

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)021

(Question Serial No. 0453)

Head: (76) Inland Revenue Department
Subhead (No. & title): ()
Programme: (2) Collection
Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- 1) Please advise on the number of applications for paying tax by instalments, the tax types involved, the number of successful applications, and the average number of days for vetting the applications for the past 3 years.
- 2) For each tax type, how long did it take on average for taxpayers to receive the results of their applications for paying tax by instalments after submission in the previous year?
- 3) Members of the public and certain industries have expressed that they encountered difficulties when applying for payment of tax by instalments, such as the long waiting time for telephone enquiries. Will the Inland Revenue Department deploy additional manpower to answer taxpayers' enquiries and offer instalment options that are easy to comprehend, e.g. dividing the amount of tax payable into 6/12 instalments?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 1)

Reply:

- 1) Taxpayers who encounter financial difficulties in settling their tax bills on time may apply to the Inland Revenue Department (IRD) for payment of tax by instalments. The number of cases approved and amount of instalment payments by tax type in the financial years 2021-22, 2022-23 and 2023-24 (up to 29 February 2024) are provided in the table below.

Tax Type	2021-22		2022-23		2023-2024 (up to 29 February 2024)	
	Number of demand notes approved for payment by instalments (note)	Amount of tax involved (\$ million)	Number of demand notes approved for payment by instalments (note)	Amount of tax involved (\$ million)	Number of demand notes approved for payment by instalments (note)	Amount of tax involved (\$ million)
Profits Tax	1 160	892	1 000	1,008	780	2,501
Salaries Tax	5 820	561	5 760	520	5 380	435
Property Tax	90	4	120	4	130	4
Personal Assessment	310	26	230	18	190	16

Note: Rounded to the nearest ten

The IRD did not conduct further analysis on the number of applications or cases approved for instalment payments.

- 2) Generally speaking, the IRD will provide a reply within 21 working days upon receipt of the applications. The IRD did not conduct analysis on the time taken for processing the applications for payment of tax by instalments.
- 3) The IRD deploys manpower to handle taxpayers' telephone enquiry on payment of tax by instalments during the peak season of tax collection every year.

Payment of tax by instalments is approved by the IRD on the basis of the financial difficulties faced by individual applicants. In this connection, when making applications, applicants are required to state the reasons for failing to pay tax on time and provide supporting documents in order to enable the IRD to verify and approve the appropriate tax instalment arrangements having considered the financial position of the applicants. Compared to imposing an across-the-board repayment period of 6 or 12 months, the current practice can better suit the needs of individual applicants and is more in line with the original intention of allowing payment of tax by instalments.

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