



年報 2023-24 Annual Report

治稅以法 服務以誠

Tax by the Law Service from the Heart



Inland Revenue Department
The Government of the Hong Kong Special Administrative Region
of the People's Republic of China

Vision, Mission and Values

VISION

We aim to be an excellent tax administration that plays an important part in promoting Hong Kong's prosperity and stability.

MISSION

We are committed to –

- collecting revenue efficiently and cost-effectively;
- providing courteous and effective service to the taxpaying public;
- promoting compliance through rigorous enforcement of law, education and publicity programmes; and
- enabling staff to acquire the necessary knowledge, skills and attitude so that they can contribute their best to the achievement of our vision.

VALUES

Our core values are –

- Professionalism
- Efficiency
- Responsiveness
- Fairness
- Effectiveness
- Courtesy
- Teamwork

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Commissioner's Foreword



In 2023-24, Hong Kong returned to normalcy after the epidemic. Local economic activities showed improvement and the public resumed normal life. However, the complicated and uncertain external environment still affected the performance of the local economy. Coupled with the pressure on the local property and stock markets, transaction volume shrank, resulting in a decrease in revenue collection during the year. The overall revenue collection of the Department in 2023-24 was \$342 billion, which was \$18.2 billion lower than the previous year's collection. The decrease was mainly due to a 29.8% drop in stamp duty collection. Profits tax collections also recorded a fall of 2% while salaries tax and other tax yields increased comparing to the previous year.

With a view to creating a conducive business environment with strong competitiveness and strengthening Hong Kong's status as an international financial centre, the Government has introduced a number of tax measures. The following revenue-related amendment bills were enacted during 2023-24:

- The Stamp Duty (Amendment) (Stock Transfers) Ordinance 2023 reduced the rate of stamp duty on stock transfers to 0.1% of the consideration or value of the transfers.
- The Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Ordinance 2023 provided profits tax concessions for eligible family-owned investment holding vehicles managed by eligible single family offices in Hong Kong and family-owned special purpose entities.
- The Inland Revenue (Amendment) (Disposal Gain by Holder of Qualifying Equity Interests) Ordinance 2023 provided greater certainty of non-taxation of onshore gains on disposal of equity interests that are of capital nature.
- The Insurance (Amendment) Ordinance 2023 provided a legal framework for the implementation of a risk-based capital regime for authorized insurers, and made consequential amendments to the Inland Revenue Ordinance.
- The Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Ordinance 2024 provided for tax deductions for spectrum utilization fees payable by mobile network operators on radio spectrum acquired.
- The Inland Revenue (Amendment) (Aircraft Leasing Tax Concessions) Ordinance 2024 enhanced the existing tax concessions regime regarding the leasing of aircraft.

Apart from the above, the Inland Revenue (Amendment) (Taxation on Foreign-sourced Disposal Gains) Ordinance 2023 was enacted in December 2023 and takes effect from 1 January 2024. The Amendment Ordinance refined Hong Kong's foreign-sourced income exemption regime (FSIE) by expanding the scope of assets in relation to foreign-sourced disposal gains to cover assets other than shares or equity interests, and brought our FSIE regime in full compliance with the Guidance on FSIE regimes updated by the European Union (EU) in December 2022. As a result of the timely legislative amendments, Hong Kong was removed from the EU's watchlist on tax co-operation.

The Government has been closely monitoring the residential property market and evaluating the demand-side management measures. In 2023-24, the Stamp Duty (Amendment) (No. 2) Ordinance 2023, Stamp Duty (Amendment) (No. 3) Ordinance 2023 and Stamp Duty (Amendment) (Residential Properties) Ordinance 2024 were enacted to adjust the value bands of ad valorem stamp duty (AVD) at Scale 2 rates chargeable on the sale and purchase or transfer of residential and non-residential properties, adjust the demand-side management measures for residential properties, including shortening the applicable period of the Special Stamp Duty (SSD) from three years to two years and reducing the respective rates of the Buyer's Stamp Duty (BSD) and AVD at Part 1 of Scale 1 from 15% to 7.5%, and to provide mechanisms for eligible incoming talents to apply for refund or suspension of the BSD and certain amount of AVD at Part 1 of Scale 1 in relation to the acquisition of their first residential property in Hong Kong. After taking into account the current economic and market conditions, the Government proposed in the Budget for the 2024-25 financial year to cancel all demand-side management measures for residential properties. With effect from 28 February 2024, all instruments for the sale and purchase or transfer of residential properties are no longer subject to the SSD and BSD, and the AVD rate of 7.5% under Part 1 of Scale 1 is amended to the same as those of AVD at Scale 2. The Stamp Duty (Amendment) Ordinance 2024 was enacted in April 2024 to give effect to the proposals.

In order to cope with tax challenges arising from the evolving local and international business environment, closely monitor the latest development in international taxation and to formulate strategies, the Department has realigned its work focus. On 1 June 2023, the Commissioner's Unit was reorganised, with a new International and Taxation Development Unit established. The Department will continue to actively participate in efforts to enhance Hong Kong's tax competitiveness and promote international tax cooperation.

With the lifting of travel restrictions, the Department's officers resumed active participation in face-to-face international tax conferences and workshops to monitor development in international taxation landscape, share experience and knowledge with counterparts and tax experts, and enhance our capacity in tax administration. It is also our great honour that Hong Kong, China, as a member jurisdiction of the Belt and Road Initiative Tax Administration Cooperation Mechanism, will host the Fifth Conference of the Belt and Road Initiative Tax Administration Cooperation Forum in late September 2024. The Conference will bring together high-level representatives from tax authorities of Belt and Road jurisdictions, international organisations, academic institutes and the business sector to hold in-depth discussions of emerging tax issues. It will help strengthen Hong Kong's position as an important functional platform for the Belt and Road Initiative and contribute to a sustainable tax environment.

In the realm of international tax collaboration, Hong Kong together with 139 Inclusive Framework members on Base Erosion and Profit Shifting approved the Outcome Statement in November 2023 on the two-pillar solution to address tax challenges arising from the digitalisation of the economy. In addition, the Government announced the plan to

implement the global minimum effective tax rate and Hong Kong minimum top-up tax (HKMTT) starting from 2025. The Government has collected views from stakeholders on the implementation of the global minimum tax and HKMTT through a three-month consultation launched in December 2023 and various consultation sessions. Pressing ahead with the preparatory work for the legislative exercise, the Government plans to introduce an amendment bill into the Legislative Council in the second half of 2024. The Department will continue to participate in the discussions led by the Organisation for Economic Cooperation and Development and work closely with the Financial Services and the Treasury Bureau to ensure the effective implementation of the package in accordance with international standard.

In 2023-24, Hong Kong has made further progress on the expansion of its tax treaty network, and entered into tax treaties with Bangladesh, Croatia and Bahrain. These treaties will enter into force after the completion of ratification procedures by both jurisdictions. Besides, Hong Kong conducted negotiations of tax treaties respectively with Armenia, Azerbaijan, Cabo Verde, Jordan, Mongolia and Turkmenistan with substantive progress made. As at 31 March 2024, Hong Kong has signed comprehensive avoidance of double taxation agreements/arrangements with 49 jurisdictions. Hong Kong will continue to engage other tax jurisdictions in negotiating comprehensive avoidance of double taxation agreements so as to expand the tax treaty network.

To keep pace with the development in international tax administration and information technology, the Department is actively promoting tax digitalisation. Following the introduction of a new mode of e-filing for profits tax returns last year, the Department launched the enhanced versions of e-filing services in April this year to further facilitate taxpayers to e-file profits tax returns together with supporting documents in specified formats. The Department is also working on the development of three portals, namely Individual Tax Portal, Business Tax Portal and Tax Representative Portal, which are to be rolled out by phases in 2024-25 and 2025-26 to provide enhanced e-filing functions and other e-services for individual taxpayers, businesses and tax representatives.

In closing, I would like to express my heartfelt gratitude to all my colleagues for their dedication, diligence and positive attitude in braving challenges, which contributed to our accomplishment during the year. I would also like to express my appreciation to our working partners, both inside and outside the government, for their support, assistance and valuable advice. To cope with the rapid development of international tax administration, the Department's workload has been increasing. As long as we work collectively with team spirit and determination to do our utmost amidst difficulties, we will be able to accomplish various missions.

TAM Tai-pang
Commissioner of Inland Revenue

Revenue

In 2023-24, the Inland Revenue Department collected \$342 billion, which represents a decrease of \$18.2 billion or 5.1% as compared with the previous year. The decrease was mainly attributable to the drop in stamp duty collection by 29.8% to \$49.1 billion and profits tax collections by 2.1% to \$170.5 billion. Salaries tax collections, on the other hand, slightly increased by 0.5% to \$79.9 billion. An analysis of the revenue collected by tax type is provided in **Figure 1**.

Figure 1 Revenue collected by tax type

Type of tax	2020-21 (\$m)	2021-22 (\$m)	2022-23 (\$m)	2023-24 (\$m)
Profits tax -				
Corporations	129,489.7	162,088.1	167,087.9	162,198.6
Unincorporated businesses	6,050.0	5,247.5	7,124.6	8,299.1
Salaries tax	75,027.3	75,570.2	79,490.4	79,869.8
Property tax	3,957.2	3,984.5	3,842.2	3,906.4
Personal assessment	6,293.7	6,457.3	6,719.8	7,321.9
Total earnings & profits tax	220,817.9	253,347.6	264,264.9	261,595.8
Estate duty	7.4	1.9	8.8	10.2
Stamp duty	89,044.6	99,677.3	69,976.5	49,111.7
Betting duty	20,877.1	25,432.2	25,823.9	28,467.0
Business registration fees	73.0	57.3	128.9	2,816.1
Total revenue collected	330,820.0	378,516.3	360,203.0	342,000.8
% change over previous year	9.0%	14.4%	-4.8%	-5.1%

The revenue collected by the Department during 2023-24 accounted for 67.6% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 73.2% of the total revenue collected while stamp duty made up a further 14.4% (**Figure 3**).

Figure 2 Government General Revenue

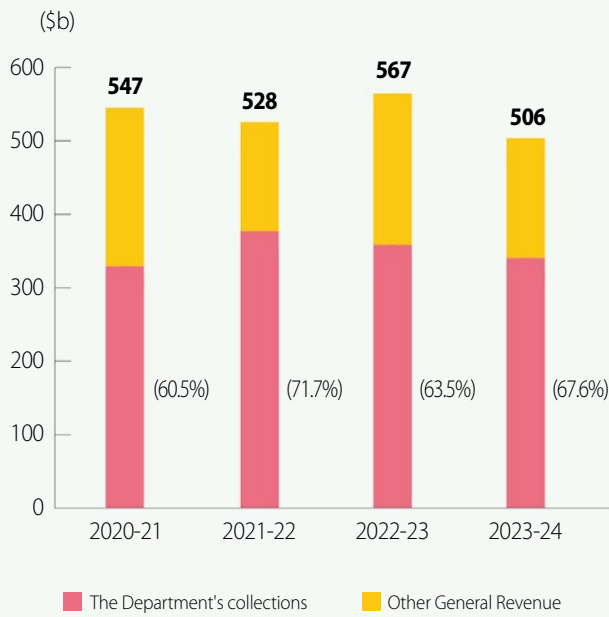
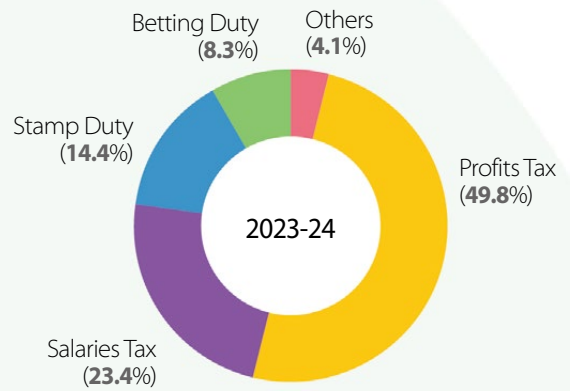
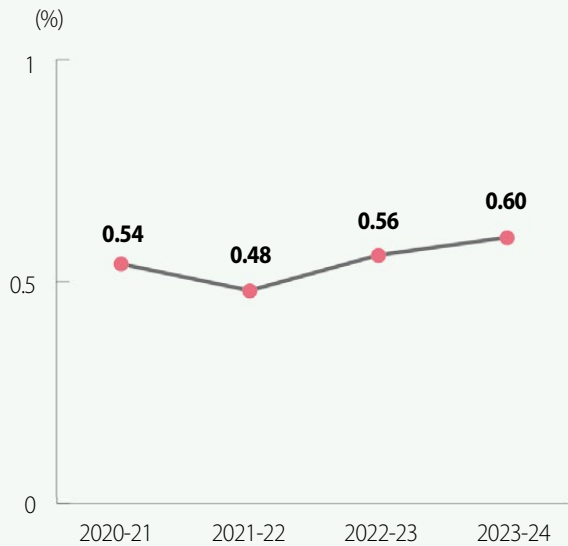


Figure 3 Composition of the revenue collections



In 2023-24, the cost of collection increased from 0.56% to 0.60% (**Figure 4**).

Figure 4 Cost of collection



Assessing Functions

The Department raises revenue through taxes, duties and fees in accordance with the relevant legislation. Earnings and profits tax are assessed by reference to the incomes / profits of the taxpayers in the previous year, whereas duties and fees are charged at the time the relevant activities occur. For 2023-24, earnings and profits tax assessed decreased by \$12.6 billion (4.6%) (**Schedule 2**) as compared with the previous year. The total amount of duties and fees collected decreased by \$15.5 billion (16.2%).

Profits Tax

Profits tax is levied on individuals, corporations, bodies of persons and partnerships, in respect of assessable profits arising in or derived from Hong Kong. For the year of assessment 2022-23, the two-tiered profits tax rates remain unchanged. The profits tax rate for the first \$2 million of assessable profits is 8.25% for corporations and 7.5% for unincorporated businesses. Profits above that amount are subject to the tax rate of 16.5% and 15% respectively. For two or more connected entities, only one of them may elect for the two-tiered profits tax rates. The amount of profits tax assessed in 2023-24 was \$161.9 billion, which was \$15.6 billion (8.8%) less than that of the previous year (**Figure 5**).

The amounts of final tax assessed in respect of different business sectors are shown in **Schedules 3** and **4**. Of the total final tax assessed on corporations for the year of assessment 2022-23, the property, financial and banking sectors together contributed 39.5% and the distribution sector generated 29.8% (**Figure 6**).

