

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

**FSTB(Tsy)095**

Question Serial No.

1318

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Why the target of processing profits tax return for business is set only at 80%? Does this mean that the rest of 20% will be handled in the next financial year? Is it due to the limitation of the existing resources? How many cases are outstanding for this category and what is the expected completion timetable for raising assessment on these outstanding cases?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

Under the "Assess First Audit Later" mechanism, tax returns will be screened for automated assessments by the computer system according to the pre-defined criteria. For tax returns which do not meet the criteria for automated assessments, they will be examined by assessing officers before assessments are made. Such cases in general are more complicated which require the seeking of further information from taxpayers or third parties. As it takes time to gather the relevant information, it may take several months or even longer to complete the processing and issue of assessments. The performance targets of the Inland Revenue Department (IRD) with regard to processing of profits tax returns are: 80% of assessments made within 9 months, 95% made within 12 months and the remaining within a further 3 months (namely, 15 months from the date of issue of tax returns). All along, IRD has been able to achieve the said performance targets.

Signature: \_\_\_\_\_

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012