

Head 76 — INLAND REVENUE DEPARTMENT

Controlling officer: the Commissioner of Inland Revenue will account for expenditure under this Head.

Estimate 2024–25 **\$2,039.8m**

Establishment ceiling 2024–25 (notional annual mid-point salary value) representing an estimated 2 932 non-directorate posts as at 31 March 2024 reducing by 20 posts to 2 912 posts as at 31 March 2025 **\$1,438.3m**

In addition, there will be an estimated 29 directorate posts as at 31 March 2024 and as at 31 March 2025.

Controlling Officer's Report

Programmes

<p>Programme (1) Assessing Functions Programme (2) Collection Programme (3) Investigation and Field Audit Programme (4) Taxpayer Services</p>	<p>These programmes contribute to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).</p>
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Detail

Programme (1): Assessing Functions

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)	1,308.1	1,462.1	1,409.8 (–3.6%)	1,512.3 (+7.3%)
				(or +3.4% on 2023–24 Original)

Aim

2 The aim is to raise revenue through taxes, duties and fees in accordance with the relevant legislation in a cost-effective manner.

Brief Description

- 3** This programme involves:
- establishing the liabilities of taxpayers under profits tax, salaries tax, property tax and personal assessment;
 - processing objections and appeals in relation to tax assessments raised under the Inland Revenue Ordinance (Cap. 112) which involve complicated issues of fact or law, or disputed assessments that cannot be settled by agreement;
 - maintaining an accurate and efficient system for business registration;
 - assessing stamp duty chargeable on assignments, agreements for sale and purchase, leases of immovable property and transfers of shares;
 - examining estate duty affidavits or accounts, and issuing assessments for dutiable cases and certificates of exemption for exempt cases in respect of persons who passed away before 11 February 2006, following the enactment of the Revenue (Abolition of Estate Duty) Ordinance 2005;
 - administering betting duty in respect of horse races, football matches and lotteries; and
 - issuing and redeeming tax reserve certificates.

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4 In 2023–24, the Department continued to enhance the quality and efficiency of its services through wider use of information technology (IT), upgrading internal computer systems and streamlining procedures. The Department launched the enhanced e-filing services for profits tax returns to promote tax digitalisation in April 2023. This could enhance the efficiency, reliability and accuracy of tax filing. Starting from April 2023, all corporations and businesses could file profits tax returns electronically through eTAX for the year of assessment 2022/23 and attach the required supplementary forms and other forms in XML format and the supporting documents in iXBRL format. Besides, various stamp duty measures came into effect. The Stamp Duty (Amendment) Ordinance 2023 was enacted to exempt the stamp duty payable on transactions relating to dual-counter stocks made by Dual-Counter Market Makers in the course of performing market making or liquidity providing activities in respect of the stocks with effect from 27 January 2023. The Stamp Duty (Amendment) (No. 2) Ordinance 2023 was enacted to adjust the value bands of Ad Valorem Stamp Duty at Scale 2 rates, which were applicable to any instrument executed at 11 a.m. on 22 February 2023 or thereafter for the sale and purchase or transfer of any immovable properties that is subject to Ad Valorem Stamp Duty at Scale 2 rates. Stamp duty suspension arrangement for incoming talents' acquisition of residential properties was introduced. An eligible incoming talent, who purchased a residential property in Hong Kong on or after 25 October 2023, may apply for suspension of stamp duty payment in respect of the Buyer's Stamp Duty and the New Residential Stamp Duty. The talent still has to pay the Ad Valorem Stamp Duty at Scale 2 rates. In addition, the rate of Stamp Duty on Stock Transfers has been reduced to 0.1 per cent since 17 November 2023. Furthermore, the Betting Duty (Amendment) Ordinance 2023 was enacted to impose an annual special football betting duty of \$2,400 million on a football betting conductor for five years ending on 31 March 2028.

5 To assist taxpayers in understanding their rights and fulfilling their obligations under the Inland Revenue Ordinance, the Department continued to make use of its website and a 24-hour fax system to provide comprehensive information to employers, individuals, businesses and tax representatives. Information on a wide range of topics was also disseminated to the public through GovHK.

