

Collection

Revenue collected by the Inland Revenue Department includes tax, additional tax, surcharge and fines. **Schedules 13** and **14** provide details of additional tax, surcharge and fines imposed by the Department in respect of earnings and profits tax during 2009-10.

by various payment methods, including electronic payments (by phone, bank ATM or the Internet), payment in person or payment by post. Electronic tax payments have been well received by the public. For earnings and profits tax, 57% of the payment transactions in 2009-10 were made through electronic means, representing an increase of about 75,000 cases or 6% over last year. **Figure 25** shows the respective percentages of the different payment methods used by taxpayers under earnings and profits tax and total revenue.

Collection of Tax

A taxpayer can choose to settle his tax liability

Figure 25 Payment methods





Refund of Tax

Refunds were made to taxpayers for various reasons, such as overpayment of tax or revision of an assessment. Some 510,000 refund cases were made in 2009-10,

representing a decrease of 4.7%. The total amount of refunds was \$10.3 billion, representing an increase of \$1.11 billion or 12% as compared with the previous year (**Figure 26**).

Figure 26 Tax refunds

Type of tax	2008-09		2009-10	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	37,337	5,108.7	37,303	6,128.9
Salaries tax	432,013	2,521.4	406,387	2,660.2
Property tax	19,297	147.2	17,223	130.7
Personal assessment	21,566	205.8	23,912	246.4
Others	25,662	1,221.2	25,848	1,148.7
Total	535,875	9,204.3	510,673	10,314.9

Recovery of Tax in Default

Taxpayers should pay tax on or before the due date shown on the demand notes issued to them. The vast majority of taxpayers settle their tax liabilities in a timely manner.

A late payment surcharge of 5% will generally be imposed where tax is in default. If tax debts remain outstanding for more than six months after the due date, the Department may impose a further surcharge of 10% on the total unpaid amount.

Any tax in default is immediately recoverable. Recovery notices can be issued to third parties (including employers, bankers and other parties owing money to or holding money on behalf of the defaulting taxpayers) to effect collection. Actions may also be commenced in the District Court. **Figure 27** summarises the recovery

actions taken by the Department. Upon entry of judgment, a defaulting taxpayer becomes liable to legal costs and interest on judgment debt for the period from the date of commencement of proceedings to the date of full settlement in addition to the outstanding tax. **Figure 28** shows the legal costs and judgment interest collected during 2009-10.

A tax defaulter may be prevented from leaving Hong Kong. This, however, requires the Commissioner to satisfy a District Judge that there are reasonable grounds for believing that the person intends to depart, or has departed, from Hong Kong to reside elsewhere without paying his tax or furnishing adequate security for payment of such tax, for his issuance of the "departure prevention direction". The relevant legislation also provides that the person concerned may appeal to the Court of First Instance of the High Court against a District Judge's decision.

Figure 27 Recovery action





Figure 28 Legal costs and judgment interest collected in 2009-10

	\$	\$
Court cost		
Court fees	2,220,840	
Execution fees	<u>42,229</u>	2,263,069
Fixed cost		948,320
Judgment interest		
Pre-judgment interest	3,487,778	
Post-judgment interest	<u>17,665,467</u>	<u>21,153,245</u>
Total costs and interest collected		<u>24,364,634</u>