



Inland Revenue Department

The Government of the Hong Kong Special Administrative Region
of the People's Republic of China



治稅以法 服務以誠

Tax by the Law

Service from the Heart

Annual Report
2021-22 年報

Vision, Mission and Values

VISION

We aim to be an excellent tax administration that plays an important part in promoting Hong Kong's prosperity and stability.

MISSION

We are committed to –

- collecting revenue efficiently and cost-effectively;
- providing courteous and effective service to the taxpaying public;
- promoting compliance through rigorous enforcement of law, education and publicity programmes; and
- enabling staff to acquire the necessary knowledge, skills and attitude so that they can contribute their best to the achievement of our vision.

VALUES

Our core values are –

- Professionalism
- Efficiency
- Responsiveness
- Fairness
- Effectiveness
- Courtesy
- Teamwork

Contents

Chapter 1 Commissioner's Foreword

Chapter 2 Revenue

Chapter 3 Assessing Functions

Profits Tax
Salaries Tax
Property Tax
Personal Assessment
Advance Rulings
Objections
Appeals to the Board of Review
Appeals to the Courts
Business Registration
Stamp Duty
Estate Duty
Betting Duty
Tax Reserve Certificates

Chapter 4 International Tax Collaboration

Tax Treaty Network
Advance Pricing Arrangement
Automatic Exchange of Financial Account Information
Automatic Exchange of Country-by-Country Reports

Chapter 5 Collection

Collection of Tax
Refund of Tax
Recovery of Tax in Default

Chapter 6 Field Audit and Investigation

Field Audit
Investigation
Property Tax Compliance Check

Chapter 7 Taxpayer Services

IRD Website
Electronic Enquiry Service
Enquiry Service Centre
Tax-help Services for Completion of Tax Returns
Complaints and Compliments
Performance Pledge

Chapter 8 Information Technology

IT Environment
Electronic Services

Chapter 9 Human Resources

Organisation Chart
Establishment
Staff Promotions and Turnover
Training and Development
Staff Relations and Welfare
The IRD Sports Association

Chapter 10 Legislative Amendments

Chapter 11 Environmental Report

Green Management Policy
Green Management and Promotion of Green Awareness
Environmental Protection
Performance in 2021-22
New Initiatives and Targets

Chapter 12 Miscellaneous

Charitable Institutions
General Inspection
Internal Audit
Approval for Tax Return Forms and the Manner of Furnishing Tax Returns

Schedules

chapter 1

Commissioner's Foreword

In the past financial year, Hong Kong's economy and labour market had continued to suffer from the impacts of the unstable local epidemic situation and political uncertainties worldwide. Despite these adversities, the overall revenue collections of the Department in 2021-22 recorded growth. The total amount of revenue collected was \$378.5 billion, representing an increase of \$47.7 billion. The increase mainly came from profits tax and stamp duty collections, which grew by 23.5% and 11.9% respectively. Salaries tax collections only increased by 0.7%.

Hong Kong adopts a provisional tax system. Revenue collections from profits tax, salaries tax and property tax in 2021-22 mainly came from net final tax assessed for the year of assessment 2020-21, which was calculated based on taxpayers' assessable profits and income for that year and after deducting the provisional tax paid in the previous year, and the provisional tax charged for the year of assessment 2021-22. In 2020-21, a number of businesses anticipated an economic downturn and drop in earnings due to the epidemic situation. They applied for and were allowed holding over of part of the provisional tax for the year of assessment 2020-21. However, subsequent assessment statistics showed that the extent of reduction in assessable profits of businesses for that year was less than expected. The total amount of net final tax collected in 2021-22 was therefore higher than the previous year's. In addition, in 2021-22, there were fewer applications from businesses for holding over of provisional tax than last year. Hence, the profits tax collections in 2021-22 increased although there was not any growth in overall assessable profits for the year of assessment 2020-21.

For stamp duty collections, the stamp duty rate for stock transactions has increased from 0.1% to 0.13% with effect from 1 August 2021. Besides, the numbers of buyer's stamp duty cases and stamped instruments relating to non-



residential property transactions both increased. Coupled with the higher average amount of ad valorem stamp duty per residential property transaction, the total amount of stamp duty collected in 2021-22 increased as compared to that of last year.