6 The key performance measures are:

Targets

	Target	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Plan)
<i>Written enquiries</i>				
replies to simple enquiries within seven working days (%)	96.0	99.9	96.0	96.0
replies to technical enquiries within 21 working days (%)	98.0	99.9	99.0	99.0
<i>Processing of returns</i>				
assessments made within nine months				
profits tax				
business (%)	80.0	80.9	80.0	80.0
individuals (%)	96.0	96.7	96.5	96.5
salaries tax (%)	96.0	96.7	96.5	96.5
property tax (%)	96.0	97.2	97.0	97.0
personal assessment (%)	96.0	96.7	96.5	96.5
<i>Tax returns for first-time taxpayers</i>				
profits tax				
tax returns issued for chargeable cases within three months (%)	98	100	98	98
salaries tax				
tax returns issued for taxable cases				
April to November—within three months (%)....	98	100	99	99
December to March—within five months (%)	98	100	99	99
<i>Company / Limited Partnership Fund deregistration</i>				
processing of requests for issuance of Notice of No Objection by the Commissioner of Inland Revenue within 21 working days (%)	98	100	98	98

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	Target	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Plan)
<i>Tax reserve certificates</i>				
purchase/redemption transactions completed				
January to June—within 12 working days (%)	99.0	99.9	99.0	99.0
July to December—within nine working days (%).....	99.0	99.9	99.0	99.0
<i>Notices of objection</i>				
replies made				
May to August—within 12 working days (%)	98.0	99.7	99.0	99.0
September to April—within 18 working days (%)	98.0	99.8	99.0	99.0
notices of settlement/notifications of decision issued within four months (%).....	98.0	99.9	99.0	99.0
<i>Tax holdover claims</i>				
replies made within 12 working days (%)	98.0	99.9	99.0	99.0
<i>Stamping of documents</i>				
stamping of assignments, sale and purchase agreements, lease agreements, contract notes and instruments of transfer through GovHK				
issued instantly through GovHK after receipt of stamp duty payment by online mode (%)	99	100	99	99
issued within two working days through GovHK after receipt of stamp duty payment by offline mode (%).....	99	100	99	99
processing of requests for stamping of assignments and sale and purchase agreements within five working days (%)	98.0	99.9	99.0	99.0
contract notes/lease agreements stamped on the day submitted (%)	98.0	99.4	99.0	99.0
claims for exemption in respect of intra-group transfers processed within three months (%)	85.0	88.6	85.0	85.0
<i>Business registration</i>				
new business registration certificates applications over the counter issued within 30 minutes (%)	99.0	99.9	99.0	99.0
applications by post or through GovHK issued within two working days (%)	99	100	99	99
certified extracts of information issued within the next working day (%)	99	100	99	99

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	Target	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Plan)
change of business registration particulars				
notifications over the counter updated within 30 minutes (%)	97	100	99	99
notifications by post or through GovHK updated within five working days (%)	99	100	99	99
<i>Certificate of resident status</i>				
Certificates/notifications issued within 21 working days¶	70	N.A.	80	80

¶ New target as from 2023–24. On 1 April 2023, the Department introduced a new performance pledge for processing of applications for certificate of resident status.

Indicators

	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Estimate)
<i>Profits tax</i>			
assessments made	553 000‡	496 000	505 000
assessments per post	888	764	779
provision per assessment (\$)	750.0	919.0	974.5
<i>Salaries tax</i>			
assessments made	2 742 000	2 702 000	2 702 000
assessments per post	2 877	2 835	2 856
provision per assessment (\$)	187.4	197.9	212.5
<i>Property tax</i>			
assessments made	759 000	764 000	764 000
assessments per post	4 059	4 130	4 175
provision per assessment (\$)	134.5	137.7	147.1
<i>Personal assessment</i>			
assessments made	430 000	419 000	419 000
assessments per post	3 282	3 198	3 223
provision per assessment (\$)	160.4	176.1	189.0
<i>Objections and appeals</i>			
objections and appeals processed	810	810	810
objections and appeals per post	32	32	32
provision per objection or appeal (\$)	34,512	37,284	38,519
<i>Business registration</i>			
business registration certificates (new and renewal)			
certificates issued	1 658 000	1 580 000	1 580 000
certificates per post	13 159	12 540	12 640
provision per certificate (\$)	46.5	50.5	54.2
extracts of information			
extracts issued	438 000	440 000	440 000
extracts per post	14 129	14 194	14 667
provision per extract (\$)	36.7	41.4	43.6
<i>Stamp duty</i>			
documents stamped	1 581 000	1 560 000	1 560 000
stamped documents per post	12 352	12 188	12 188
provision per stamped document (\$)	46.6	50.0	53.7
<i>Estate duty</i>			
cases finalised	377	330	330
cases per post	126	110	110
provision per case (\$)	5,937	8,485	8,788