Figure 5 Profits tax assessed

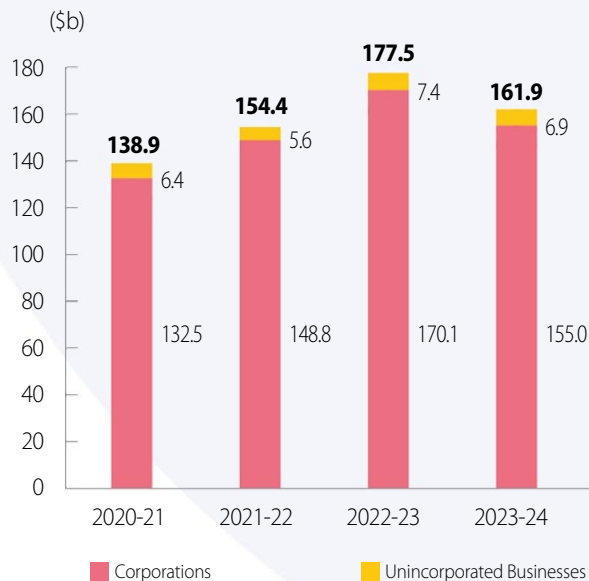
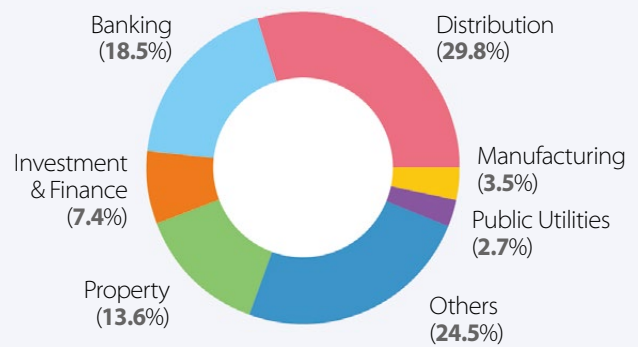


Figure 6 Ratios of corporation profits tax assessed under 2022-23 final assessments by business sectors

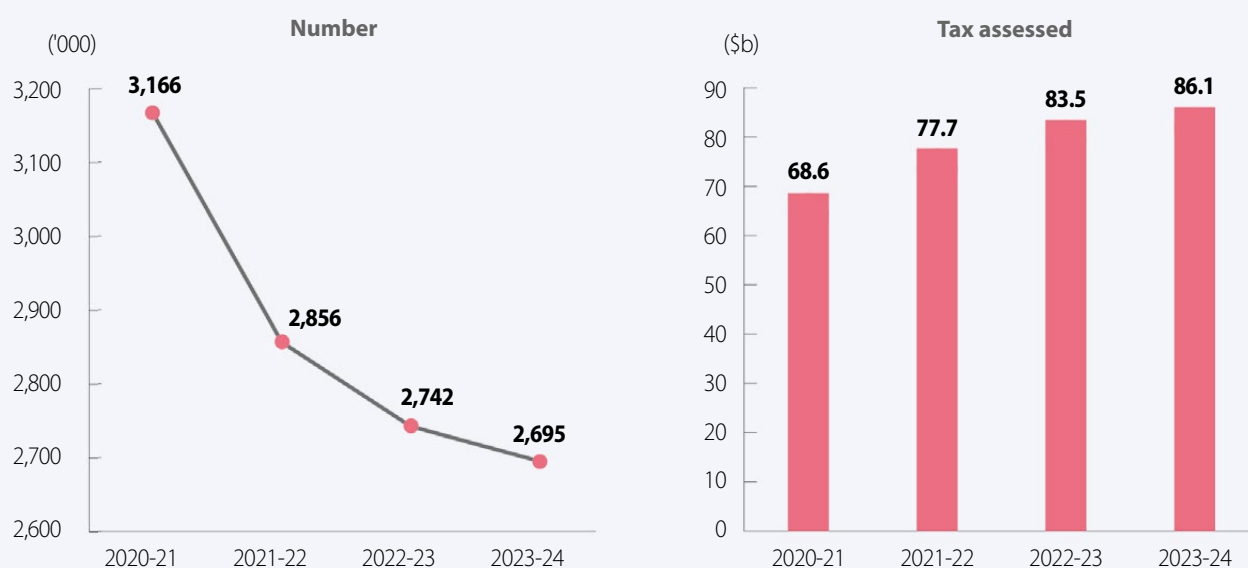


Salaries Tax

Salaries tax is charged on all incomes from any office (e.g. a directorship) or employment and pension arising in or derived from Hong Kong. The total amount of tax payable is restricted to the standard rate (15%) on the net total income (without deduction of allowances) of the individual concerned.

As compared with the previous year, the number of salaries tax assessments made during 2023-24 decreased by 1.7%. However, the rise in wages and earnings, coupled with the lowering of the ceiling of tax reduction for each salaries tax case by 40% to \$6,000, had led to a 3% increase in the amount of tax assessed (**Figure 7**).

Figure 7 Salaries tax assessments



Analyses of salaries tax assessments and allowances granted in respect of taxpayers at various income levels for the year of assessment 2022-23 are provided in **Schedules 5** and **6**.

For the year of assessment 2022-23, the number of standard rate taxpayers decreased by 847 to 26,919. These taxpayers together contributed 30.8% of the final salaries tax assessed, a decrease of 4.8% compared with last year (**Figure 8**).

Figure 8 Salaries Tax - standard rate taxpayers

Percentage of total number of taxpayers

Year of Assessment	2021-22	2022-23
Total number of taxpayers	1,806,645	1,833,827
Standard rate taxpayers	27,766	26,919
Percentage	1.5%	1.5%

Figure 8 Salaries Tax - standard rate taxpayers (continued)

Percentage of total final tax assessed

Year of Assessment	2021-22	2022-23
Total final tax assessed (\$M)	80,257	83,079
Final tax contributed by standard rate taxpayers (\$M)	28,559	25,601
Percentage	35.6%	30.8%

Notification Requirements of Employers

Employers are required to notify the Department of commencements and cessations of employment as well as employees' impending departure from Hong Kong for more than 1 month. Besides, employers are required to prepare annual employer's returns to report the emoluments of each of their employees. During the year, 384,409 employers filed employer's returns with the Department.

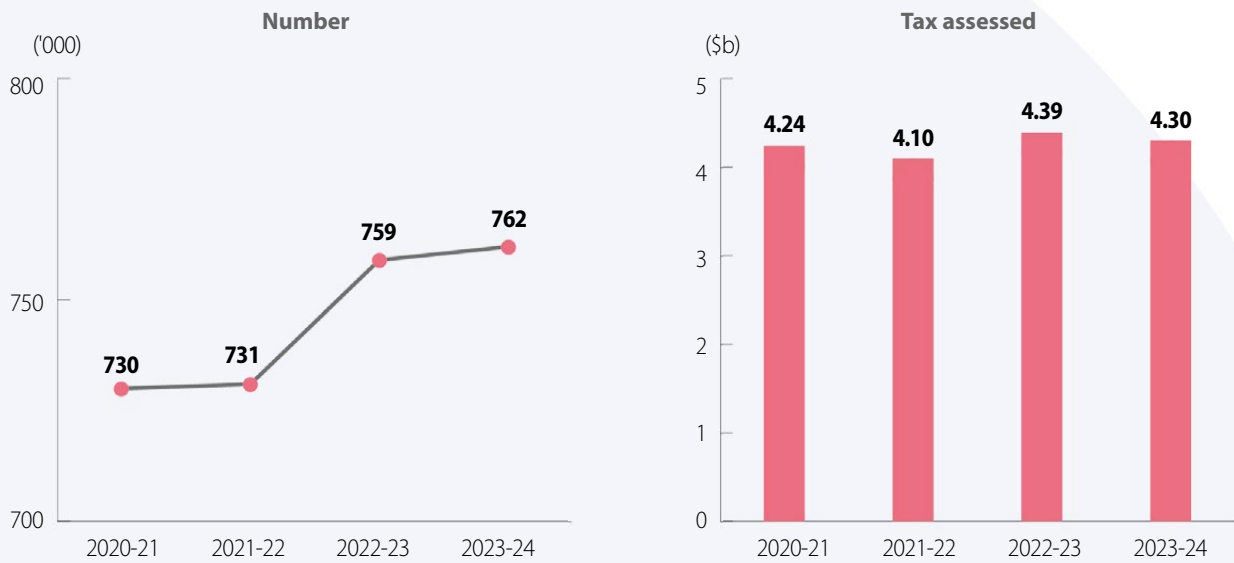
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain specimens of completed employer's returns and notifications through the Fax-A-Form service.

Property Tax

Property owners (including corporations) are subject to property tax which is charged at the standard rate (15%) in respect of the net assessable value of the property. Rents received from properties solely owned by individuals should be declared in Tax Returns - Individuals (BIR60); whilst rents received from properties jointly owned or co-owned by individuals or properties held by corporations / bodies of persons should be declared in Property Tax Returns (BIR57 / BIR58). Property owners that pay property tax in respect of premises used for their businesses can have such payments set off against their profits tax liabilities. For corporations, income arising from properties owned by them is also subject to profits tax at the corporation rate. To obviate the need for yearly set-off of property tax against profits tax, a corporation can apply for exemption of property tax on the property concerned.

Statistics on the classification of properties and classification by number of owners, based on the records of the Department, are provided in **Schedule 7**. The number of assessments made in 2023-24 was slightly more than that in the previous year by 0.4%. The amount of property tax assessed decreased by 2% (**Figure 9**).

Figure 9 Property tax assessments

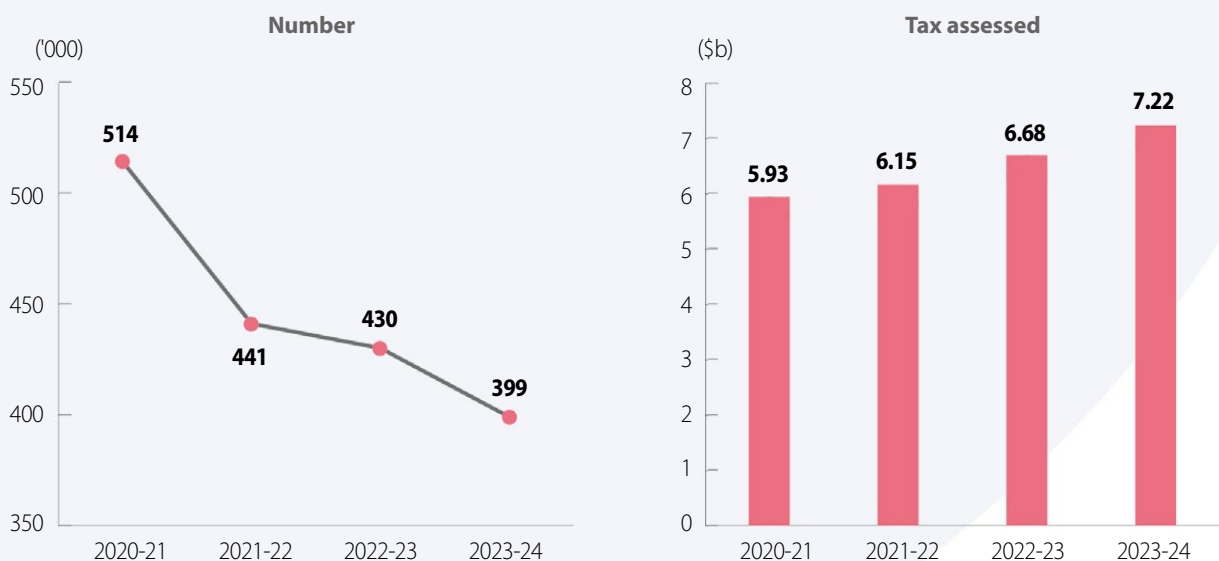


Personal Assessment

If an individual has income chargeable to profits tax and/or property tax, the individual may elect for personal assessment. Under personal assessment, all the incomes of the taxpayer are aggregated and, after deduction of allowances, are assessed at the progressive tax rates applicable to salaries tax. From the year of assessment 2018-19 onwards, a married person may elect for personal assessment separately from or jointly with the person's spouse. In appropriate circumstances, this would reduce the tax liability of the taxpayer or the total tax liability of the taxpayer and the taxpayer's spouse.

As compared with the previous year, the number of personal assessments made in 2023-24 decreased by 7.2% but the amount of tax assessed was 8.1% higher (Figure 10).

Figure 10 Assessments made under personal assessment



Advance Rulings

Taxpayers may apply for an advance ruling on how a provision of the Inland Revenue Ordinance applies in relation to a particular arrangement. A fee is charged for the service on a “cost recovery” basis. The applicant is required to pay an initial application fee of \$45,000 for a ruling concerning the application of the “Territorial Source Principle” in a profits tax case, or \$15,000 for a ruling on any other matter. An additional fee is payable if the processing time exceeds the specified limit. The Department endeavours to respond within 6 weeks of the date of application, provided that all relevant information is supplied with the application and further information from the applicant is not required.

During 2023-24, the Department completed the processing of 228 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

Figure 11 Advance rulings

	2022-23 Number	2023-24 Number
Awaiting decision at the beginning of the year	8	14
Add: Applications received during the year	<u>21</u>	<u>286</u>
	29	300
Less: Disposed of -		
Rulings made	10	222
Applications withdrawn	5	6
Rulings declined	<u>0</u>	<u>0</u>
	15	228
Awaiting decision at the end of the year	<u>14</u>	<u>72</u>

Objections

A taxpayer who is aggrieved by an assessment may lodge a notice of objection to the Commissioner within the prescribed time limit. If the objection is against an estimated assessment raised in the absence of a tax return, a properly completed return, together with the supporting accounts where applicable, must also be accompanied with the notice of objection. A significant proportion of the objections received each year arise from estimated assessments. Most of these objections are settled promptly by reference to the returns subsequently received. Many of the other types of objections are also settled by agreement between the taxpayers and the assessors concerned. Only relatively few objections are ultimately referred to the Commissioner for determination. During 2023-24, the Department completed the processing of 112,634 objections (**Figure 12**).

Figure 12 Objections

	2022-23 Number		2023-24 Number	
Being processed at the beginning of the year	41,704		40,622	
Add: Received during the year	89,330		115,361	
	<u>131,034</u>		155,983	
Less: Disposed of -				
Settled without determination	90,001		112,251	
Determinations:				
Assessments confirmed	209		191	
Assessments reduced	113		93	
Assessments increased	89		92	
Assessments annulled	0	411	7	383
	<u>90,412</u>		112,634	
Being processed at the end of the year	<u>40,622</u>		43,349	

Appeals to the Board of Review

A taxpayer who is dissatisfied with the Commissioner's determination of his objection may appeal to the Board of Review (Inland Revenue Ordinance) (the Board). The Board is an independent statutory body. As at 31 March 2024, the Board consisted of a chairman and 8 deputy chairmen, who have legal training and experience, as well as 71 members. During 2023-24, the Board settled 34 appeal cases (**Figure 13**).

Figure 13 Appeals to the Board of Review

	Number	
Awaiting hearing or decision as at 1 April 2023	35	
Add: Received during the year	<u>25</u>	
	60	
Less: Disposed of -		
Withdrawn	6	
Decided:		
Assessments confirmed	5	
Assessments reduced in full	0	
Assessments reduced in part	13	
Assessments increased	10	28
	<u>28</u>	<u>34</u>
Awaiting hearing or decision as at 31 March 2024	<u>26</u>	

Appeals to the Courts

A decision of the Board is final, provided that either the taxpayer or the Commissioner may, pursuant to section 69 of the Inland Revenue Ordinance, appeal to the Court of First Instance against the Board's decision on a question of law. Before 1 April 2016, taxpayers or the Commissioner could only appeal to the court by way of case stated from the Board. With effect from that date, the case stated procedure was abolished and no appeal may be made unless leave to appeal has been granted by the court, on the application of the taxpayer or the Commissioner.

During 2023-24, the Court of First Instance handed down 2 judgements to dismiss two taxpayers' appeals, of which one related to salaries tax and the other concerned profits tax. For the salaries tax case, the Court ruled that the taxpayer's income from employment was derived from Hong Kong and chargeable to salaries tax. In the profits tax case, the Court confirmed that the royalties from trademark granted by the taxpayer's ultimate holding company were arisen in Hong Kong. In both cases, the taxpayers filed appeals to the Court of Appeal against the Court's judgements.

During the year, the Court of Appeal did not hand down any judgement for any tax appeal case.

The Hong Kong Court of Final Appeal Ordinance provides that, a taxpayer or the Commissioner may, with the leave of the Court of Appeal or the Court of Final Appeal, appeal against the judgment of the Court of Appeal. During 2023-24, the Court of Final Appeal allowed the Commissioner's appeal in a salaries tax case, and held that the income for stand-by or services rendered on the taxpayer's holidays and rest days was taxable income and chargeable to salaries tax.

Figure 14 sets out the statistics concerning appeals to the Courts during 2023-24.

Figure 14 Appeals to the Courts

	Court of First Instance	Court of Appeal	Court of Final Appeal	Total
Awaiting hearing or decision as at 1 April 2023	3	0	1	4
Add: Lodged during the year	5	2	0	7
	8	2	1	11
Less: Disposed of	2	0	1	3
Awaiting hearing or decision as at 31 March 2024	6	2	0	8

Business Registration

The Department aims to maintain an efficient business registration system. A person carrying on a business in Hong Kong must register the business and pay the required fee and levy. The number of business registrations as at 31 March 2024 stood at 1,577,907. It was 5,389 less than that as at 31 March 2023 (**Figure 15**).

Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2024, 29,344 businesses held 3-year certificates.

As the waiver of business registration fees expired on 31 March 2023, the amount of business registration fees and penalties collected in 2023-24 increased significantly to \$2,816 million. It represents an increase of 2,083% compared with last year (**Figure 16**). Business registration statistics are set out in **Schedule 8**.

Under the Business Registration Ordinance, a small business with average monthly sales or receipts below a specified limit (\$10,000 for businesses deriving profits mainly from the sale of services, and \$30,000 for other businesses) can apply for exemption from payment of the business registration fee and levy. Where an application for exemption is not allowed, the business operator may appeal to the Administrative Appeals Board. The number of exemptions granted during 2023-24 was 16,706, representing an increase of 76.8% from the previous year. No appeal case was received by the Board during 2023-24.

Figure 15 Number of business registrations

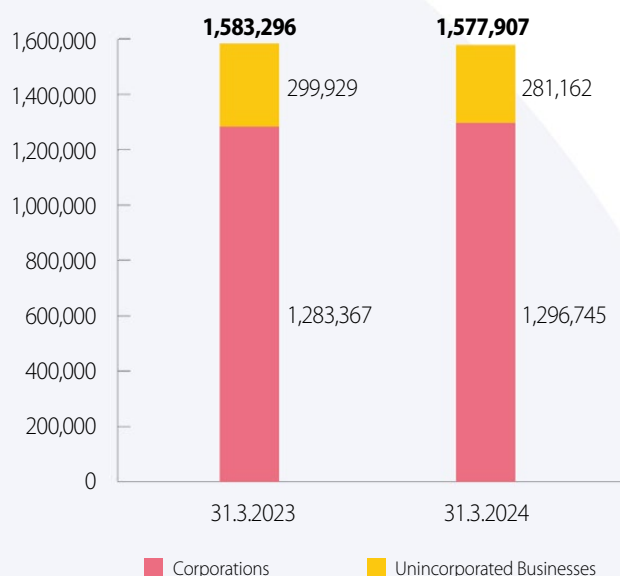


Figure 16 Business registration statistics

	2022-23	2023-24	Increase / Decrease
Number of certificates paid (Main and Branch)	1,658,152	1,552,839	-6.4%
Fees (inclusive of penalties) collected (\$m)	129	2,816	+2,083%

Stamp Duty

Stamp duty is charged on instruments effecting property transactions, stock transactions and leasing of property in Hong Kong (**Figure 17**).

Overall, there was a decrease of 29.8% (\$20.9 billion) in the total stamp duty collection for the year 2023-24 (**Figure 18** and **Schedule 9**). The decrease in the total stamp duty collection is attributable to the decrease in stamp duty collected from share transactions and property transactions.

Figure 17 Composition of stamp duty collections

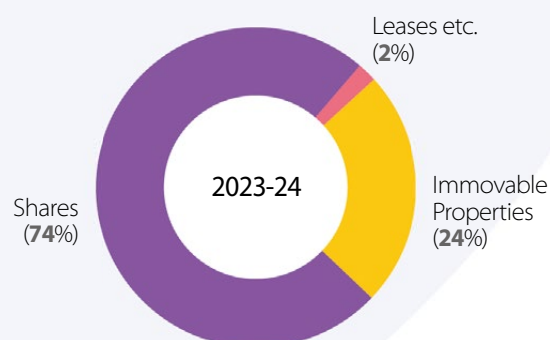


Figure 18 Stamp duty collections

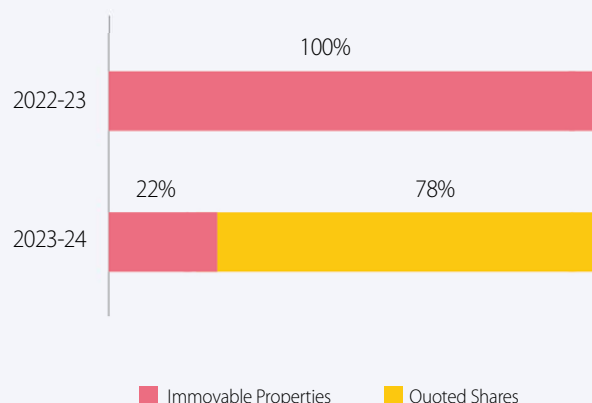
	2022-23 (\$m)	2023-24 (\$m)	Decrease
Immovable Properties	15,881	11,631	-26.8%
Shares	53,124	36,588	-31.1%
Leases and other documents	972	893	-8.1%
Total	69,977	49,112	-29.8%

Estate Duty

Estate duty is charged on a deceased person's estate situated in Hong Kong. The threshold for levying duty is \$7.5 million and the duty rates range from 5% to 15%, depending on the value of the estate.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 abolishing estate duty in respect of persons who passed away on or after that date. The estate duty chargeable in respect of estates of persons died between the period 15 July 2005 to 10 February 2006, with the principal value exceeding \$7.5 million, is reduced to a nominal amount of \$100. The number of new cases stood at 357 in 2023-24, same as last year (**Figure 20**).

Figure 19 Composition of estates for dutiable cases



Figures 19 and **20** show the composition of estates for dutiable cases and cases processed for the past two years.

Figure 20 Estate duty cases

	2022-23 Number	2023-24 Number
New cases	357	357
Cases finalised		
- Dutiable	2	3
- Exempt	375	334
	377	337

Estate duty of \$10.18 million was collected during the year (**Schedule 10**), an increase of \$1.39 million (15.8%) compared with the previous year.

Estate duty is payable on delivery of an estate duty affidavit or account (or within 6 months from the date of the deceased's death, whichever is the earlier). \$9.01 million was received during the year in advance of the issue of formal assessments (**Schedule 10**).

Betting Duty

Betting duty is charged on the net stake receipts from betting on horse races and football matches and on the proceeds of Mark Six lotteries, all administered by the Hong Kong Jockey Club (HKJC). In 2023-24, the rates of betting duty on these betting activities remained unchanged (**Figure 21**). Furthermore, special football betting duty of \$2.4 billion is imposed on the HKJC annually for five years starting from 2023-24.

Figure 21 Rates of betting duty in 2023-24

		Rate
Horse racing		
Local bets on local horse races	Net stake receipts	
	the first \$11 billion	72.5%
	the next \$1 billion	73%
	the next \$1 billion	73.5%
	the next \$1 billion	74%
	the next \$1 billion	74.5%
the remainder	75%	
Local bets on non-local horse races	Net stake receipts	72.5%
Mark Six lotteries	Proceeds	25%
Football betting	Net stake receipts	50%

Due to the imposition of special football betting duty and the increase in betting duty collected from Mark Six lotteries, the total betting duty collected in 2023-24 was 10.2% higher than that of the previous year (**Figure 22** and **Schedule 11**).

Figure 22 Betting duty collections

	2022-23 (\$m)	2023-24 (\$m)	Increase / Decrease
Horse racing	14,181.9	13,515.8	-4.7%
Mark Six lotteries	1,692.3	2,097.9	+24.0%
Football betting	9,949.7	12,853.3	+29.2%
Total	25,823.9	28,467.0	+10.2%

Tax Reserve Certificates

Taxpayers may purchase Tax Reserve Certificates (TRCs) under two situations.

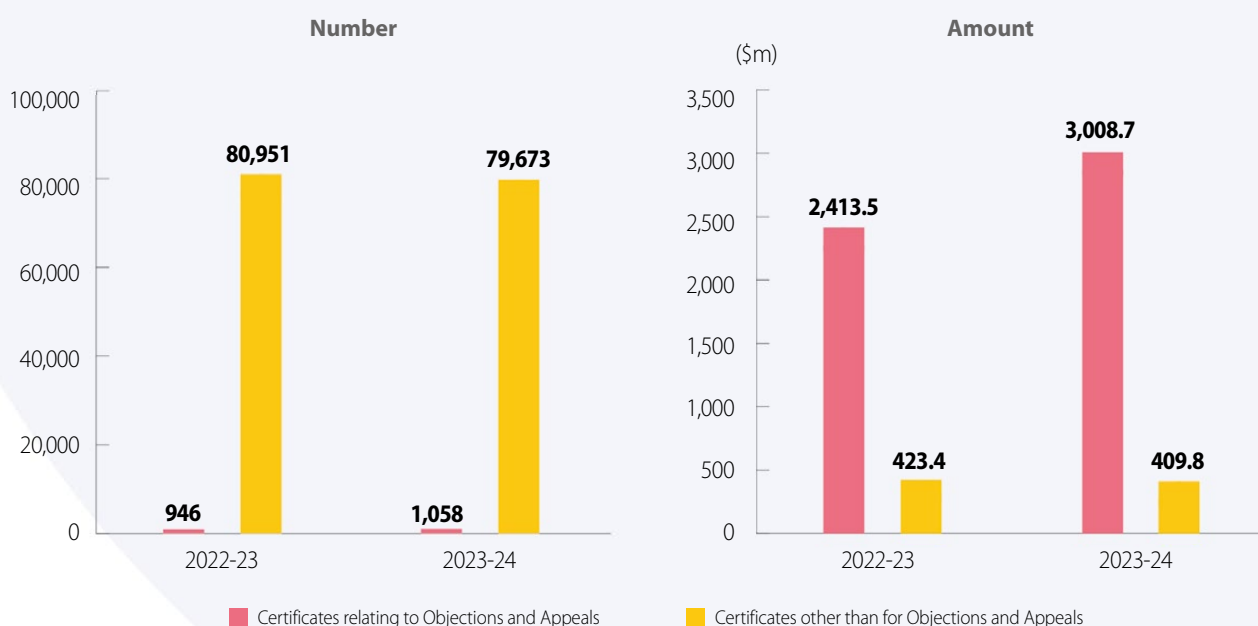
The first situation applies to taxpayers who wish to save for the payment of their future tax liabilities. The Department has set up two schemes, namely the “Electronic Tax Reserve Certificates Scheme” for all taxpayers and the “Save-As-You-Earn” (SAYE) Scheme for civil servants and civil service pensioners. With a Tax Reserve Certificate account, taxpayers may purchase TRCs by various channels, including bank auto-pay, telephone, the Internet and bank ATM. Under the “SAYE Scheme”, civil servants and civil service pensioners can purchase TRCs through monthly deductions from their salaries / pensions. Interest is payable on the TRCs when they are redeemed for settlement of tax liabilities, based on the interest rate prevailing at the time of purchase, for a maximum period of 36 months from the date of purchase.

In 2023-24, the number and amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme” decreased by 1.6% and 4.2% respectively. For the “SAYE Scheme”, there was a decrease of 1.5% in the number but an increase of 0.8% in the amount of TRCs sold (**Schedule 12**). Overall, the total amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme” and “SAYE Scheme” decreased by 3.2% (**Figure 23**).

The second situation applies to taxpayers who object to tax assessments and are required to purchase TRCs in respect of the tax in dispute. Such TRCs are used to settle any tax found payable upon the finalisation of the objection or appeal. Interest is only payable on the amount of the TRC, if any, subsequently required to be repaid to the taxpayer, and is computed at floating rates over the tenure of the TRC.

In 2023-24, the number and amount of TRCs sold under tax in dispute increased by 11.8% and 24.7% respectively (**Schedule 12**).

Figure 23 Certificates sold



International Tax Collaboration

Tax Treaty Network

Double taxation arises where the same item of income or profit of a taxpayer is subject to tax in Hong Kong as well as in another tax jurisdiction. A wide tax treaty network can help minimise exposure of Hong Kong residents and residents of the tax treaty partners to double taxation. It will also facilitate the flows of trade, investment and talent between Hong Kong and the rest of the world, and enhance Hong Kong's competitiveness as an international financial, investment and commercial hub.

As at 31 March 2024, Hong Kong has signed comprehensive avoidance of double taxation agreements / arrangements (DTAs) with 49 jurisdictions. They are Austria, Bahrain, Bangladesh, Belarus, Belgium, Brunei, Cambodia, Canada, the Mainland of China, Croatia, the Czech Republic, Estonia, Finland, France, Georgia, Guernsey, Hungary, India, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Luxembourg, the Macao Special Administrative Region, Malaysia, Malta, Mauritius, Mexico, the Netherlands, New Zealand, Pakistan, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, South Africa, Spain, Switzerland, Thailand, the United Arab Emirates, the United Kingdom and Vietnam. The DTAs set out the allocation of taxing rights over different types of income, and provides for dispute resolution and exchange of information between competent authorities.

Hong Kong also makes use of tax information exchange agreements (TIEAs) as instruments for exchange of information with appropriate partners. As at 31 March 2024, Hong Kong has signed TIEAs with 7 jurisdictions. They are Denmark, the Faroes, Greenland, Iceland, Norway, Sweden and the United States of America.

Hong Kong is committed to enhancing tax transparency and preventing tax evasion. The Central People's Government has deposited a declaration to the Organisation for Economic Cooperation and Development (OECD) for extending the application of the Convention on Mutual Administrative Assistance in Tax Matters (MAC) to Hong Kong. With the entry into force of the MAC in Hong Kong on 1 September 2018, Hong Kong can now ride on a multilateral platform under the MAC to implement various forms of administrative co-operation in the assessment and collection of taxes, including exchange of information on request, automatic exchange of financial account information and automatic exchange of country-by-country reports and spontaneous exchange of information on tax rulings under the base erosion and profit shifting (BEPS) package promulgated by the OECD.

As part of Hong Kong's commitment to meet the minimum standards of the BEPS package, Hong Kong completed the legislative procedures to give effect to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) in Hong Kong in the year 2022-23. The BEPS MLI, which was signed by the Central People's Government and is applied to Hong Kong, modifies the application of the covered DTAs of Hong Kong so as to swiftly implement the BEPS measures to prevent tax treaty abuse and improve dispute resolution mechanism. The relevant provisions of the BEPS MLI take effect in Hong Kong with

respect to a covered DTA on 1 April 2023 (for taxes withheld at source) or on 1 April 2024 (for other taxes) at the earliest, depending on the timing of the completion of the ratification and other relevant procedures by the DTA partners.

Advance Pricing Arrangement

An Advance Pricing Arrangement (APA) is an arrangement that determines, in advance of controlled transactions, an appropriate set of criteria for the determination of the transfer pricing for those transactions over a fixed period of time. It provides a tool for multinational enterprises to manage and mitigate the transfer pricing risk on a prospective basis.

A unilateral APA is an arrangement between the Commissioner and a person concerning the transfer pricing of controlled transactions. As the APA process does not involve the agreement with a DTA partner, it does not guarantee the agreement of the DTA partner to the arrangement made.

A bilateral APA is an arrangement between the Commissioner and the competent authority of a DTA partner concerning the transfer pricing of controlled transactions. It provides certainty to a person that double taxation will not arise. The same also applies to a multilateral APA which is a similar arrangement involving the partners of two or more DTAs.

The Department rolled out the APA programme in April 2012 and introduced a statutory APA regime in July 2018. Up to 31 March 2024, the Department has received quite a number of unilateral and bilateral APA applications which involve DTA with different partners including the Mainland of China, Indonesia, Italy, Japan, Korea, Malaysia, the Netherlands, Thailand and the United Kingdom. These cases are currently under different stages of the APA programme and a few of them have already been completed.

Automatic Exchange of Financial Account Information

For the purposes of enhancing tax transparency and combating cross-border tax evasion, the OECD released in July 2014 a new international standard for automatic exchange of financial account information in tax matters (AEOI). In September 2014, Hong Kong indicated its support for implementing AEOI on a reciprocal basis with appropriate partners with a view to commencing the first exchanges in 2018. So far, over 125 jurisdictions have committed to implementing this international standard.

Hong Kong put in place a legislative framework for implementing AEOI in 2016 and developed the related information technology systems in 2017. Reporting financial institutions are required to identify financial accounts held by tax residents of reportable jurisdictions in accordance with the required due diligence procedures, collect the reportable information of these accounts and furnish their Financial Account Information Returns with the required information via the AEOI Portal. In 2023-24, compound penalties were imposed on or warning letters were issued to a few reporting financial institutions for their failure to submit Financial Account Information Returns on time.

