ordered by the Court is payable to and recovered by the Court.

If a taxpayer defaults on tax payment, IRD will take vigorous recovery actions including imposition of surcharge, issue of warning letter, issue of recovery notices to third parties (such as employers, banks or tenants) who are holding money for payment to the defaulter and initiation of civil proceedings in court.

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