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	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Estimate)
<i>Betting duty</i>			
returns processed.....	271	297	295
returns per post.....	136	149	148
provision per return (\$).....	3,762	5,724	6,102
<i>Tax reserve certificates</i>			
purchase/redemption transactions.....	169 000	169 000	169 000
transactions per post.....	16 900	16 900	16 900
provision per transaction (\$).....	32.6	33.1	34.3

‡ The actual output for 2022–23 was exceptionally high because a certain number of unassessed profits tax returns accumulated during the period of special work arrangements implemented at the end of 2021–22 were assessed in 2022–23 upon the resumption of the Department’s normal operation on 4 April 2022.

Matters Requiring Special Attention in 2024–25

7 During 2024–25, the maintenance of yield from taxes and the development of IT opportunities remain matters of high priority. The Department will:

- continue to promote taxpayers’ compliance through publicity programmes and enhanced services;
- strengthen the effort in promoting the use of electronic services and encourage taxpayers to make greater use of eTAX services, e.g. setting up service desk or booth to promote eTAX and electronic filing of tax returns;
- strive to expand Hong Kong’s network of comprehensive avoidance of double taxation agreements with trading and investment partners, in particular jurisdictions participating in the Belt and Road Initiative and emerging markets such as the member states of the Association of Southeast Asian Nations, the Middle East, Central Asia and Africa;
- continue to conduct the automatic exchange of financial account information and country-by-country reports with the relevant tax authorities; and
- continue to implement measures promulgated by the Organisation for Economic Co-operation and Development to counter base erosion and profit shifting, and participate in other international tax co-operation initiatives.

Programme (2): Collection

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)	196.5	226.8	215.8 (–4.9%)	224.3 (+3.9%)
				(or –1.1% on 2023–24 Original)

Aim

8 The aim is to collect taxes due under the relevant ordinances in a cost-effective manner.

Brief Description

9 This programme involves processing tax payments and refunds, and taking recovery actions in relation to default cases.

10 During 2023–24, the Department continued to promote the use of electronic services for tax payment.

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11 The key performance measures are:

Targets

	Target	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Plan)
<i>Tax payment</i>				
receipts issued for tax payments made by electronic means within four working days (%).....	99	100	99	99
<i>Refund of tax</i>				
arising from overpayment of tax in excess of the amount demanded within 18 working days (%).....	98	100	98	98
arising from revision of assessment within ten working days (%).....	98	100	99	99

Indicators

	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Estimate)
<i>Collection of tax</i>			
payments processed.....	3 355 000	3 200 000	3 200 000
payments per post.....	65 784	62 745	65 306
provision per payment (\$).....	11.6	14.4	15.2
<i>Refund of tax</i>			
refunds made.....	797 000	750 000	700 000
refunds per post.....	25 710	25 000	23 333
provision per refund (\$).....	15.4	23.9	26.6
<i>Recovery of tax</i>			
completed recovery cases.....	396 000 ^Ω	268 000	268 000
completed recovery cases per post.....	1 342	905	905
provision per completed recovery case (\$).....	366.3	560.4	580.6

Ω The increase in completed recovery cases in 2022–23 was due to the deferment of recovery actions in 2021–22 to 2022–23 following the special work arrangements implemented at the end of 2021–22.