Hong Kong will only conduct AEOI with a reportable jurisdiction when an arrangement is in place with the reportable jurisdiction concerned to provide the basis for exchange. Hong Kong first adopted a bilateral basis in implementing AEOI. Later, after the MAC came into force in Hong Kong on 1 September 2018, Hong Kong

has been able to take a multilateral approach in implementing AEOI. Hong Kong's network for tax information exchange has been expanded accordingly.

Up to 2023, Hong Kong smoothly completed six rounds of AEOI with other jurisdictions through the OECD Common Transmission System.

Automatic Exchange of Country-by-Country Reports

Hong Kong put in place a legislative framework for implementing the country-by-country reporting in 2018. The requirements for filing a country-by-country return only apply to a multinational enterprise group whose annual consolidated group revenue reaches the specified threshold amount of HK\$6.8 billion. The primary obligation of filing a country-by-country return is on the ultimate parent entity resident in Hong Kong. A Hong Kong entity of a reportable group whose ultimate parent entity is not resident in Hong Kong will be subject to a secondary obligation of filing if certain conditions are met. The mandatory filing of country-by-country return commenced for accounting period beginning on or after 1 January 2018.

To facilitate Hong Kong entities to comply with their reporting obligations and implementation of automatic exchange of country-by-country reports, the Department has launched the CbC Reporting Portal for submission of returns and data files. Hong Kong has smoothly completed the automatic exchange of country-by-country reports for 2018 to 2022 with exchange partners.

Collection

Revenue collected by the 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 2023-24.

Collection of Tax

Taxpayers can conveniently settle their tax liabilities by various payment methods, including electronic payment (by phone, bank ATM, via Faster Payment System (FPS) or via the Internet), payment in person or payment by post. For earnings and profits tax, electronic payment remains the most popular.

Refund of Tax

Tax refunds were made mainly due to two reasons, namely, overpayment of tax by taxpayers and revision of assessments. There were 694,635 refund cases in 2023-24, representing a decrease of 12.9%. The total amount of refunds was \$28.7 billion, representing an increase of \$1.1 billion or 4% compared with the previous year (**Figure 24**).

Figure 24 Tax refunds

Type of tax	2022-23		2023-24	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	61,562	12,050.2	69,541	13,679.3
Salaries tax	621,991	6,216.7	537,766	6,245.5
Property tax	25,564	297.9	25,502	302.2
Personal assessment	35,698	680.5	35,368	656.3
Others	52,296	8,365.3	26,458	7,822.2
Total	797,111	27,610.6	694,635	28,705.5

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.

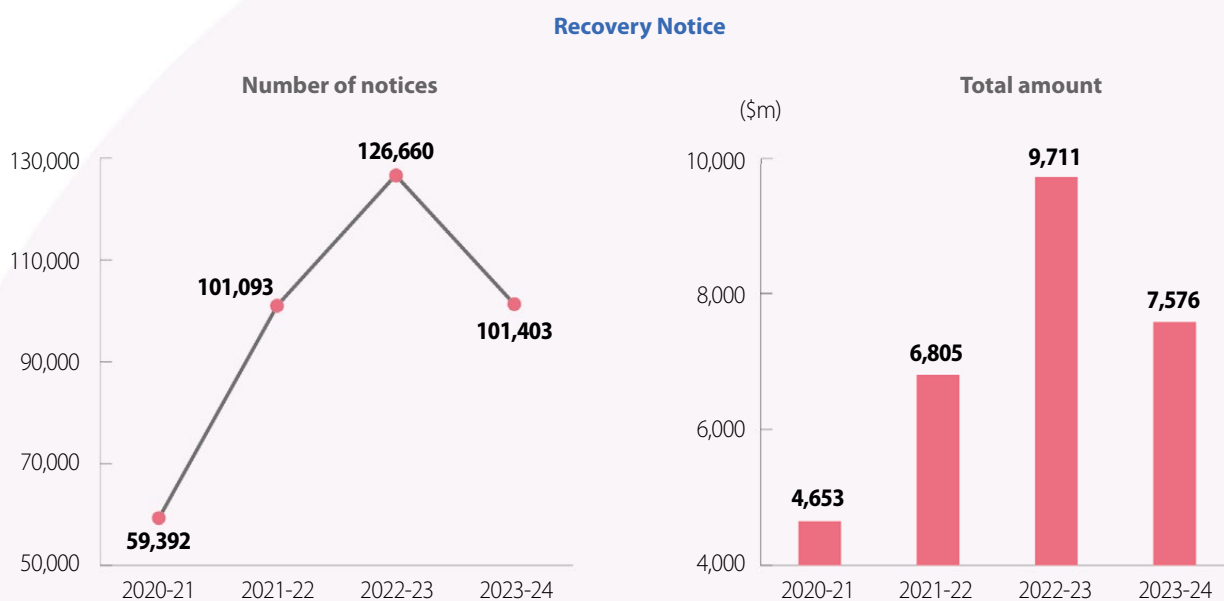
Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 25** summarises different types of recovery actions taken by the Department.

The numbers of surcharge notices and recovery notices issued in 2023-24 decreased as compared to those of the previous year. The higher numbers of notices issued in the previous year were due to the deferral of the cycle on recovery of tax in early years because of local epidemic.

Figure 25 Recovery action



Figure 25 Recovery action (continued)



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 26** shows the legal costs and judgment interest collected during 2023-24.

Figure 26 Legal costs and judgment interest collected in 2023-24

	\$	\$
Court cost		
Court fees	362,351	
Execution fees	4,710	367,061
Fixed cost		158,405
Judgment interest		
Pre-judgment interest	1,309,173	
Post-judgment interest	17,408,445	18,717,618
Total costs and interest collected		19,243,084

Furthermore, the Commissioner may apply to a District Judge to prevent a person with tax in default from leaving Hong Kong. If the District Judge is satisfied that it is in the public interest to ensure that the person does not depart from Hong Kong, or if he returns, does not depart again, without first paying the tax or furnishing security to the satisfaction of the Inland Revenue Department for payment of that tax, he shall issue the “departure prevention direction”. The person concerned has the right to appeal to the Court of First Instance of the High Court against the District Judge’s decision.

Field Audit and Investigation

The Field Audit and Investigation Unit is responsible for conducting field audits and investigations on businesses and individuals with a view to combating tax evasion and avoidance. Back tax is assessed and penalties are generally imposed where discrepancies are detected.

During 2023-24, the Field Audit and Investigation Unit completed 1,802 cases (including tax avoidance cases) and assessed back tax and penalties of about \$3.3 billion (**Figure 27**).

Figure 27 Results of the Field Audit and Investigation Unit

	2020-21	2021-22	2022-23	2023-24
Number of cases completed	1,801	1,720	1,805	1,802
Understated earnings and profits (\$m)	14,496.9	14,090.4	12,741.6	21,345.9
Average understatement per case (\$m)	8.0	8.2	7.1	11.8
Back tax and penalties assessed (\$m)	2,802.7	2,897.4	2,602.3	3,303.7
Back tax and penalties collected (\$m)	3,064.1	2,274.6	2,243.0	3,957.1

Field Audit

In 2023-24, there were 17 Field Audit sections. Field audit is conducted on both corporations and unincorporated businesses. The work of field auditors entails site visits to business premises and examination of accounting records of taxpayers in order to ascertain whether correct returns of profits have been made.

Anti-tax Avoidance

Two of the 17 Field Audit sections concentrate on tackling tax avoidance schemes, whereas other investigation officers and field auditors handle avoidance cases on an operational need basis. During 2023-24, the Field Audit and Investigation Unit completed 222 tax avoidance cases and assessed back tax and penalties of about \$1.6 billion (**Figure 28**).

Figure 28 Results of the audit on tax avoidance cases

	2020-21	2021-22	2022-23	2023-24
Number of cases completed	220	187	192	222
Understated earnings and profits (\$m)	8,417.1	5,548.8	3,934.0	12,799.1
Average understatement per case (\$m)	38.3	29.7	20.5	57.7
Back tax and penalties assessed (\$m)	1,614.3	1,087.3	805.8	1,619.4

Investigation

In 2023-24, there were 5 Investigation sections. Investigation officers are responsible for conducting in-depth investigations into suspected tax evasion, and taking penal action (including prosecution proceedings in appropriate cases) as a deterrent.

Prosecution

One of the 5 Investigation sections is the prosecution section focusing on criminal investigation of tax evasion. Tax evasion is a serious crime. A person convicted of tax evasion could be sentenced to imprisonment for up to three years and fined.

During the year, the Department successfully prosecuted two tax evasion cases. The first case involved a printing company, its director and manager in preparing false records, thereby understated the sales of the printing company. The director also signed fraudulent tax returns for the printing company. After trial, the three defendants were convicted on all the 11 charges on 16 June 2023 and sentenced on 10 July 2023 by the District Court Judge. The printing company was fined \$200,000 (\$50,000 for each charge) plus a further fine of \$984,362.50 (equivalent to 50% of the tax undercharged). The director was sentenced to 24 months' imprisonment and fined \$984,362.50 (equivalent to 50% of tax undercharged). The manager was sentenced to 12 months' imprisonment. The other case was an estate agent who omitted rental income in her tax returns, made false statements for deduction of home loan interest and gave false answers to the requests for information by the Department. She also, without reasonable excuse, made an incorrect return and understated the rental income therein. The defendant was convicted by the District Judge on all the 12 charges on 15 March 2024. The case was adjourned to 19 April 2024 for sentencing.

Property Tax Compliance Check

In addition to conducting audits on businesses, the Department also carries out verification checks on the correctness of rental income reported by property owners. In 2023-24, the Department completed compliance check on 342,794 property tax cases (**Figure 29**).

Figure 29 Results of the property tax compliance checks

	2020-21	2021-22	2022-23	2023-24
Number of cases completed	334,867	318,498	316,105	342,794
Understated rental income (\$m)	1,252.5	1,360.8	1,582.5	1,765.0
Back tax and penalties assessed (\$m)	150.3	163.3	189.9	211.8

Taxpayer Services

IRD Website

www.ird.gov.hk

The IRD website is a very effective channel for disseminating tax information and providing electronic services to the public. With continuous enrichment and updates, the website enables taxpayers to obtain the most current information about Hong Kong taxation in a fast and convenient manner.

Through the website, members of the public can:

- obtain information on tax law, tax returns, tax obligations and answers to frequently asked questions;
- use IRD software and download IRD public forms;
- access the online booking systems for Business Registration Office counter service and Stamp Office lease counter service;
- run the interactive program to calculate their liabilities under salaries tax and personal assessment; and
- access the personalised online tax services provided by the Department under eTAX.

To facilitate all sectors of the community to locate the relevant tax information, there are thematic content pages for individuals, businesses, property owners, employers, tax representatives, etc.

The IRD website has adopted responsive web design, which enables users to have quick and convenient access to tax information.

Electronic Enquiry Service

Electronic enquiry services are provided to eTAX users at <www.gov.hk/etax>. They can view their tax position in relation to their returns, assessments and payments, etc. at any time.

Enquiry Service Office

The Department's Enquiry Service Office (the Office) handles telephone and counter enquiries. The Office is equipped with a computer network linked to the Department's General Enquiry Knowledge Database to enable our staff to provide, as far as possible, an immediate "one-stop" service. To cater for the needs of people of diverse races calling the Department's hotlines or visiting our office, with the consent from the callers, telephone interpretation service in eight languages other than Chinese and English, namely, Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai, Urdu and Vietnamese, can be arranged free of charge with the assistance of a third party service provider.

Telephone Enquiry Service

The Office operates an Interactive Telephone Enquiry System (ITES) with 144 telephone lines. Callers can have access on a 24-hour basis to a wide range of tax information by listening to recorded messages. Besides, callers can obtain facsimile copies of information sheets and forms through the system. A "Leave-and-call-back" facility, for recording information requests, and a "Fax-in enquiry" service are also available. The telephones are manned during office hours by staff who would readily serve the callers. The Office also provides an eTAX help desk hotline to handle enquiries on eTAX services and provide technical support.

The statistics of services provided through ITES during 2023-24 are shown in **Figure 30**.

Figure 30 Statistics of services provided through ITES

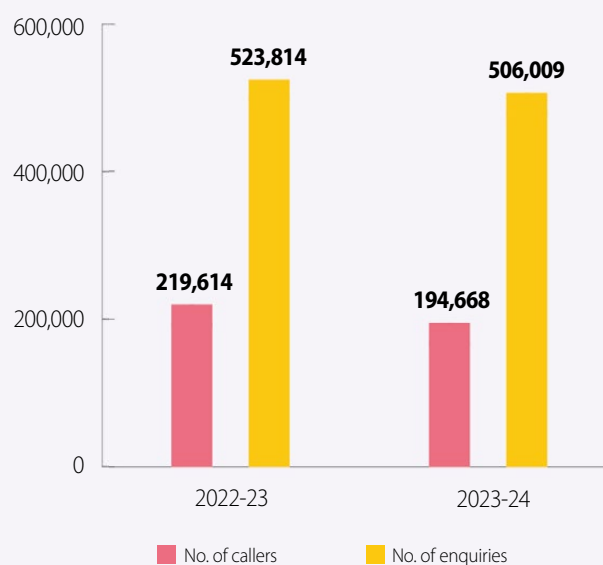
	2022-23 Number	2023-24 Number	Increase / Decrease
Calls answered by staff	585,948	565,262	-3.5%
Calls answered by system	887,544	920,892	+3.8%
Leave-and-call-back messages	73,832	67,665	-8.4%
Documents supplied by fax	2,154	1,905	-11.6%

Counter Enquiry Service

Generally, the counter staff of the Office can address enquiries, collect mail items and issue forms on the spot without the need to refer callers to other sections in the Department for assistance. The number of counter enquiries handled and forms issued during 2023-24 was about 0.51 million (**Figure 31**).

Information leaflets on topics of general interest are available for collection at the form stand located in the Office. The public may also obtain general tax information and download forms from the IRD website and GovHK <www.gov.hk>.

Figure 31 Counter enquiries



Tax-help Services for Completion of Tax Returns

On the IRD website, e-Seminars are provided for employers, property owners and individual taxpayers. Information on how to complete tax returns, fulfil tax obligations and overcome difficulties in compliance is uploaded to the website. After reading the information, taxpayers can raise enquiries electronically at the “Q&A Corner”. The Department will reply to the questions on a regular basis.

The Department issued 2.4 million Tax Returns - Individuals for the year of assessment 2022-23 on 2 May 2023. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in May 2023. Service hours from Monday to Friday were extended by one and a half hours till 7:00 pm and additional service was also provided on Saturday from 9:00 am till 1:00 pm. During peak periods, the Department also redeployed manpower resources and employed part-time staff to strengthen daytime telephone enquiry services.

Complaints and Compliments

If taxpayers are dissatisfied with the services provided by the Department or their problems cannot be solved satisfactorily through normal channels, the Complaints Officer may be approached for assistance. The complaint channel provides taxpayers with the means of having individual grievances dealt with independently at a senior level. This ensures that such cases are properly handled in a fair and impartial manner. During 2023-24, 147 complaints cases were received (**Figure 32**).

