

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0277)

Head: (76) Inland Revenue Department
Subhead (No. & title): ()
Programme: (1) Assessing Functions
Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Inland Revenue Department (IRD) will continue to promote the use of electronic services, encourage taxpayers to make use of eTAX to file tax returns and make tax payments via electronic means. In addition, with an aim to enhancing the efficiency, reliability and accuracy of tax filing, the IRD launched the enhanced e-filing services for profits tax returns in April 2023, such that all corporations and businesses could file profits tax returns electronically through eTAX for the year of assessment 2022/23. Please inform this Committee of the following:

- 1) In the past 3 years of assessment, what were the respective numbers of cases in which taxpayers filed tax returns and made tax payments for Salaries Tax via electronic means such as e-Tax? What were the respective percentages to the total number of Salaries Tax cases?
- 2) In the past 3 years of assessment, what were the respective numbers of cases in which taxpayers filed tax returns and made tax payments for Profits Tax via electronic means such as e-Tax? What were the respective percentages to the total number of Profits Tax cases?
- 3) In the past 3 years of assessment, what were the respective numbers of cases in which taxpayers filed tax returns and made tax payments for Property Tax via electronic means such as e-Tax? What were the respective percentages to the total number of Property Tax cases?
- 4) What was the number of cases in which corporations filed their profits tax returns for the year of assessment 2022-23 electronically? What was the percentage to the total number of tax returns filed by corporations?
- 5) What are the means the IRD will use to further encourage members of the public and enterprises to file tax returns and make tax payments electronically? Has the IRD set any key performance indicators in relation to it? If yes, what are the details? If not, what are the reasons?
- 6) Has the IRD made any estimation on the annual cost and manpower savings that can be achieved if all tax return filings and tax payments are made via electronic means?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 1)

Reply:

1) to 3)

In the past 3 financial years, the numbers and percentages of tax returns filed electronically by taxpayers through eTAX are as follows:

Financial Year	Number of tax returns filed electronically (Note 1) (Percentage to respective types of tax returns)		
	Tax Return - Individuals	Profits Tax Return	Property Tax Return
2021-22	835 200 (31%)	2 500 (1%)	10 300 (7%)
2022-23	866 600 (34%)	3 200 (1%)	11 000 (8%)
2023-24 (As at 29 February 2024)	932 900 (37%)	3 300 (1%)	11 000 (8%)

Note 1: Rounded to the nearest hundred

The Inland Revenue Department (IRD) does not maintain statistical breakdown on the payment transactions for Salaries Tax, Profits Tax and Property Tax by electronic means. In the past 3 financial years, the number and percentage of tax payments made by electronic means are set out below.

Financial year	Tax payments made by electronic means	
	Number of transactions (Note 2)	Percentage to total tax payment transactions
2021-22	2 350 000	70%
2022-23	2 380 000	71%
2023-24 (As at 29 February 2024)	2 370 000	72%

Note 2: Rounded to the nearest ten thousand.

4) In the financial year 2023-24, the number and percentage of profits tax returns for the year of assessment 2022/23 filed electronically by corporations through eTAX are as follows:

Financial Year	Number of tax returns filed electronically (Note 3) (Percentage to the total tax returns for corporations)
2023-24 (As at 29 February 2024)	3 100 (1%)

Note 3: Rounded to the nearest hundred.

- 5) The key performance indicator (KPI) which the IRD has committed to achieve is to increase the number of taxpayers adopting electronic filing of Tax Return – Individuals by an average annual growth rate of at least 5% for the financial years from 2022-23 to 2026-2027. With the concerted effort of the IRD’s staff, the KPI has been accomplished for the two financial years from 2022-23 to 2023-24 (up to 29 February 2024), with the overall annual average growth rate for that two financial years at 5.85%. The IRD will continue to promote the electronic filing of Tax Return – Individuals with promotional activities like placing advertisements on newspapers and electronic platforms.

The IRD is also actively promoting the electronic filing of profits tax returns by corporations and businesses. The IRD implements a series of support measures, including provision of free data conversion tools, online training materials and a helpdesk for answering telephone enquiries, setting up an outreaching team and conducting ongoing consultative stakeholder engagement sessions, etc. In addition, the IRD also launches a series of promotional activities with a view to striving to increase the percentage of electronic filing of profits tax returns, including posters, publicity leaflets, MTR in-train video display, advertisement on digital social media and displaying promotional e-messages through the websites of professional bodies.

Besides, making tax payments by electronic means has been widely adopted by taxpayers. The IRD has not set KPI for further encouraging members of the public and enterprises to pay taxes electronically.

- 6) The IRD currently has no plan to mandate members of the public to file Tax Return - Individuals and pay taxes electronically, and needs to reserve certain resources to process tax returns filed in paper form and non-electronic tax payments made by taxpayers. In the circumstances, the IRD does not have relevant estimates.

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