Matters Requiring Special Attention in 2024–25

12 During 2024–25, the Department will continue to promote the use of electronic services for tax payment.

Programme (3): Investigation and Field Audit

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)	238.5	258.9	257.7 (–0.5%)	268.2 (+4.1%)

(or +3.6% on
2023–24 Original)

Aim

13 The aim is to counter tax evasion, minimise opportunities for tax avoidance and promote compliance by taxpayers.

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Brief Description

14 This programme involves:

- tax investigation, imposition of penalties and institution of prosecution proceedings to deter tax evasion;
- field audit, including site visits and examination of accounting records of taxpayers, and promotion of compliance with taxation requirements; and
- audit on tax avoidance cases and rejection of unacceptable avoidance schemes so as to uphold the tax base of Hong Kong.

15 In 2023–24, the Department continued its determined efforts in combatting tax evasion and countering tax avoidance schemes. The computer-assisted risk-based case selection programme was used to facilitate the identification of high-risk cases for audit and investigation.

16 The key performance measures are:

Target

	Target	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Plan)
<i>Tax audit and investigation</i>				
field audit and tax investigation cases processed within two years (%).....	80.0	88.1	85.0	85.0

Indicators

	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Estimate)
<i>Field audit and tax investigation</i>			
cases completed.....	1 805	1 800	1 800
back tax and penalty assessed (\$m)	2,602.3	3,300.0 Δ	2,700.0
cases per post	6.7	6.7	6.8
provision per case (\$).....	131,177	142,056	147,778
back tax and penalty per case (\$m).....	1.4	1.8	1.5
back tax and penalty per post (\$m).....	9.7	12.3	10.2
back tax and penalty per dollar of provision (\$).....	11.0	12.9	10.2
<i>Property tax compliance check</i>			
cases completed.....	316 000	330 000	390 000Φ
back tax assessed (\$m).....	189.9	204.0	214.0
cases per post	63 200	66 000	78 000
provision per case (\$).....	5.3	6.1	5.6
back tax per case (\$).....	601	618	549
back tax per post (\$m).....	38.0	40.8	42.8
back tax per dollar of provision (\$).....	113.4	102.0	97.3

Δ The increase in the back tax and penalty assessed in 2023–24 is due to the completion of cases with large amount of back tax and penalty.

Φ The estimated increase in the number of property tax compliance check cases in 2024–25 is due to the anticipated increase in the number of tenancy agreements.

Matters Requiring Special Attention in 2024–25

17 During 2024–25, the Department will continue to exert determined efforts in combatting tax evasion and countering tax avoidance schemes.

Programme (4): Taxpayer Services

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)	32.6	33.9	33.1 (–2.4%)	35.0 (+5.7%)

(or +3.2% on
2023–24 Original)

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Aim

18 The aim is to provide quality service to the public through the provision of timely and accurate tax information, thereby promoting tax compliance.

Brief Description

19 This programme involves the provision of telephone and over-the-counter enquiry services as well as personalised electronic services through the Internet, and investigation of complaints received from members of the public.

20 To assist the 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 p.m. and additional service was also provided on Saturday from 9:00 a.m. till 1:00 p.m. During peak periods, the Department also redeployed manpower resources and employed part-time staff to strengthen the daytime telephone enquiry services.

21 The key performance measures are:

Targets

	Target	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Plan)
<i>Enquiry service office</i>				
waiting time for over-the-counter enquiry service not to exceed ten minutes				
during peak hours (%).....	95	98	96	96
outside peak hours (%).....	99.0	99.8	99.0	99.0
connected telephone calls answered within three minutes				
July to April (%)	90.0	93.6	93.0	93.0
May to June (%).....	80.0	89.6	87.0	83.0
<i>Complaints</i>				
interim reply within seven working days (%)	99	100	99	99
substantial reply within 15 working days (%)	99	100	99	99
<i>eTAX account</i>				
access code notices issued for applications through GovHK within two working days (%)	98	100	98	98
electronic receipts issued for tax payments made by electronic means within two working days (%)	99	100	99	99

Indicators

	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Estimate)
<i>Over-the-counter enquiry service</i>			
enquiries	367 000	345 000	350 000
enquiries processed per post	13 107	12 321	12 500
<i>Telephone enquiry service</i>			
enquiries	1 485 000	1 410 000	1 485 000
enquiries processed per post	40 135	38 108	41 250
<i>Complaints</i>			
complaints processed	133	230	230
complaints processed per post.....	44	77	77

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Matters Requiring Special Attention in 2024–25

22 During 2024–25, the Department will continue to deliver quality customer service and promote the wider use of electronic services through which taxpayers can file tax returns, obtain their personal tax information and documents, notify changes of personal particulars and lodge requests for holdover of provisional tax and revision of assessment.