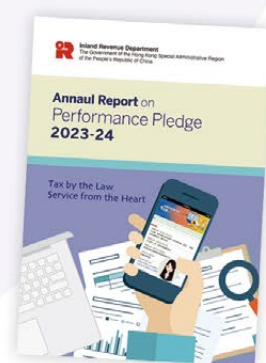
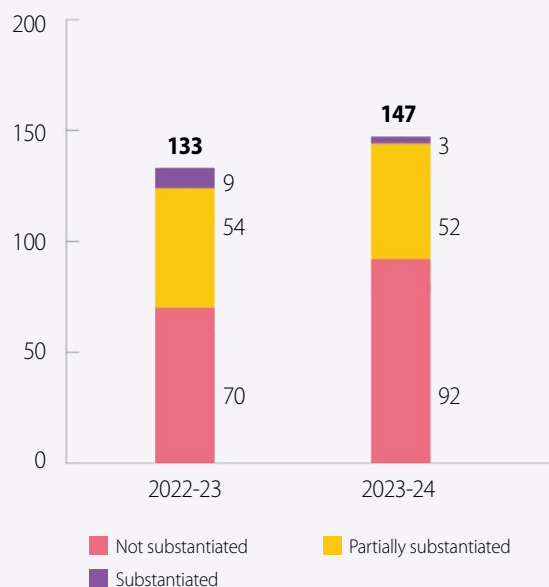
If taxpayers are dissatisfied with any administrative action taken by the Department, they may refer the matter to the Ombudsman. During 2023-24, the Ombudsman sought written comments from the Department in respect of 18 cases. In the light of these cases, the Department has reviewed relevant operations with a view to improving them.

Taxpayers may compliment the service of the Department. During the year, 160 Letters of Compliments were received.

Performance Pledge

The service standards a taxpayer can expect from the Department are set out in the performance pledges. The Department has virtually achieved all targets of performance pledges and excelled in some of the targeted performance with remarkable results during 2023-24.

Figure 32 Complaint cases



Information Technology

The Department has been making extensive use of information technology to enhance operational efficiency and provide quality services to the public.

IT Environment

The Department has built up a comprehensive and integrated IT infrastructure with different types of computer application systems and platforms. The Department's network connects the computer system and workstations of staff on different floors. Assessment process is automated by the "Assess-First-Audit-Later" system. Tax audit and investigation work is facilitated by the use of data mining and advanced analytical tools. The Document Management System and Workflow Management System enhance the control and monitoring of documents, files and workflow, facilitate the tracking of case progress, and thus enable the Department to improve overall service quality. A wide range of information is stored in the Department's Intranet and General Enquiry Knowledge Database for convenient access by our staff at work. Moreover, e-mail and internet facilities provide an efficient and environment-friendly communication platform for our staff.

The Department has leveraged cloud services to accommodate all of its computer application systems since April 2023, and will implement the following system development and modifications by phases from 2024-25 to 2025-26 –

- (1) to extend the application of workflow technology for improving the Department's internal communication and work efficiency;
- (2) to replace the eTAX System with an Individual Tax Portal with enhanced functionalities for individual taxpayers;
- (3) to develop a Business Tax Portal to facilitate submission of tax returns by businesses together with accounting and financial data; and
- (4) to develop a Tax Representative Portal to enable tax representatives conducting e-transactions on behalf of their clients, both individuals and businesses.

Electronic Services

eTAX

The Department continues to provide a wide range of online tax services to the public, including Internet filing of tax returns, e-stamping of property documents, business registration e-services, electronic notices, electronic payments and lodgement of applications, etc.

From 30 December 2020 onwards, iAM Smart can be used as another means for taxpayers to log in to their eTAX accounts, file electronic tax returns and request revision of assessment electronically. Since 14 August 2022, eTAX has adopted responsive web design to enable users to have quick and convenient access to their tax information with improved user experience.

eTAX services are widely used by the public. As at 31 March 2024, there were some 1,488,000 registered eTAX users. The take-up rate increased year after year (**Figure 33**).

Figure 33 eTAX Usage Statistics

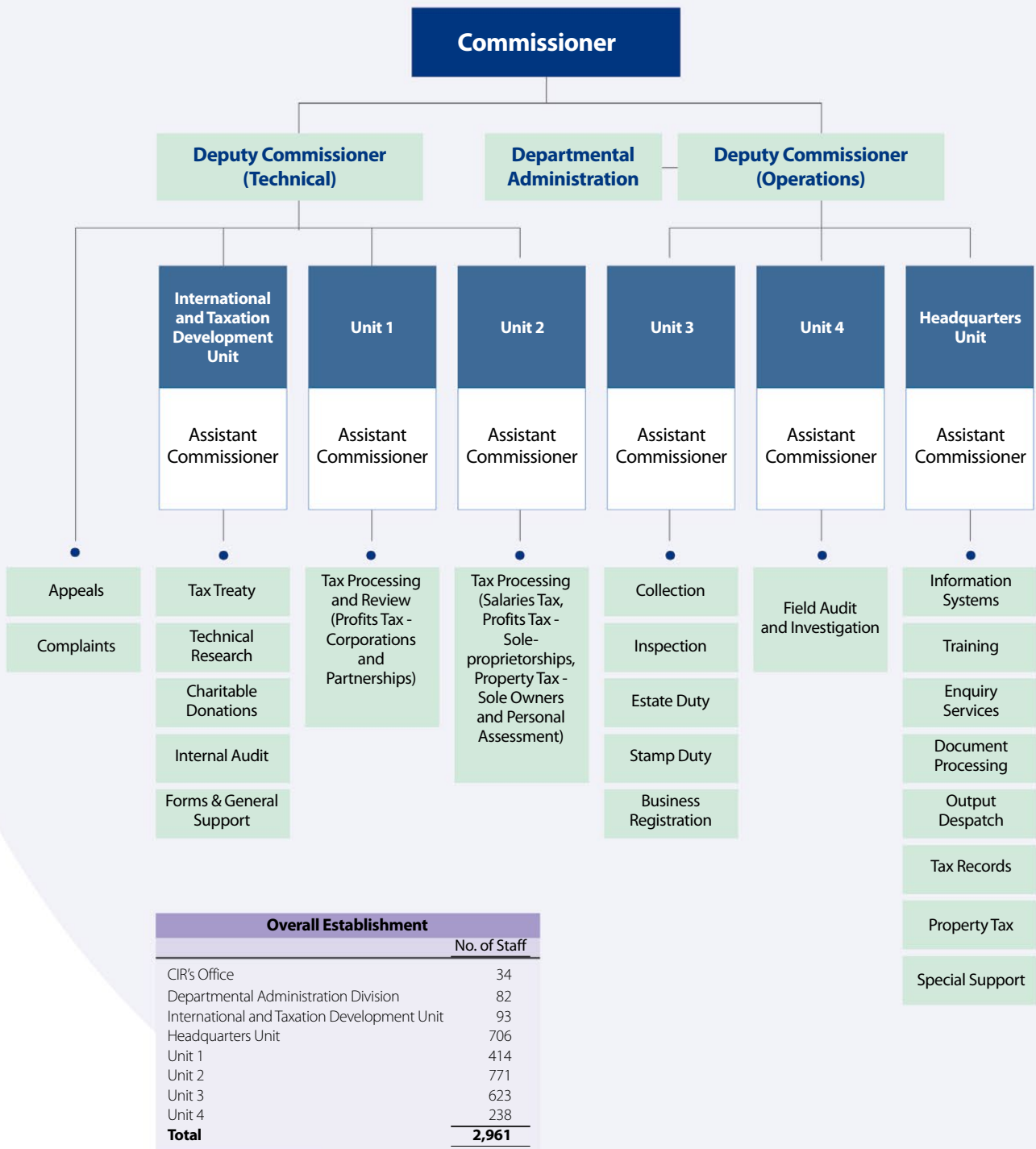
	2022-23 Number	2023-24 Number	Increase / Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	880,783	949,001	+7.7%
- Employer's Return of Remuneration and Pensions			
BIR56A	44,065	55,836	+26.7%
IR56B	1,042,508	2,133,580	+104.7%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	233,783	431,421	+84.5%
Stamping of Property Document	369,487	359,586	-2.7%
Business Registration Number Enquiry	3,263,652	8,522,795	+161.1%
Application for Supply of Information on the Business Register			
- Requisition	247,842	274,790	+10.9%
- Business registrations involved	693,091	716,859	+3.4%

Other Electronic Services

During 2023-24, some 2,340 employers furnished annual returns for 759,000 employees in total by using portable electronic storage devices. About 53% of these employers used the free software provided by the Department.

Human Resources

Organisation Chart of the Inland Revenue Department as at 31.3.2024



Establishment

The Commissioner, the two Deputy Commissioners and the six Assistant Commissioners, together with the Departmental Secretary, form the top management of the Inland Revenue Department.

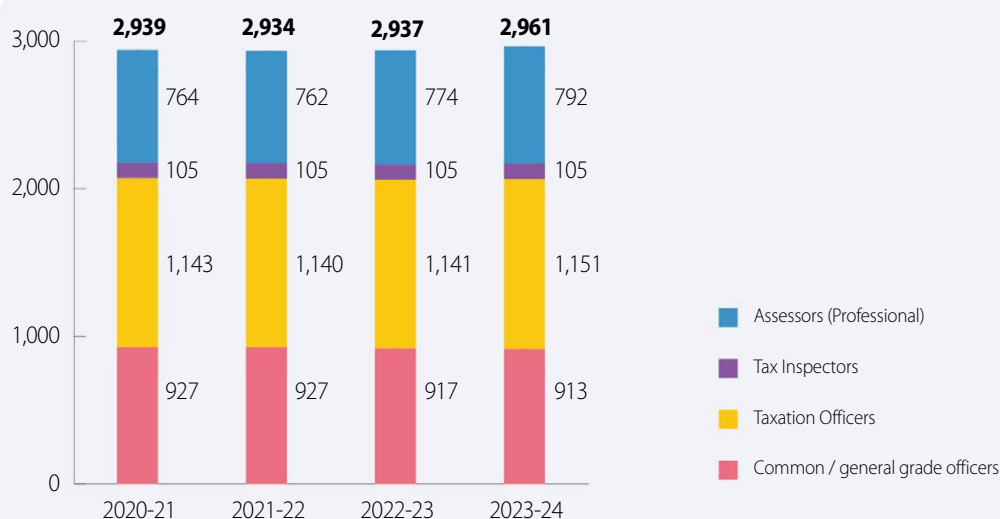
Members of the Top Management of the Inland Revenue Department (as at 31.3.2024)



- | | |
|---|--|
| <p>1 Mr TAM Tai-pang
Commissioner</p> <p>2 Mr LEUNG Kin-wa
Deputy Commissioner
(Operations)</p> <p>3 Mr CHAN Sze-wai, Benjamin
Deputy Commissioner
(Technical)</p> <p>4 Ms LAM Pui-kuen
Assistant Commissioner
(International and Taxation Development Unit)</p> <p>5 Miss CHAN Shun-mei
Assistant Commissioner
(Unit 1)</p> | <p>6 Ms TANG Hing-kwan
Assistant Commissioner
(Unit 2)</p> <p>7 Ms LEUNG Wing-chi
Assistant Commissioner
(Unit 3)</p> <p>8 Mr NG Man-kwan
Assistant Commissioner
(Unit 4)</p> <p>9 Mr WONG Kai-cheong, Tony
Assistant Commissioner
(Headquarters Unit)</p> <p>10 Miss MAN Wai-ming
Departmental Secretary</p> |
|---|--|

As at 31 March 2024, the Department had an establishment of 2,961 permanent posts (including 29 directorate posts) in the Commissioner's Office and the six Units of the Department. Of the total, 2,048 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 913 posts were in common / general grades, providing administrative, information technology and clerical support services (**Figure 34**).

Figure 34 Staff establishment



Most of the professional officers serving in the Department were below the age of 45 (**Figure 35**). The ratio of male to female professional officers was 1:1.8.

Figure 35 Age and gender profiles of professional staff (on strength basis)

Age Group	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Below 25	6	(2.3%)	19	(4%)	25	(3.4%)
25 to below 35	104	(39.2%)	175	(36.4%)	279	(37.4%)
35 to below 45	41	(15.5%)	117	(24.3%)	158	(21.1%)
45 to below 55	58	(21.9%)	112	(23.3%)	170	(22.8%)
55 and over	56	(21.1%)	58	(12%)	114	(15.3%)
Total	265	(100%)	481	(100%)	746	(100%)

Staff Promotions and Turnover

In 2023-24, a total of 94 departmental grade officers and 7 common / general grade officers were promoted. Among them, 3 were in directorate rank. 187 officers joined the Department, of which 153 were new appointees and 34 were officers transferred from other grades / departments. A total of 290 officers (including 114 transferred to other departments) left the Department.

Training and Development

Staff are the Department's valuable assets. We recognise the importance of offering continuous learning to our staff to keep them abreast of the changing environment and to acquire the necessary knowledge to perform their duties. A variety of training courses in taxation, accounting, interpersonal skills, management, languages, information technology, etc. are offered to staff members. In 2023-24, our staff received training for a total of 8,527 man-days, which was equivalent to about 2.88 man-days per officer.

The major training activities conducted for our staff during 2023-24 were as below:

Training Courses

- Induction courses for all grades of staff upon joining the Department
- Two-year taxation law and practice course for newly appointed Assistant Assessors
- Briefing sessions on legislative amendments and new services
- Refresher courses on professional knowledge
- Courses on International Taxation
- Courses on Mainland Taxation
- Written and spoken English courses
- Chinese official writing course
- Investigation skills training programme
- Information security training programme

Workshops

- Mentorship workshop
- Performance management workshop
- Workshop on blockchain essentials
- Workshop on data and statistics analytics with AI
- Workshop on effective Putonghua for quality services
- Workshop on emotional wellness
- Workshop on empowering communication for performance appraisal in English
- Workshop on fundamental management skills
- Workshop on negotiation basics
- Workshop on motivating staff for performance
- Workshop on problem solving and decision making
- Workshop on quality service

- Workshop on replying to complaints
- Workshop on using mediation skills to handle conflicts in workplace

Continuing Professional Education

11 seminars were held by the Training Committee under the in-house Continuing Professional Education (CPE) Programme on the following subjects for professional officers:

- Accounting and tax treatments of virtual assets
- Understanding the US taxation system
- Appeals cases update 2023 and experience sharing of handling objections
- Introduction to mediation
- Updates on Profits Tax issues
- Impact of value added tax on Hong Kong-owned enterprises
- Stamp duty – scope of charge and exemptions
- BEPS 2.0 Pillar Two updates and what they mean for Hong Kong
- Mutual Agreement Procedure / Advance Pricing Arrangement effectiveness – jurisdictional experience sharing
- Sharing on smart technologies, public finance and tax services
- Annual updates on Salaries Tax issues

Speakers for seven of the seminars were outside experts and others were staff members. One of the CPE seminars was e-seminar and uploaded onto the Department's Intranet. A total of 1,339 staff members attended the face-to-face seminar and 1,760 staff members had viewed the e-seminars.

Courses in the Mainland and Overseas

By participating in overseas training programmes, our professional officers can broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues. In 2023-24, the Department has sent 15 professional officers to the Mainland, Malaysia and Vietnam to attend training courses on different subjects and 8 to the Mainland for national studies courses. Also, the Department deployed information and communication technology to facilitate officers to participate in distance learning. In 2023-24, 121 officers attended virtual training and e-learning courses on different issues.

Continuous Learning

Besides the conventional classroom training, the Department employs various means to promote continuous self-learning. These include encouraging staff to take the web courses provided by the web-based learning portal "CLC Plus" of the Civil Service College and providing financial support to officers to attend seminars and courses organised by academic and professional institutes. Training materials and information are uploaded onto the Department's Intranet for officers to study in their own time and at their own pace. This provides an effective way for the staff to acquire new knowledge and refresh what they have learnt.

Mentorship Scheme

A Mentorship Scheme for Assistant Assessors has been in place since 2008. Under this scheme, experienced officers (the mentors) will guide newly recruited Assistant Assessors (the mentees) to broaden their perception about the Department such as the organisation structure, work, connection and culture, and help them integrate into the civil service.

Staff Relations and Welfare

The Department attaches great importance to staff relations and welfare. We strive to maintain effective communication, and promote co-operation and mutual trust between the management and staff at all levels that help enhance the Department's operational efficiency and productivity.

The Departmental Consultative Committee

The Departmental Consultative Committee provides a formal and effective platform for the management and staff to exchange views on matters of mutual concern such as recruitment, promotion, career posting, training, working environment, staff welfare, office security and safety. The Committee is chaired by the Deputy Commissioner (Operations) and composed of representatives from all staff unions / associations and staff groups in the Department.

