

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

FSTB(Tsy)097

Question Serial No.

3318

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:

- (a) What were the amounts of expenditure for handling legal proceedings related to assessments in the past 3 years? What is the estimated expenditure in this respect in 2012-13?
- (b) Will resources be allocated in 2012-13 to conduct review on existing Inland Revenue Ordinance (IRO) and assessment guidelines, and to conduct consultation with people of the industrial and business sectors and the professionals with a view to further clarifying the IRO such that the numbers of objections and appeal cases filed by taxpayers could be reduced? If so, what are the details? If not, please provide reasons.

Asked by: Hon. CHAN Tanya

Reply:

- (a) The Inland Revenue Department (IRD) has not apportioned the funding provision to the handling of legal proceedings related to assessments. Hence, information on the relevant expenditure cannot be provided.
- (b) All along, IRD allocates resources according to service needs and work priorities in order to carry out its various responsibilities. IRD has published a series of Departmental Interpretation and Practice Notes (DIPNs) to provide guidance on application of the Inland Revenue Ordinance and the usual practices in carrying out the tax assessment functions. These DIPNs, which are updated from time to time, have been uploaded to the IRD's website to facilitate access by taxpayers and all sectors of the community. Up to now, IRD has issued 47 DIPNs. Moreover, taxpayers may be interested in certain advance rulings on taxation matters. To facilitate access by the public, IRD uploads these advance rulings as well as the regularly updated frequently asked questions to the IRD's website. The above measures could facilitate the public to have a better understanding of IRD's assessing criteria.

To maintain good communication with the accounting profession, IRD holds annual meetings with the Hong Kong Institute of Certified Public Accountants to exchange views on and discuss tax matters of common interest. The agreed minutes of the meetings are published on the website. IRD officers also attend seminars organized by accounting and taxation bodies from time to time to brief the sector on issues of concern and exchange views with accountants in private practice.

Furthermore, the Financial Services and the Treasury Bureau, in collaboration with IRD and other relevant policy bureaux, conducts reviews on the taxation system from time to time, taking into account and balancing the views from various parties as far as possible.

IRD will continue to allocate resources to carry out the aforesaid duties in the 2012-13 financial year. However, it has not apportioned the funding provision to this area of work. Hence, information on the relevant expenditure cannot be provided.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012