

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)031

(Question Serial No. 1032)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

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:

The number of completed cases of property tax compliance checks has significantly increased from 141 000 in 2013-14 to 164 000 of the current year. Government authorities explained that it is due to the anticipated increase in the number of tenancy agreements. Have the authorities concerned ever assessed the causes of the marked increase in the number of tenancy agreements in the current year? Is it related to the harsh measures taken by the government to prevent the property market from being overheated? The following financial year will see a significantly lower increase to just 169 000 cases. What are the criteria? How do they relate to the Government policies for adjustment and control of the property market?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No.40)

Reply:

For conducting property tax compliance checks, the Inland Revenue Department (IRD) would select cases from tenancy agreements presented to the Stamp Office for stamping, and then verify the correctness of the rental income reported by property owners in the following financial year. In estimating the number of cases, IRD would make reference to the change in the number of tenancy agreements in the previous years and assess the need to audit the reported information.

When IRD prepares the work plan for compliance checks, the Government's demand-side management measures are not a factor taken into consideration.

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