The General Grades Consultative Committee

The General Grades Consultative Committee, chaired by the Departmental Secretary and composed of representatives from the clerical and secretarial grades, allows the general grades staff members to discuss with the management issues of specific interest to their grades.

The "Meet-the-Staff Programme"

First launched in 1996-97, the "Meet-the-Staff Programme" enables the senior management of each Unit and staff of different sections / groups to exchange ideas face to face on departmental and service-wide issues in an open and relaxed manner. It serves to supplement the formal consultative channel and effectively enhances communication between staff and the management.

The IRD Staff Suggestions Scheme

In 2023-24, 3 out of 9 suggestions made through the IRD Staff Suggestions Scheme were granted cash awards and certificates of commendation in recognition of the relevant staff's contributions on enhancing operational efficiency and quality of services of the Department.

The Inland Revenue Department Newsletter

The Departmental Newsletter, published every 4 months, serves as another channel of communication between staff and the management promoting a sense of belonging in the Department. Articles are contributed by unit



management for disseminating service-related issues, staff movement, staff welfare, information technology, environmental and green issues, occupational health and safety matters, etc., and by staff who are keen to share their leisure activities and hobbies. The Newsletter also provides a regular roundup on the recreational activities organised by the IRD Sports Association as well as volunteer activities arranged by the IRD Volunteer Team.

The Inland Revenue General Staff Welfare Fund

Established in 1972, the Inland Revenue General Staff Welfare Fund operates on funds donated by staff on a voluntary basis. It aims to provide within a short time small amount of interest free loan, as an additional and quick emergency relief, to help staff in unexpected financial hardship. The Fund is managed by a Governing Committee, chaired by the Departmental Secretary and composed of staff representatives from the Departmental Consultative Committee, the General Grades Consultative Committee and the IRD Sports Association. The Claims Subcommittee, formed under the Governing Committee, considers and approves applications for financial assistance submitted by staff.

Commissioner's Commendation Letter Scheme



In 2023-24, 50 officers who had provided outstanding service for a long period of time were awarded the Commissioner's Commendation Letter.

The Long and Meritorious Service Travel Award Scheme

In 2023-24, 21 officers with long and meritorious service were granted awards under the Long and Meritorious Service Travel Award Scheme.

The IRD Sports Association

The IRD Sports Association aims to promote the intellectual, social and athletic interests of its members. 2023-24 also marked the 70th Anniversary of the Association. Building on past successes, the Association continued to strive to serve as a platform for colleagues to mingle, and to foster better relationship and sense of belonging to the Department. To achieve these objects, the Association held a myriad of social and recreational activities to encourage colleagues to establish a healthy lifestyle and maintain a balance between work and life. These activities

include luncheon talks, lantern festival riddles, night squid fishing, local day trips and visits, which were well received and supported by colleagues. An Annual Dinner filled with joy and happiness was also held in December 2023 with more than 600 colleagues and guests to join the celebration.



To further promote healthy living and enhance bonding amongst members, the Association also organised and participated in a wide variety of sports competitions during the year. Specifically, in the Corporate Games 2023 organised by the Leisure and Cultural Services Department, our members won several prizes, including the championship in both table tennis women's singles and tennis women's singles.



The IRD Volunteer Team under the auspices of the Association continued to spare no effort in lending a helping hand to those in need, including the elderly, the disabled, adolescents, children and abandoned pets, extending love and care to everywhere in society. Throughout the year, the IRD Volunteer Team participated in 19 charitable events recording a total of 810 service hours. To recognise the Department's continuous dedication to care for the community, the Hong Kong Council of Social Service awarded the "15 Years Plus Caring Organisation Logo" to the Department. This marked the 19th consecutive year in which the Department was granted the award as a caring organisation.

On the charity front, the Association also actively participated in charitable fund-raising activities including "Medecins Sans Frontieres Day", "ORBIS World Sight Day" and "World Vision – Skip-A-Meal". With the generous support of our colleagues, a total of over \$156,000 was raised during the year. The Association was awarded the Championship in "Organisation with the Most Participants" in "ORBIS World Sight Day" and the 1st runner up in "The Largest Amount of Total Donation" and 2nd runner-up with the Most Participants in "World Vision – Skip-A-Meal" this year.

Legislative Amendments

The following pieces of legislation enacted during the year 2023-24 are related to matters under the purview of the Department.

Inland Revenue (Amendment) (Child Allowance and Tax Concessions) Ordinance 2023 (Ordinance No. 4 of 2023)

This Ordinance amended the Inland Revenue Ordinance to give effect to the following proposals in the Budget for the 2023-24 financial year:

- To increase the basic child allowance from \$120,000 to \$130,000, and the additional child allowance in the year of birth from \$120,000 to \$130,000 for each child, starting from the year of assessment 2023-24; and
- To reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2022-23 by 100%, subject to a maximum of \$6,000 in each case.

Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Ordinance 2023 (Ordinance No. 8 of 2023)

This Ordinance amended the Inland Revenue Ordinance to provide profits tax concessions for eligible family-owned investment holding vehicles managed by eligible single family offices in Hong Kong and family-owned special purpose entities.

Stamp Duty (Amendment) (No. 2) Ordinance 2023 (Ordinance No. 10 of 2023)

This Ordinance amended the Stamp Duty Ordinance to give effect to a proposal in the Budget for the 2023-24 financial year to adjust the value bands of ad valorem stamp duty (AVD) (Scale 2 rates) chargeable on a conveyance on sale or an agreement for sale of any immovable property with effect from 11am on 22 February 2023.

Stamp Duty (Amendment) (No. 3) Ordinance 2023 (Ordinance No. 14 of 2023)

This Ordinance amended the Stamp Duty Ordinance to provide for a mechanism under which persons who are admitted into Hong Kong as Hong Kong residents under certain admission schemes and who acquire residential properties in Hong Kong not as Hong Kong permanent residents may apply for a refund of the Buyer's Stamp Duty (BSD) and certain amounts of AVD paid for the first residential property acquired and still held if those persons subsequently become Hong Kong permanent residents.

Betting Duty (Amendment) Ordinance 2023 (Ordinance No. 15 of 2023)

This Ordinance amended the Betting Duty Ordinance to give effect to a proposal in the Budget for the 2023-24 financial year to impose an annual special football betting duty of \$2.4 billion on the football betting conductor for five years from 2023-24 to 2027-28.

Insurance (Amendment) Ordinance 2023 (Ordinance No. 20 of 2023)

This Ordinance amended the Insurance Ordinance to provide a legal framework for the implementation of a risk-based capital regime for authorized insurers, and made related amendments to the Inland Revenue Ordinance to provide for the spreading over of tax implications and the tax arrangements arising from the implementation of the risk-based capital regime.

Limited Partnership Fund and Business Registration Legislation (Amendment) Ordinance 2021 (Commencement) Notice (Legal Notice No. 127 of 2023)

This Notice appointed 27 December 2023 as the commencement date of Part 3 of the Limited Partnership Fund and Business Registration Legislation (Amendment) Ordinance 2021.

Public Revenue Protection (Stamp Duty) (No. 2) Order 2023 (Legal Notice No. 148 of 2023)

This Order gave full force and effect of law to the Stamp Duty (Amendment) (Residential Properties) Bill 2023 (the 2023 Bill) before its enactment. The 2023 Bill sought to amend the Stamp Duty Ordinance to give effect to the proposals in the 2023 Policy Address to adjust the demand-side management measures for residential properties.

Stamp Duty (Amendment) (Stock Transfers) Ordinance 2023 (Ordinance No. 29 of 2023)

This Ordinance amended the Stamp Duty Ordinance to give effect to a proposal in the 2023 Policy Address to reduce the rate of stamp duty on stock transfers to 0.1% of the consideration or value of the transfers.

Inland Revenue (Amendment) (Taxation on Foreign-sourced Disposal Gains) Ordinance 2023 (Ordinance No. 32 of 2023)

This Ordinance amended the Inland Revenue Ordinance to refine Hong Kong's foreign-sourced income exemption regime by expanding the scope of assets in relation to foreign-sourced disposal gains to cover assets other than shares or equity interests and to provide for an intra-group transfer relief for such gains and profits.

Inland Revenue (Amendment) (Disposal Gain by Holder of Qualifying Equity Interests) Ordinance 2023 (Ordinance No. 33 of 2023)

This Ordinance amended the Inland Revenue Ordinance to give effect to the tax certainty enhancement scheme proposed in the Budget for the 2023-24 financial year to provide greater certainty of non-taxation of onshore gains on disposal of equity interests that are of capital nature.

Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Ordinance 2024 (Ordinance No. 1 of 2024)

This Ordinance amended the Inland Revenue Ordinance to provide for tax deductions for spectrum utilization fees payable by mobile network operators on radio spectrum acquired on or after 19 January 2024.

Stamp Duty (Amendment) (Residential Properties) Ordinance 2024 (Ordinance No. 3 of 2024)

This Ordinance amended the Stamp Duty Ordinance to implement the adjustments to the demand-side management measures for residential properties as announced in the 2023 Policy Address, including shortening the applicable period of the Special Stamp Duty (SSD) from three years to two years; reducing the respective rates of the BSD and AVD at Part 1 of Scale 1 from 15% to 7.5%; and providing a mechanism under which persons who are admitted into Hong Kong as Hong Kong residents under certain admission schemes and who acquire residential properties in Hong Kong not as Hong Kong permanent residents may have the BSD and certain amounts of AVD waived if those persons subsequently become Hong Kong permanent residents.

Public Revenue Protection (Stamp Duty) Order 2024 (Legal Notice No. 26 of 2024)

This Order gave full force and effect of law to the Stamp Duty (Amendment) Bill 2024 (the 2024 Bill) before its enactment. The 2024 Bill sought to amend the Stamp Duty Ordinance to give effect to the proposals in the Budget for the 2024-25 financial year, i.e. any instrument executed on or after 28 February 2024 for the sale and purchase or transfer of residential properties are no longer subject to the SSD and BSD, and the AVD rate of 7.5% under Part 1 of Scale 1 is to be amended to the same as those of AVD at Scale 2.

Inland Revenue (Amendment) (Aircraft Leasing Tax Concessions) Ordinance 2024 (Ordinance No. 5 of 2024)

This Ordinance amended the Inland Revenue Ordinance to enhance the existing tax concessions regime regarding the leasing of aircraft, including providing qualifying aircraft lessors with tax deduction of the acquisition cost of aircraft; expanding the scope of the regime for eligible leases and the coverage of aircraft leasing activities; allowing deduction of interest payable for acquisition of aircraft and prescribing the threshold requirements for the regime to comply with the Organisation for Economic Co-operation and Development's requirement.

Business Registration Ordinance (Amendment of Schedule 2) Order 2024 (Legal Notice No. 28 of 2024)

This Order amended Schedule 2 to the Business Registration Ordinance to increase the branch registration fees from \$73 to \$80 for a 1-year certificate and from \$189 to \$208 for a 3-year certificate; and to waive the business registration levy of \$150 payable to the Protection of Wages on Insolvency Fund for two years, with effect from 1 April 2024.

Public Revenue Protection (Business Registration) Order 2024 (Legal Notice No. 29 of 2024)

This Order gave full force and effect of law to the provisions of the resolution of the Legislative Council (i.e. to increase of business registration fees from 1 April 2024) made under the Business Registration Ordinance before their enactment.

Business Registration Ordinance – Resolution of the Legislative Council (Legal Notice No. 38 of 2024)

This Resolution amended Schedule 1 to the Business Registration Ordinance to give effect to a proposal in the Budget for the 2024-25 financial year to increase the business registration fees from \$2,000 to \$2,200 for a 1-year certificate and from \$5,200 to \$5,720 for a 3-year certificate with effect from 1 April 2024.

Inland Revenue (Double Taxation Relief with respect to Taxes on Income and Prevention of Tax Evasion and Avoidance) Order

Country / Region	Date of Order	Nature
Republic of Mauritius	23 June 2023	Double Taxation Relief with respect to Taxes on Income and Prevention of Tax Evasion and Avoidance

Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) Notices

Legal notice no.	Periods in force	Annual rate of interest
93 of 2023	5 June 2023 to 6 August 2023	0.8083%
121 of 2023	7 August 2023 to 3 September 2023	0.8833%
122 of 2023	On or after 4 September 2023	0.9250%

Environmental Report

Green Management Policy

The Inland Revenue Department is committed to providing a green workplace, and operating in an environmentally conscious and responsible manner. Reducing energy and paper consumption continues to be the Department's green target in view of its office-based operations. To this end, we strive to protect and conserve the environment through:

- Ensuring that the Department's operations comply with the relevant environmental protection ordinances;
- Adopting green housekeeping measures in the Department such as avoiding, reducing and controlling environmental pollution / wastage arising from the day-to-day work practice;
- Requiring our contractors to implement effective environmental management systems and pollution control measures;
- Using environment-friendly products such as energy saving photocopiers, batteries without mercury, unleaded petrol and products with environment or energy efficiency labels;
- Ensuring that all staff are aware of the Green Management Policy with adequate information accessible by those who are interested in the subject; and
- Providing training courses and workshops on green management for staff to increase their awareness on green issues and encourage them to participate in environmental protection programmes.

Green Management and Promotion of Green Awareness

Green Management

The Environment and Records Management Committee, chaired by the Departmental Secretary (who is also the Department's Green Manager) and composed of green executives from each Unit of the Department, aims to seek staff's suggestions, set directions in our green policies, issue green office guidelines, and to update staff on new green initiatives adopted. Floor Green Ambassadors have been appointed to assist the Green Manager in promoting green awareness and implementing environmental programmes on a floor basis.

Green Education

Various measures were taken during the year to promote environmental awareness amongst staff, including:

- Displaying environmental protection promotional materials on notice boards;
- Posting notices and affixing stickers adjacent to relevant facilities to remind staff of energy saving;
- Releasing updated environmental protection information in the “Green Corner” of the Department’s Intranet; and
- Disseminating useful and practical “Green Tips” through e-mails and the Departmental Newsletter on a regular basis to all staff to promote green habits.

Environmental Protection Performance in 2023-24

To balance operational needs with environmental care and social responsibility, the Department focuses its efforts to conserve energy, reduce paper consumption, minimise waste production, encourage waste recycling, and to provide a healthy working environment with satisfactory indoor air quality.

Energy Conservation

The Department is proactive in energy conservation and has implemented various energy saving measures to reduce electricity and water consumption at the Inland Revenue Centre. The following energy saving measures were adopted during the year:

- Installing photovoltaic panel system and adopting the use of district cooling system;
- Installing occupancy sensors and daylight sensors at office areas;
- Reducing lighting to the minimum required level for illumination;
- Adopting the “last-man-out” arrangement to ensure that lights and electric facilities / appliances are switched off during lunch hour, after office hours or when not in use;
- Adjusting timers so that lights in office areas and lift lobbies are switched off outside office hours and on Saturdays, Sundays and public holidays;
- Adjusting the service hours of escalators and lifts according to their usage demands;
- Using auto-sensor water taps in all toilets to reduce water consumption;
- Using computers, fluorescent tubes, LED lights and other electrical appliances that are energy efficient;
- Maintaining air-conditioned room temperature at 25.5°C in summer months;
- Controlling air-conditioning and ventilation systems automatically in accordance with occupancy of individual rooms; and
- Encouraging the use of electric fans to improve air circulation when necessary.

These measures will continue to be implemented in the Department to conserve energy.

Adherence to the “3R” Principle

The Department continues to adhere to the 3R principle - “Reduce, Reuse and Recycle” in the consumption of materials.

