

# CONTROLLING OFFICER'S REPLY TO INITIAL WRITTEN QUESTION

FSTB(Tsy)101

Question Serial No.

0806

Head: 76 Inland Revenue DepartmentSubhead (No. & title):Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland RevenueDirector of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the Tax Reserve Certificates (TRCs) Scheme of the Inland Revenue Department, please provide:

- (a) the numbers and percentage shares of the taxpayers who purchased and used various types of TRCs as well as the amount of tax involved in the past 3 years;
- (b) whether promotion on TRCs has been made in recent years to encourage the public to pay tax in time. If yes, what are the details and the amount of expenditure involved?

Asked by: Hon. WONG Kwok-kinReply:

- (a) At present, there are two types of Tax Reserve Certificates (TRCs) issued by the Inland Revenue Department (IRD), namely ordinary TRCs and TRCs for "Conditional Standover Order". Taxpayers can purchase ordinary TRCs as savings for tax payment. Taxpayers are required to open electronic TRC accounts at the IRD in order to purchase such TRCs as savings for tax payment. TRCs for "Conditional Standover Order" are purchased by taxpayers who have lodged objections or appeals against assessments. The amounts of such TRCs so purchased should be equivalent to the amounts of tax stood over such that payment of tax payable upon settlement of the objections or appeals can be guaranteed.

As IRD does not keep statistics on the number of taxpayers involved in the sales and redemption of the two types of TRCs, the relevant information cannot be provided. For the past 3 financial years, statistics on the number of TRC accounts as well as sales and redemption of the aforesaid TRCs are as follows:

	As at 31 March 2010	As at 31 March 2011	As at 31 January 2012
No. of TRC accounts	16 820	17 240	17 280

## Sales and Redemption :

Financial year	Types of TRCs	Sales		Redemption	
		No. of TRCs	Value (\$million)	No. of TRCs	Value (\$million)
2009-10	Ordinary	84 800	319	82 500	320
	Objection/Appeal	1 500	2,974	1 200	1,825
	Total	86 300	3,293	83 700	2,145
2010-11	Ordinary	85 700	341	85 800	330
	Objection/Appeal	1 500	3,071	1 600	2,740
	Total	87 200	3,412	87 400	3,070

Financial year	Types of TRCs	Sales		Redemption	
		No. of TRCs	Value (\$million)	No. of TRCs	Value (\$million)
2011-12 (as at 31.1.2012)	Ordinary	74 200	296	79 400	330
	Objection/Appeal	1 300	1,956	1 400	3,698
	Total	75 500	2,252	80 800	4,028

- (b) The Electronic TRCs Scheme offers various flexible ways for purchasing TRCs at anytime. The interest offered is comparable to that of bank deposits. Moreover, the auto payment service enables timely tax payment. To encourage and facilitate taxpayers to save for tax payment, IRD has been promoting the electronic TRCs service by providing the relevant information in pamphlets and on its website. As IRD has not apportioned funding provision to the above promotional exercise, the relevant information cannot be provided.

Signature: \_\_\_\_\_  
Name in block letters: CHU Yam-yuen  
Post Title: Commissioner of Inland Revenue  
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