

CONTROLLING OFFICER'S REPLY TO INITIAL WRITTEN QUESTION

FSTB(Tsy)090

Question Serial No.

0872

Head: 76 Inland Revenue Department Subhead (No. & title):Programme: (2) CollectionControlling Officer: Commissioner of Inland RevenueDirector of Bureau: Secretary for Financial Services and the TreasuryQuestion:

In respect of the recovery actions taken by the Inland Revenue Department in the past 5 years, please provide the following details:

- (a) the types of recovery cases and the number of cases for each type;
- (b) the amount involved in the recovery cases; and
- (c) the number of recovery cases not yet completed.(i.e. tax in default)

Asked by: Hon. CHAN Kam-lamReply:

(a) & (b)

Once a taxpayer defaults on tax payment, normally the Inland Revenue Department (IRD) will first impose a 5% surcharge on every overdue charge by issuing a 5% surcharge notice. If the taxpayer does not fully pay the tax within 6 months from the due date, IRD will issue a 10% surcharge notice to the taxpayer to further impose a 10% surcharge on the overdue tax and surcharge.

In the financial years 2007-08 to 2011-12 (as at 31 January 2012), the statistics on the surcharge notices issued by the IRD for different tax types are as follows:

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2007-08 financial year						
Profits Tax	10 800	70.6	1,412	2 900	57.5	548
Salaries Tax	128 500	82.6	1,652	9 700	29.2	278
Property Tax	12 600	5.8	116	1 100	1.3	12
Personal Assessment	11 900	5.2	104	1 000	3.3	31
Total	163 800	164.2	3,284	14 700	91.3	869
2008-09 financial year						
Profits Tax	12 500	103.5	2,070	2 400	60.7	578
Salaries Tax	131 800	83.8	1,676	5 800	18.6	177
Property Tax	11 800	4.6	92	900	1.2	12
Personal Assessment	11 300	4.2	84	800	3.5	33
Total	167 400	196.1	3,922	9 900	84.0	800

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2009-10 financial year						
Profits Tax	11 800	95.84	1,917	2 600	104.62	996
Salaries Tax	151 300	93.70	1,874	6 700	34.06	324
Property Tax	17 400	8.08	162	900	0.68	7
Personal Assessment	7 800	4.45	89	700	2.48	24
Total	188 300	202.07	4,042	10 900	141.84	1,351
2010-11 financial year						
Profits Tax	14 300	77.35	1,547	3 000	42.90	409
Salaries Tax	147 100	92.63	1,853	7 100	24.85	237
Property Tax	15 900	8.53	171	1 300	2.04	19
Personal Assessment	11 800	4.41	88	600	1.05	10
Total	189 100	182.92	3,659	12 000	70.84	675
2011-12 financial year *						
Profits Tax	5 500	48.58	972	2 900	50.73	483
Salaries Tax	82 500	76.05	1,521	7 300	29.92	285
Property Tax	14 400	8.70	174	1 100	2.33	22
Personal Assessment	9 900	3.58	71	600	2.09	20
Total	112 300	136.91	2,738	11 900	85.07	810

* As at 31 January 2012

If the tax remains unpaid after the issuance of the 5% surcharge notice, IRD will open a collection file and take further recovery actions on all overdue charges in respect of the same taxpayer, including the issuance of recovery notices to the third parties (such as employers and banks) and the initiation of court proceedings.

In the financial years 2007-08 to 2011-12 (as at 31 January 2012), the numbers of cases for which IRD has taken recovery actions are as follows:

	2007-08 No. of cases#	2008-09 No. of cases#	2009-10 No. of cases#	2010-11 No. of cases#	2011-12 * No. of cases#
Recovery Notices	97 410	96 005	105 855	102 293	52 491
Legal Proceedings	9 298	8 250	7 081	5 897	4 033

* As at 31 January 2012

IRD does not have statistical breakdown on tax recovery actions by tax types

(c)

As at 31 January 2012, the total amount of tax in default was \$10.5 billion, involving 187 800 charges.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 29.2.2012