Reduction and Reuse of Paper

The Department adopted the following specific measures in the year to reduce paper consumption:

- Encouraging staff to minimise photocopying, use recycled paper instead of virgin paper, use duplex printing and photocopying, and to make the best use of the blank side of used paper;
- Processing leave applications through the “Electronic Leave Application and Processing System”;
- Reusing stationery, such as envelopes and file jackets;
- Avoiding the use of fax cover sheets and using the blank side of used paper to print incoming fax messages;
- Encouraging paperless means of internal and external communication by using e-mail;
- Uploading internal information, such as circulars, administrative instructions, Staff Handbooks, training and reference materials, guidelines, monthly reports, meeting minutes, etc. onto the Intranet to facilitate updating and retrieval online, and dispensing with the keeping of personal hard copies;
- Reviewing regularly the need for the preparation of periodical reports, the distribution lists of outgoing correspondence and the number of hard copies required for circulation;
- Promoting the use of multiple screen printing for online enquiries;
- Using templates or overlay printing to replace pre-printed forms;
- Viewing reports online through the Computer Output Online Retrieval System, thus obviating the need for printing computer reports in hard copies;
- Encouraging the public to file tax returns electronically through eTAX and to use the Department’s electronic services under the GovHK website;
- Uploading e-Seminars for employers to reduce paper consumption, thus obviating the need to print invitation letters, tickets and handouts; and
- Implementing e-Procurement system for purchase of goods and services which helps reduce paper consumption.

Waste recycling

The Department encourages all staff members to participate in the recycling programmes. Recycling bags and boxes are placed at conspicuous locations on all floors of the Inland Revenue Centre to facilitate the collection of three recyclable wastes, namely papers, aluminium cans and plastic bottles. A recycling box for glass bottles is also placed at the lobby of the ground floor for use of the public and staff. Besides, used printer cartridges are also collected for recycling. Throughout the year, 333,659kg of waste paper, 113kg of aluminium cans, 574kg of plastic bottles, 29kg of glass bottles and 3,252 used printer cartridges were collected.

Smoke-free Workplace

No-smoking signs are displayed at conspicuous locations in the offices of the Department. Circulars are re-circulated regularly to remind staff about the importance of maintaining a smoke-free working environment and providing green healthy public areas to visitors.

Indoor Air Quality

We attach great importance to good indoor air quality. During the year, the Architectural Services Department and the works contractor have conducted a comprehensive indoor air quality measurement in the office of the Department, based on the result of which the Environmental Protection Department issued the "Indoor Air Quality Certificate (Excellent Class)" to the Department.

New Initiatives and Targets

The Department will strive to enhance its green performance through formulating new initiatives and targets for environmental protection and reviewing the effectiveness of existing green measures taken. The Intranet and the Departmental Portal will continue to be widely utilised for the enhancement of e-office facilities. Continuous efforts will be made to promote expansion of green procurement and reduction in consumption of resources including electricity and paper.

Miscellaneous

Charitable Institutions

Charitable institutions are exempt from tax under section 88 of the Inland Revenue Ordinance. As at 31 March 2024, there are 10,516 charities recognised as exempt from tax, of which 649 charities were given recognition during the year. The Department endeavors to give a reply to applicants for recognition of tax exemption status within 4 months of the date of receipt of the application provided that all the required information and documents are received.

Donations to charities exempt from tax under section 88 of the Inland Revenue Ordinance are tax deductible. Members of the public may check the list of charitable institutions and trusts of a public character which are exempt from tax uploaded on the Department's website to ascertain whether their donations can be claimed for tax deduction. For the year of assessment 2022-23, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$5.16 billion and \$7.27 billion respectively.

General Inspection

Tax inspectors carry out on-site inspections of businesses and call on individuals to check their compliance with the various ordinances administered by the Department. A total of 57,203 visits were made during the year.

Internal Audit

Internal auditors carry out audit activities on various Units and sections regularly to ensure that the work performed within the Department complies with relevant legislation and departmental procedures. They also examine internal control systems and work methods with a view to identifying areas where improvement can be made for the management's consideration.

Approval for Tax Return Forms and the Manner of Furnishing Tax Returns

The Board of Inland Revenue is constituted under the Inland Revenue Ordinance. It operates independently of the Inland Revenue Department. One of its functions is to approve returns to be used for property tax, salaries tax, profits tax and personal assessment, and the manner in which tax returns are furnished.

Schedules

- 1 Tax Assessed and Collections for the year ended 31 March 2024
- 2 Demand Notes Issued, Tax Assessed and Collections (2020-21 to 2023-24)
- 3 Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2020-21 to 2022-23
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- 5 Analysis of Salaries Tax Assessments for the year of assessment 2022-23
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Schedule 1

EARNINGS AND PROFITS TAX – TAX ASSESSED AND COLLECTIONS FOR THE YEAR ENDED
31 MARCH 2024

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2021-22 and earlier years	345,211,594	520,193,440	5,694,307,264	313,602,715	351,538,953	7,224,853,966
2022-23 Final Tax only	216,873,412	(376,951,357)	(4,475,849,500)	645,732,851	6,870,758,003	2,880,563,409
2023-24 Provisional Payments and Final Tax	3,741,373,666	85,911,088,033	153,814,897,613	5,962,196,770	1,341,622	249,430,897,704
Total Tax Assessed	4,303,458,672	86,054,330,116	155,033,355,377	6,921,532,336	7,223,638,578	259,536,315,079
Add: Collectables -						
Tax outstanding as at 31 March 2023 bought forward	1,509,686,329	15,489,731,125	46,215,447,144	4,338,845,603	670,358,437	68,224,068,638
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	85,805,628	344,281,288	1,058,552,521	221,093,441	8,220,421	1,717,953,299
Interest on Tax Held Over	45,091	1,417,319	56,325,618	985,073	1,534,374	60,307,475
Write-off re-opened	516,105	11,560,430	1,058,335	5,137,758	806,238	19,078,866
Total of Tax Assessed and Collectables (a)	5,899,511,825	101,901,320,278	202,364,738,995	11,487,594,211	7,904,558,048	329,557,723,357
Collections during the year -						
Net Tax collected	3,821,949,216	79,594,146,358	161,015,081,946	8,103,929,366	7,310,100,646	259,845,207,532
(After allowing for refunds of tax)	195,987,888	5,649,346,369	13,062,662,392	427,254,750	634,573,046	19,969,824,445
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	84,436,485	274,494,944	1,127,626,645	192,396,115	10,248,285	1,689,202,474
Interest on Tax Held Over	57,100	1,150,227	55,895,637	2,756,968	1,557,816	61,417,748
Total Net Collections (b)	3,906,442,801	79,869,791,529	162,198,604,228	8,299,082,449	7,321,906,747	261,595,827,754
Balance of Tax, Surcharge, etc. payable (a) - (b)	1,993,069,024	22,031,528,749	40,166,134,767	3,188,511,762	582,651,301	67,961,895,603
Less: Not collected by virtue of set-off	521,337,328	5,110,314,645	0	278,774,809	0	5,910,426,782
Written-off as irrecoverable	2,046,438	30,526,819	179,150,094	8,532,604	2,265,980	222,521,935
Tax, Surcharge, etc. outstanding as at 31 March 2024 carried forward	1,469,685,258	16,890,687,285	39,986,984,673	2,901,204,349	580,385,321	61,828,946,886
Less: Under objection or appeal	11,915,670	416,629,033	22,644,365,978	268,307,679	187,800,358	23,529,018,718
Listed for write-off but awaiting approval	0	181,774	0	65,703	145,041	392,518
Assessed but not yet due	545,355,163	9,849,356,556	7,793,303,471	569,613,729	103,127,615	18,860,756,534
Net Tax, Surcharge, etc. in arrears as at 31 March 2024	912,414,425	6,624,519,922	9,549,315,224	2,063,217,238	289,312,307	19,438,779,116

Schedule 2

EARNINGS AND PROFITS TAX – DEMAND NOTES ISSUED, TAX ASSESSED AND COLLECTIONS

	2020-21		2021-22		2022-23		2023-24	
	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed	No. of Demand Notes	Tax Assessed
		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Profits Tax -								
Corporations	122,577	132,513,843	126,024	148,753,113	142,447	170,161,238	136,139	155,033,355
Unincorporated Businesses	38,181	6,426,279	35,672	5,642,014	39,403	7,387,416	41,619	6,921,532
Salaries Tax	1,528,966	68,611,414	1,401,941	77,670,397	1,467,390	83,520,648	1,579,709	86,054,330
Property Tax	150,134	4,241,087	157,405	4,097,603	168,171	4,389,019	162,164	4,303,459
Personal Assessment	124,906	5,928,213	134,076	6,152,117	137,968	6,682,941	148,056	7,223,639
Total	1,964,764	217,720,836	1,855,118	242,315,244	1,955,379	272,141,262	2,067,687	259,536,315

	2020-21		2021-22		2022-23		2023-24	
	Collections		Collections		Collections		Collections	
		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Profits Tax -								
Corporations		129,489,658		162,088,120		167,087,894		162,198,604
Unincorporated Businesses		6,050,008		5,247,452		7,124,577		8,299,082
Salaries Tax		75,027,324		75,570,184		79,490,374		79,869,792
Property Tax		3,957,178		3,984,485		3,842,152		3,906,443
Personal Assessment		6,293,727		6,457,339		6,719,841		7,321,907
Total		220,817,895		253,347,580		264,264,838		261,595,828

Schedule 3

CORPORATIONS – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2020-21		2021-22		2022-23	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Distribution -						
Retail	1,768,392	1.3	2,468,503	1.5	2,598,874	1.7
Wholesale, Import and Export	27,728,764	19.9	39,672,508	24.9	43,390,130	28.0
Foreign Corporations carrying on Import and Export	42,898	0.1	40,306	0.1	47,165	0.1
Public Utilities	4,397,678	3.2	5,458,278	3.4	4,181,365	2.7
Property	25,380,903	18.3	24,054,135	15.1	21,015,590	13.6
Investment and Finance (other than Banking)	12,877,756	9.3	13,973,442	8.8	11,380,912	7.4
Banking	29,705,530	21.4	27,628,564	17.3	28,684,583	18.5
Manufacturing -						
Clothing and Textiles	396,978	0.3	473,922	0.3	699,048	0.4
Food and Beverage Products	369,466	0.3	369,848	0.2	244,345	0.2
Steel and Other Metals	266,242	0.2	274,918	0.2	575,249	0.4
Printing and Publishing	242,326	0.2	306,247	0.2	268,715	0.2
Others	2,910,471	2.0	3,581,543	2.2	3,639,196	2.3
Shipping (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,857,669	1.3	3,635,569	2.3	3,345,731	2.2
Hotels, Restaurants and Amusement Centres	707,721	0.5	1,094,989	0.7	1,167,704	0.7
Stevedoring, Wharfing and Godowns	1,255,734	0.9	2,004,899	1.3	1,539,547	1.0
Clubs and Associations	1,697,379	1.2	2,466,140	1.5	2,745,271	1.8
Insurance Companies and Insurance Agents	3,651,102	2.6	4,564,976	2.9	4,085,764	2.6
Non-resident Corporations Trading through Agents (including Consignment Tax)	1,618,252	1.2	2,150,946	1.3	2,252,475	1.4
Building Contractors and Engineering Works	2,996,093	2.1	2,972,257	1.9	3,077,949	2.0
Aircraft Owners and Operators	194,125	0.1	231,543	0.1	362,393	0.2
Taxis, Hire Cars, Public Light Buses and Motor Boats	118,769	0.1	126,596	0.1	117,987	0.1
Miscellaneous	18,697,280	13.5	21,825,345	13.7	19,280,227	12.5
Total	138,881,528	100.0	159,375,474	100.0	154,700,220	100.0

Schedule 4

UNINCORPORATED BUSINESSES – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2020-21		2021-22		2022-23	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Property Developers, Property Dealers, Property Agents and Subletting Businesses	32,474	0.8	40,624	0.9	28,855	0.6
Finance and Securities including Brokers, Dealers and Insurance Agents	400,561	10.0	369,611	8.0	364,149	8.1
Builders, Decorators and Civil Engineering Works	53,871	1.4	58,010	1.3	70,062	1.6
Distribution -						
Import and Export	57,641	1.5	61,271	1.3	64,388	1.4
Wholesale	28,554	0.7	34,451	0.7	38,375	0.9
Retail	215,047	5.4	256,476	5.6	268,508	6.0
Manufacturing -						
Agricultural Trades and Food & Beverage Products Manufacturers	3,153	0.1	4,358	0.1	4,479	0.1
Cloth and Clothing	1,535	0.0	2,318	0.1	3,790	0.1
Chemical Products and Mechanical Engineering	60,120	1.5	63,427	1.4	67,799	1.5
Printing and Publishing	4,072	0.1	5,547	0.1	5,645	0.1
Others	15,460	0.4	18,520	0.4	16,557	0.4
Hotels, Restaurants and Amusement Centres	37,784	0.9	43,865	0.9	58,478	1.3
Transport (including Wharfing and Godowns)	33,167	0.8	35,807	0.8	41,540	0.9
Professions -						
Accountants	405,707	10.1	368,514	8.0	369,674	8.3
Architects, Engineers, Surveyors, etc.	1,714	0.0	2,772	0.1	2,360	0.1
Doctors and Dentists	783,146	19.5	945,132	20.5	963,852	21.5
Solicitors and Barristers	1,438,282	35.8	1,809,252	39.3	1,555,013	34.8
Other Professions	412,807	10.3	443,162	9.6	497,995	11.1
Miscellaneous	29,106	0.7	43,596	0.9	51,935	1.2
Total	4,014,201	100.0	4,606,713	100.0	4,473,454	100.0

Schedule 5

ANALYSIS OF SALARIES TAX ASSESSMENTS FOR THE YEAR OF ASSESSMENT 2022-23 BY INCOME GROUP

Annual Income	No. of Taxpayers	Percentage of Taxpayers	No. of Elections for Joint Assessment	Total Income (After Deductions other than Self Education Expenses and Concessory Deductions)	Total Allowances (See analysis per Schedule 6)	Self Education Expenses	Concessory Deductions									Total Net Chargeable Income	Final Tax	Percentage of Total Final Tax	Average Tax per Taxpayer
							Total Donations to Charities	Home Loan Interest	Elderly Residential Care Expenses	Contributions to Recognized Retirement Schemes	Tax Deductible MPF Voluntary Contributions	Qualifying Annuity Premiums	Qualifying Premiums under the Voluntary Health Insurance Scheme Policy	Domestic Rents					
(\$)		(%)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(%)	(\$)	
132,001 - 200,000	143,276	7.81	0	24,689,364	19,035,228	22,482	82,554	49,385	1,777	488,887	26,151	12,926	69,802	14,967	4,885,205	0	0.00	0	
200,001 - 300,000	382,200	20.84	258	97,267,747	58,114,339	294,491	372,686	662,416	24,491	2,377,833	171,245	271,232	308,509	439,862	34,230,643	209,768	0.25	549	
300,001 - 400,000	336,865	18.37	4,403	116,990,104	63,466,253	507,019	534,349	1,328,919	55,441	3,175,850	270,590	518,496	380,012	928,041	45,825,134	1,537,571	1.85	4,564	
400,001 - 500,000	237,587	12.96	8,975	106,139,759	53,453,915	498,747	566,802	1,640,632	61,985	2,732,039	305,185	733,717	344,629	919,676	44,882,432	2,664,828	3.21	11,216	
500,001 - 600,000	173,187	9.45	10,293	94,768,313	44,790,280	374,333	577,138	1,654,315	59,771	2,066,156	316,274	951,634	302,578	769,213	42,906,621	3,478,975	4.19	20,088	
600,001 - 700,000	116,468	6.35	10,798	75,315,529	33,322,055	244,715	480,373	1,443,389	51,271	1,456,279	297,673	920,768	232,965	579,790	36,286,251	3,525,552	4.24	30,271	
700,001 - 800,000	98,385	5.37	8,988	73,493,079	29,755,292	195,944	528,235	1,530,522	50,595	1,264,445	309,372	1,103,082	222,440	517,792	38,015,360	4,171,852	5.02	42,403	
800,001 - 900,000	64,401	3.51	6,462	54,531,475	20,194,017	147,968	374,332	1,166,121	34,639	866,188	243,050	812,149	153,755	344,356	30,194,900	3,609,815	4.35	56,052	
900,001 - 1,000,000	56,585	3.09	4,340	53,229,549	17,700,303	112,862	442,546	1,047,530	37,089	765,401	253,800	923,128	142,698	309,741	31,494,451	4,003,680	4.82	70,755	
1,000,001 - 1,500,000	118,548	6.46	8,125	142,476,524	37,518,406	259,158	1,064,478	2,367,963	78,873	1,527,309	649,220	2,102,705	279,133	662,413	95,966,866	13,471,503	16.21	113,638	
1,500,001 - 2,000,000	45,891	2.50	2,332	78,468,595	14,740,134	88,700	553,066	938,459	31,306	567,333	286,249	894,260	102,427	252,070	60,014,591	9,101,164	10.95	198,321	
2,000,001 - 3,000,000	33,218	1.81	1,450	79,492,028	9,615,337	62,067	515,390	658,233	19,456	390,723	216,085	584,714	64,345	178,515	67,187,163	10,390,345	12.51	312,793	
3,000,001 - 5,000,000	16,907	0.92	497	63,443,622	3,503,969	25,721	403,889	284,245	9,216	190,950	110,408	256,549	27,865	88,761	58,542,049	9,001,092	10.83	532,389	
5,000,001 - 7,500,000	5,277	0.29	46	31,702,102	275,910	6,476	184,752	80,224	2,556	58,095	29,898	61,991	6,992	26,196	30,969,012	4,648,387	5.60	880,877	
7,500,001 - 10,000,000	1,889	0.10	6	16,153,174	6,056	1,712	97,510	30,217	664	20,806	8,919	20,030	2,516	10,181	15,954,563	2,382,605	2.87	1,261,305	
10,000,001 & over	3,143	0.17	7	73,293,905	0	2,083	488,955	41,414	256	34,308	10,068	24,738	2,944	20,111	72,669,028	10,881,501	13.10	3,462,138	
Total	1,833,827	100.00	66,980	1,181,454,869	405,491,494	2,844,478	7,267,055	14,923,984	519,386	17,982,602	3,504,187	10,192,119	2,643,610	6,061,685	710,024,269	83,078,638	100.00	45,303	

Note : "No. of Taxpayers" represents the population with tax assessed before the implementation of a one-off tax reduction of 100% (capped at \$6,000).

