

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0457)

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:

Will the Inland Revenue Department please inform:

A) the number of tax recovery cases with recovery actions not yet completed in the past 2 years, and the main reasons for not having completed the actions;

B) the details of the recovery cases for the past 2 years as requested in the table below:

Amount of tax involved in recovery cases	No. of cases				
	Salaries Tax	Profits Tax	Property Tax	Personal Assessment	Stamp Duty
Below \$100					
\$100 - \$500					
\$501 - \$1,000					
\$1,001 - \$5,000					
\$5,001 - \$10,000					
\$10,001 – \$50,000					
\$50,001 – \$100,000					
\$100,001 – \$500,000					
\$500,001 – \$1,000,000					
\$1,000,001 – \$5,000,000					
Over \$5,000,000					

C) the details of the staff establishment for taking recovery actions, including the ranks (with salary points specified), the number of staff deployed, and the total expenditure involved on personal emoluments.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 5)

Reply:

A) The Inland Revenue Department (IRD) takes proactive steps to recover any tax in default by a taxpayer, including imposition of surcharge, issuance of warning letters, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings. The estimated number of tax recovery cases to be completed in the financial year 2023-24 is around 268 000.

As at 31 March 2023 and 29 February 2024, the cumulative numbers of tax demand notes with payment overdue were around 183 000 and 230 000 respectively. For some taxpayers who encounter financial difficulties in paying their tax on time, they may apply to the IRD for making tax payment by instalments. As for cases involving legal proceedings, it usually takes longer time to process. The IRD will continue to take appropriate actions to recover tax in default so as to protect government tax revenue.

B) The following table sets out the statistics on the surcharge notices issued by the IRD for four types of tax in the financial years 2022-23 and 2023-24 (up to 29 February 2024):

Tax Type	5% surcharge			10% surcharge		
	Number of charges involved (note)	Amount of surcharge (\$million)	Amount of tax involved (\$million)	Number of charges involved (note)	Amount of surcharge (\$million)	Amount of tax involved (\$million)
2022-23						
Profits Tax	25 300	139.03	2,781	6 500	115.57	1,101
Salaries Tax	197 900	275.85	5,517	13 800	69.34	660
Property Tax	20 500	32.93	659	4 800	21.43	204
Personal Assessment	9 100	7.21	144	1 000	3.64	35
Total	252 800	455.02	9,101	26 100	209.98	2,000
2023-24 (up to 29 February 2024)						
Profits Tax	18 100	105.54	2,111	5 800	85.08	810
Salaries Tax	156 000	200.95	4,019	10 500	64.10	610
Property Tax	17 000	23.40	468	2 000	11.54	110
Personal Assessment	8 700	5.26	105	700	1.21	12
Total	199 800	335.15	6,703	19 000	161.93	1,542

Note: Rounded to the nearest hundred

As for stamp duty, there were 10 240 and 9 678 late stamping cases in the financial years 2022-23 and 2023-24 (up to 29 February 2024) respectively. The late penalty involved was \$24 million and \$27 million respectively.

The IRD has no breakdown on the tax default cases by the amount of tax in default.

- C) The Enforcement Section of the IRD is headed by an Assistant Commissioner and has an establishment of 222 staff, comprising 32 Assessor grade staff, 141 Taxation Officer grade staff, 46 clerical grade staff and 3 common grade staff. The revised estimate of financial provision for this Section for the financial year 2023-24 is \$150.2 million.

- End -