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ANALYSIS OF FINANCIAL PROVISION

	2022–23 (Actual) (\$m)	2023–24 (Original) (\$m)	2023–24 (Revised) (\$m)	2024–25 (Estimate) (\$m)
Programme				
(1) Assessing Functions.....	1,308.1	1,462.1	1,409.8	1,512.3
(2) Collection.....	196.5	226.8	215.8	224.3
(3) Investigation and Field Audit	238.5	258.9	257.7	268.2
(4) Taxpayer Services.....	32.6	33.9	33.1	35.0
	1,775.7	1,981.7	1,916.4 (–3.3%)	2,039.8 (+6.4%)
				(or +2.9% on 2023–24 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2024–25 is \$102.5 million (7.3%) higher than the revised estimate for 2023–24. The increase is mainly due to the salary increments for staff, filling of vacancies and increased operating expenses, partly offset by a net decrease of 13 posts.

Programme (2)

Provision for 2024–25 is \$8.5 million (3.9%) higher than the revised estimate for 2023–24. The increase is mainly due to the salary increments for staff, filling of vacancies and increased operating expenses, partly offset by a net decrease of two posts.

Programme (3)

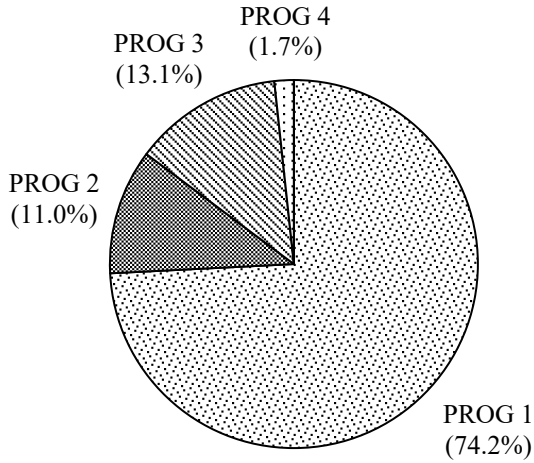
Provision for 2024–25 is \$10.5 million (4.1%) higher than the revised estimate for 2023–24. The increase is mainly due to the salary increments for staff, filling of vacancies and increased operating expenses, partly offset by a net decrease of four posts.

Programme (4)

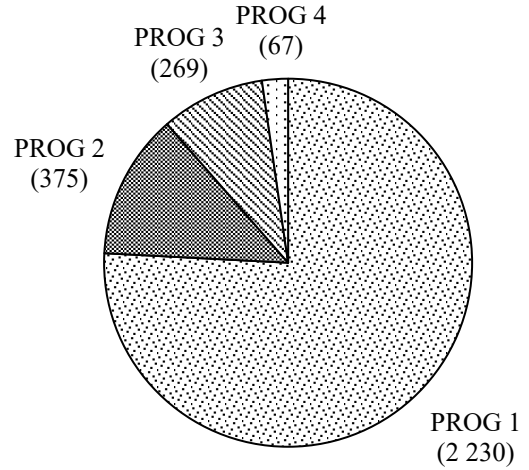
Provision for 2024–25 is \$1.9 million (5.7%) higher than the revised estimate for 2023–24. The increase is mainly due to the salary increments for staff, filling of vacancies and increased operating expenses, partly offset by a net decrease of one post.