Schedule 6

ANALYSIS OF ALLOWANCES GRANTED FOR THE YEAR OF ASSESSMENT 2022-23 BY INCOME GROUP

Annual Income	Basic Allowance	Married Person's Allowance	Child Allowance	Dependent Brother/Sister Allowance	Single Parent Allowance	Dependent Parent Allowance	Additional Dependent Parent Allowance	Dependent Grandparent Allowance	Additional Dependent Grandparent Allowance	Disabled Spouse Allowance	Disabled Parent Allowance	Disabled Grandparent Allowance	Disabled Child Allowance	Disabled Brother/Sister Allowance	Personal Disability Allowance	Total Allowances
(\$)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
132,001 - 200,000	18,912,432	0	96	5,625	0	101,675	12,850	2,525	25	0	0	0	0	0	0	19,035,228
200,001 - 300,000	49,474,524	1,951,752	691,260	108,263	290	3,909,150	1,729,850	86,450	25,025	0	34,875	900	0	18,675	83,325	58,114,339
300,001 - 400,000	40,501,692	7,928,976	2,531,204	181,312	19,761	7,568,950	4,044,575	185,650	54,350	11,250	279,375	4,050	12,008	57,675	85,425	63,466,253
400,001 - 500,000	26,520,648	9,681,672	4,973,330	161,813	227,027	7,208,025	3,830,375	219,550	64,625	34,425	359,400	7,725	32,700	70,125	62,475	53,453,915
500,001 - 600,000	18,057,468	9,606,432	7,095,845	108,412	307,573	6,027,375	2,817,700	174,025	46,900	37,350	325,725	8,475	59,025	66,075	51,900	44,790,280
600,001 - 700,000	11,372,724	8,002,104	6,612,033	68,363	236,129	4,513,675	1,916,075	129,200	34,450	27,225	249,000	7,950	60,127	57,075	35,925	33,322,055
700,001 - 800,000	9,581,880	6,809,880	6,648,258	55,462	219,912	4,207,625	1,659,325	111,950	25,550	25,200	249,450	8,100	68,100	53,850	30,750	29,755,292
800,001 - 900,000	6,122,820	4,756,224	4,750,454	35,887	131,582	2,921,750	1,086,750	76,875	17,300	16,275	168,450	4,875	44,925	39,300	20,550	20,194,017
900,001 - 1,000,000	5,529,480	3,879,480	4,331,419	32,362	127,162	2,558,875	895,650	61,675	11,650	14,850	155,025	4,650	43,650	38,100	16,275	17,700,303
1,000,001 - 1,500,000	11,109,912	9,076,848	9,631,071	59,513	236,412	5,100,700	1,630,850	128,725	23,500	26,250	298,650	13,800	87,000	68,025	27,150	37,518,406
1,500,001 - 2,000,000	4,083,288	3,948,648	4,147,488	18,713	95,647	1,764,675	460,475	44,675	6,650	6,600	95,250	3,675	35,025	22,950	6,375	14,740,134
2,000,001 - 3,000,000	1,795,464	3,160,080	3,153,921	11,100	66,647	1,048,450	250,350	25,800	3,550	4,575	53,100	2,775	21,975	14,925	2,625	9,615,337
3,000,001 - 5,000,000	343,728	1,288,056	1,470,006	2,925	32,604	266,750	62,600	4,850	1,100	1,125	17,400	225	7,650	4,350	600	3,503,969
5,000,001 - 7,500,000	9,900	99,792	135,960	300	2,508	19,475	4,850	300	50	75	975	75	1,050	600	0	275,910
7,500,001 - 10,000,000	0	1,848	3,120	38	0	450	300	0	0	0	150	0	75	75	0	6,056
10,000,001 & over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	203,415,960	70,191,792	56,175,465	850,088	1,703,254	47,217,600	20,402,575	1,252,250	314,725	205,200	2,286,825	67,275	473,310	511,800	423,375	405,491,494

Schedule 7

PROPERTY STATISTICS (as at 31 March 2024)

Classification of Properties	No. of Properties	%
(i) Solely owned by individuals [excluding those under item (iv)] (Rental income, if any, is reported in Tax Returns-Individuals)	1,256,590	46.40
(ii) Jointly owned, owned by tenants-in-common, and solely owned other than by individuals [excluding those under item (iv)] - Letting (Reported in Property Tax Returns)	117,689	
Other usage or vacant	450,098	20.97
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance	452,243	16.70
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme	358,918	13.25
(v) New ownership - awaiting classification	72,706	2.68
Total	2,708,244	100.00

Classification by Number of Owners	No. of Properties	%
Properties owned by : 1 owner	1,984,864	73.29
2 owners	664,000	24.52
3 owners	34,272	1.26
4 owners	10,748	0.40
5 owners	5,126	0.19
6 - 10 owners	7,355	0.27
11 - 20 owners	1,648	0.06
Over 20 owners	231	0.01
Total	2,708,244	100.00

Schedule 8

BUSINESS REGISTRATION STATISTICS

Fiscal Year	2020-21	2021-22	2022-23	2023-24
New registrations	140,607	140,219	162,265	147,739
Re-opened registrations	9,618	10,002	11,730	11,068
Cancelled registrations	137,193	152,774	138,294	164,196
Current registrations as at 31 March	1,550,148	1,547,595	1,583,296	1,577,907
Paid Certificates (including certificates with annual fees waived)*	1,587,411	1,578,054	1,658,152	1,552,839
Businesses exempted from payment of fees	9,850	9,808	9,448	16,706
Extracts of information issued	457,171	445,024	438,385	430,856
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Fees and penalties collected (excluding levy)*	73,031	57,312	128,926	2,816,096
Court fines	11,032	8,435	8,016	10,551
Fees and penalties in arrears as at 31 March (excluding levy)	67,712	37,165	27,032	189,791

* The annual fees in respect of business and branch certificates with commencement dates falling within the period from 1 April 2020 to 31 March 2023 were waived.

Fiscal Year	2020-21	2021-22	2022-23	2023-24
	(\$m)	(\$m)	(\$m)	(\$m)
Duties on -				
• Property Assignments and Chargeable Agreements	29,470.0	32,843.6	15,880.7	11,631.5
• Contract notes				
- Collected by Stamp Office	3,506.6	4,770.8	3,327.0	1,809.3
- Collected through The Stock Exchange of Hong Kong Limited	<u>55,138.0</u>	<u>61,150.0</u>	<u>49,796.9</u>	<u>34,778.4</u>
• Leases	591.0	610.8	693.6	674.6
• Transfer deeds	1.6	1.0	1.2	1.2
• Other documents	254.4	247.6	252.8	186.8
Penalties	82.2	53.0	24.1	29.8
Additional duties for delays in payment	0.8	0.5	0.2	0.1
Total duty collections	89,044.6	99,677.3	69,976.5	49,111.7
Average number of callers to Stamp Office per day	1,454	1,468	1,300	1,235
Number of documents stamped during the year	1,637,786	1,580,345	1,581,305	1,390,944

Schedule 10

ESTATE DUTY – DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2024

	Assessments issued before 1 April 2023	Assessments issued in 2023-24						Additional Assessments	Total
		Original Assessments							
		Estates valued under \$2m	Estates valued \$2m to \$4m	Estates valued \$4m to \$10m	Estates valued \$10m to \$20m	Estates valued over \$20m			
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
Outstanding charges brought forward from 2022-23	103,486	-	-	-	-	-	-	103,486	
Less: Amount discharged	-	-	-	-	-	-	-	-	
Net outstanding charges brought forward from 2022-23	103,486	-	-	-	-	-	-	103,486	
Net duty assessed	-	-	-	-	-	-	618	618	
Penalties charged	-	-	-	-	-	-	232	232	
Interest charged	2,367	1	-	-	-	-	445	2,813	
Total amount payable	105,853	1	-	-	-	-	1,295	107,149	
Less: Amount paid on account before 1 April 2023	-	-	-	-	-	-	120	120	
Net duty, penalties and interest payable in 2023-24	105,853	1	-	-	-	-	1,175	107,029	
Less: Outstanding charges carried forward to 2024-25	105,853	-	-	-	-	-	-	105,853	
Net duty, penalties and interest paid in 2023-24	-	1	-	-	-	-	1,175	1,176	
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	-	-	-	36	6,549	-	2,422	9,007	
Total collections in 2023-24	-	1	-	36	6,549	-	3,597	10,183	

Fiscal Year	2021-22		2022-23		2023-24	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Horse Racing						
Day Meetings						
Net Stake Receipts	10,851,570		10,631,360		9,881,663	
Betting Duty		7,935,105		7,774,248		7,226,908
Night Meetings						
Net Stake Receipts	8,857,663		8,768,795		8,603,788	
Betting Duty		6,470,754		6,407,693		6,288,888
Horse Race Betting Duty (For rates, please refer to Figure 21 of Chapter 3)		14,405,859		14,181,941		13,515,796
Lotteries (Mark Six)						
Proceeds from Lotteries	6,101,534		6,769,211		8,391,581	
Lotteries Duty (Rate: 25%)		1,525,383		1,692,303		2,097,895
Football Betting						
Net Stake Receipts	19,001,968		19,899,282		20,906,637	
Football Betting Duty (Rate: 50%)		9,500,984		9,949,641		10,453,319
Special Football Betting Duty		0		0		2,400,000
Total duty collected		25,432,226		25,823,885		28,467,010

Schedule 12

TAX RESERVE CERTIFICATES

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
2020-21		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	2	5	10	1
• Save-As-You-Earn Scheme	42,567	79,867	54,493	92,504	162
• Electronic Tax Reserve Certificates Scheme	47,377	372,485	54,622	351,308	451
Security for Tax in Dispute	1,344	2,896,920	1,693	2,781,430	9,639
Total	91,289	3,349,274	110,813	3,225,252	10,253
2021-22		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	1	14	25	1
• Save-As-You-Earn Scheme	40,009	80,436	46,387	87,417	119
• Electronic Tax Reserve Certificates Scheme	44,113	349,979	46,936	379,170	326
Security for Tax in Dispute	1,092	3,133,413	1,430	3,486,200	8,232
Total	85,215	3,563,829	94,767	3,952,812	8,678
2022-23		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	-	-	1	-	-
• Save-As-You-Earn Scheme	38,954	83,830	41,010	84,968	88
• Electronic Tax Reserve Certificates Scheme	41,997	339,574	44,766	363,250	198
Security for Tax in Dispute	946	2,413,492	1,602	3,028,070	4,500
Total	81,897	2,836,896	87,379	3,476,288	4,786
2023-24		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	2	14	10	2
• Save-As-You-Earn Scheme	38,357	84,466	48,915	93,102	251
• Electronic Tax Reserve Certificates Scheme	41,315	325,299	44,906	323,702	718
Security for Tax in Dispute	1,058	3,008,748	1,451	3,093,966	11,365
Total	80,731	3,418,515	95,286	3,510,780	12,336

Schedule 13

EARNINGS AND PROFITS TAX – OFFENCES COMMITTED AND COURT FINES IMPOSED

2023-24

	Inland Revenue Ordinance										Total	
	Failure to submit return and other offences [section 80(1)&(2)(d)]		Failure to comply with Court Order [section 80(2B)]		Wilfully with intent to evade tax or to assist other persons to evade tax [section 82]		Furnishing incorrect return, statement or information [section 80(2)(a),(b)&(c)]		Failure to comply with the requirement of section 51(2) to notify the chargeability [section 80(2)(e)]			
	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Profits Tax												
• Corporations	15,124	39,777,700	1,565	7,146,300	14	2,168,725	0	0	0	0	16,703	49,092,725
• Unincorporated Businesses	530	1,307,100	110	486,200	0	0	0	0	0	0	640	1,793,300
Salaries Tax												
• Employees	3,238	5,921,200	392	1,549,500	0	0	0	0	0	0	3,630	7,470,700
• Employers	930	2,434,400	235	1,132,100	0	0	0	0	0	0	1,165	3,566,500
Property Tax												
• Individuals	74	131,600	6	33,500	11	220,000	1	20,000	0	0	92	405,100
Total	19,896	49,572,000	2,308	10,347,600	25	2,388,725	1	20,000	0	0	22,230	62,328,325

Note 1 : Fines do not form part of the revenue collected by the Inland Revenue Department

Note 2 : Convictions under section 82 are liable to court fines and imprisonment

Note 3 : The number of cases pending hearing as at 31 March 2024 is 34,006

Schedule 14

EARNINGS AND PROFITS TAX – SURCHARGES ADDED, OFFENCES COMPOUNDED, ADDITIONAL TAX IMPOSED AND COSTS AWARDED BY THE BOARD OF REVIEW

2023-24

	Property Tax		Salaries Tax		Profits Tax (Corporations)		Profits Tax (Unincorporated Businesses)		Personal Assessment		Total	
	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Surcharge for late payment of tax	19,907	36,542,458	170,289	273,158,227	18,691	194,608,244	9,815	44,632,107	10,082	7,280,771	228,784	556,221,807
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	4	13,600	1	1,200	0	0	5	14,800
• section 80(1)	84	1,282,600	1,247	3,469,800	132	7,717,000	166	7,870,000	0	0	1,629	20,339,400
• section 80(2)	1,084	28,349,204	9,195	41,040,217	6,962	451,459,665	1,300	129,590,605	63	374,500	18,604	650,814,191
• section 80G/H/I	0	0	0	0	13	39,000	0	0	0	0	13	39,000
• section 82(1)	42	15,988,066	52	25,886,064	96	193,155,112	68	33,496,029	1	544,000	259	269,069,271
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	84	3,640,800	81	656,980	465	211,489,900	62	5,503,500	4	21,150	696	221,312,330
Costs awarded by the Board of Review	1	2,500	5	70,000	4	70,000	0	0	0	0	10	142,500
Total	21,202	85,805,628	180,869	344,281,288	26,367	1,058,552,521	11,412	221,093,441	10,150	8,220,421	250,000	1,717,953,299

* Including penalties imposed by the Court

