

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.

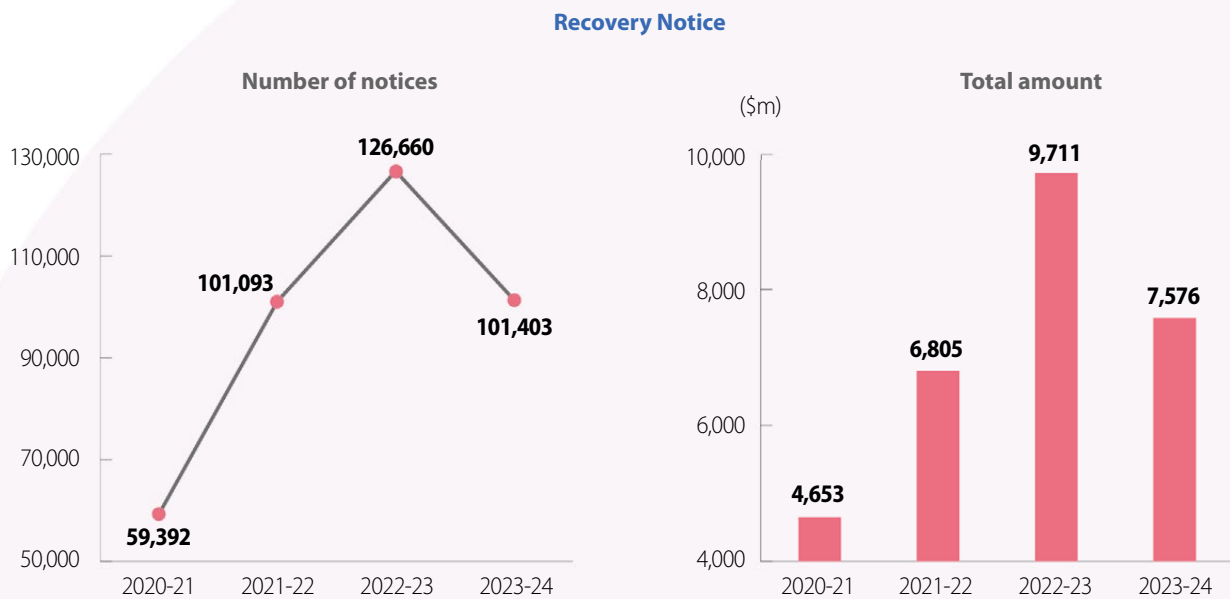
Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 25** summarises different types of recovery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