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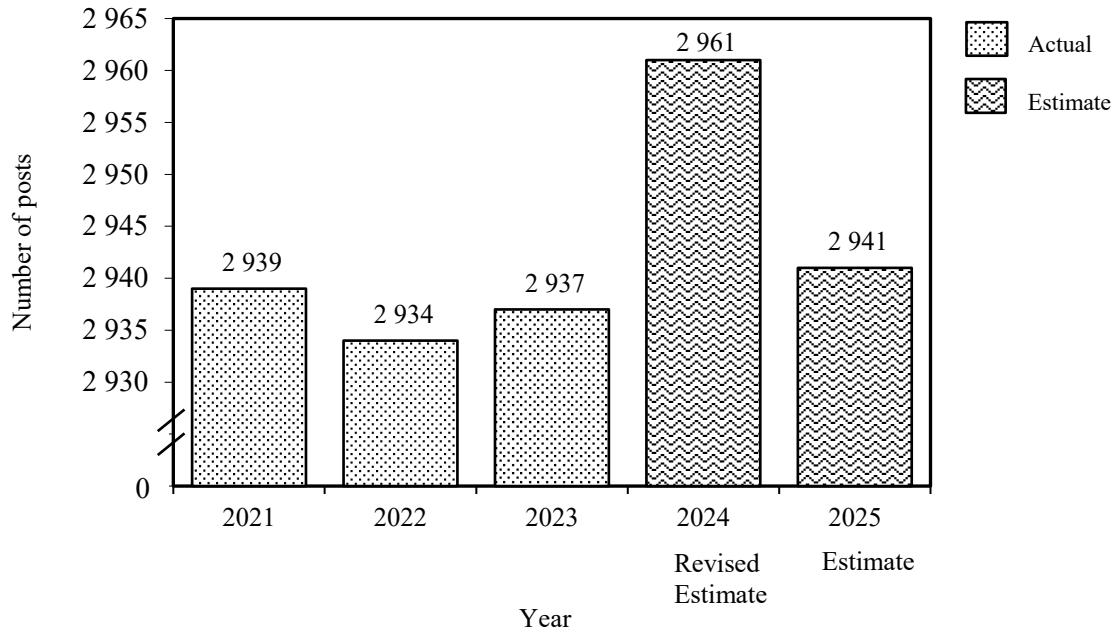
*Allocation of provision
to programmes
(2024-25)*



*Staff by programme
(as at 31 March 2025)*



*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2022-23	Approved estimate 2023-24	Revised estimate 2023-24	Estimate 2024-25	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,770,547	1,956,130	1,890,753	2,014,219
189	Interest on tax reserve certificates.....	4,786	24,000	24,000	24,000
209	Special legal expenses.....	348	1,600	1,600	1,600
	Total, Recurrent.....	<u>1,775,681</u>	<u>1,981,730</u>	<u>1,916,353</u>	<u>2,039,819</u>
	Total, Operating Account	<u>1,775,681</u>	<u>1,981,730</u>	<u>1,916,353</u>	<u>2,039,819</u>
<hr/>					
	Total Expenditure	<u><u>1,775,681</u></u>	<u><u>1,981,730</u></u>	<u><u>1,916,353</u></u>	<u><u>2,039,819</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2024–25 for the salaries and expenses of the Inland Revenue Department is \$2,039,819,000. This represents an increase of \$123,466,000 over the revised estimate for 2023–24 and \$264,138,000 over the actual expenditure in 2022–23.

Operating Account

Recurrent

2 Provision of \$2,014,219,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Inland Revenue Department.

3 The establishment as at 31 March 2024 will be 2 961 permanent posts. It is expected that there will be a net decrease of 20 posts in 2024–25. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2024–25, but the notional annual mid-point salary value of all such posts must not exceed \$1,438,328,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2022–23 (Actual) (\$'000)	2023–24 (Original) (\$'000)	2023–24 (Revised) (\$'000)	2024–25 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,367,938	1,442,586	1,423,791	1,462,592
- Allowances	34,708	48,897	32,054	39,932
- Job-related allowances.....	186	58	131	85
Personnel Related Expenses				
- Mandatory Provident Fund contribution	5,335	7,423	6,083	8,056
- Civil Service Provident Fund contribution	81,107	92,644	91,550	104,609
Departmental Expenses				
- General departmental expenses	281,273	364,522	337,144	398,945
	1,770,547	1,956,130	1,890,753	2,014,219

5 Provision of \$24 million under *Subhead 189 Interest on tax reserve certificates* is for the payment of interest on tax reserve certificates by the Commissioner of Inland Revenue under the Tax Reserve Certificates Ordinance (Cap. 289).

6 Provision of \$1,600,000 under *Subhead 209 Special legal expenses* is for expenditure on court fees in connection with the registration of writs for tax recovery.