To consolidate Hong Kong's status as an international asset and wealth management centre, and to refine some existing tax treatments, the following amendment ordinances were enacted in 2021-22:

- The Inland Revenue (Amendment) (Tax Concessions for Carried Interest) Ordinance 2021 provided tax concessions for carried interest distributed by eligible private equity funds operating in Hong Kong. The concessionary tax treatment is applicable to eligible carried interest received by, or accrued to, qualifying carried interest recipients on or after 1 April 2020.
- The Inland Revenue (Amendment) (Miscellaneous Provisions) Ordinance 2021 implemented several areas of amendments to the Inland Revenue Ordinance, including prescribing the tax treatments for amalgamation of companies under the court-free procedures as provided for under the Companies Ordinance and for the transfer or succession of specified assets under certain circumstances; refining the statutory framework for the furnishing of tax returns; and enhancing the foreign tax deduction regime.
- The Securities and Futures (Amendment) Ordinance 2021 and Limited Partnership Fund and Business Registration Legislation (Amendment) Ordinance 2021 established new fund re-domiciliation mechanisms for existing funds set up in corporate or limited partnership form outside Hong Kong to re-locate their registration and operation to Hong Kong and to be registered as open-ended fund companies or limited partnership funds respectively. The re-domiciliation mechanisms have come into operation with effect from 1 November 2021. Consequential amendments relating to business registration were also introduced by the amendment ordinances.

The year 2021-22 has seen major development in international taxation. In October 2021, Hong Kong together with over 130 members of the Inclusive Framework on Base Erosion and Profit Shifting reached a historic agreement on a two-pillar solution to reform international tax framework to address the tax challenges arising from the digitalisation and globalisation of the economy. The Organisation for Economic Co-operation and Development subsequently released the Global Anti-Base Erosion Model Rules under Pillar Two in December 2021, followed by its commentary published in March 2022. Technical details of the building blocks under Pillar One are also in the pipeline. The Financial Services and the Treasury Bureau has collected views from stakeholders on the implementation of the two-pillar solution and is closely watching the latest progress of other jurisdictions in the implementation of global minimum tax rate. The Government is pressing ahead with the preparatory work in relation to the consultation and legislative exercises. The target is to introduce an amendment bill into the Legislative Council in 2023 to implement the global minimum tax rate and other relevant requirements in accordance with international consensus.

Hong Kong has also engaged in active dialogue with the European Union (EU) to address its concern over Hong Kong's foreign source income exemption regime. In response to the EU's inclusion of Hong Kong in its watchlist on tax co-operation, and under the premise of supporting the combating of cross-border tax evasion, the Government introduced the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Bill 2022 into the Legislative Council to refine Hong Kong's foreign source income exemption regime for specified passive income.

Apart from the above, Hong Kong has continued the efforts to expand its tax treaty network and has conducted negotiations of tax treaties with Cyprus, the Kyrgyz Republic, Mauritius, Nigeria and Ukraine during the year 2021-22.

The Department has to keep pace with the rapid development of information technology. In 2021-22, a number of new electronic services were launched. A real time interactive service, a Chatbot named “Iris”, has been available on our website since April 2021 to provide round-the-clock instant service in answering general enquiries relating to tax matters of individuals. Through the Internet, employers can now apply for preparation of IR56 Forms in accordance with the Department’s specifications by using self-developed software. Besides, the online service for applications for duplicate of valid business registration certificates via GovHK has been enhanced. Applicants can download the duplicates instantly after completing the applications online. The Department is now implementing development and enhancement for the database, management systems and electronic service platforms with a view to further improving work efficiency and quality of services, as well as facilitating the assessing work in relation to the upcoming new international tax standards and rules.

This year is the 75th anniversary of the Department’s establishment. With the development of society and changes in the business environment, the Department has continuously reviewed internal operations, streamlined work processes and made good use of information technology as so to carry out tax administration duties efficiently and cost-effectively. The achievement of the Department today is attributable to my colleagues’ devotion to work, striving for success and navigating challenges over the years. I would like to express my heartfelt thanks to all my colleagues. I am also very grateful to all working parties and those involved in taxation work for their unfailing support, assistance and contributions provided to the Department throughout the years.



The Department’s offices will be relocated to the Inland Revenue Centre in Kai Tak, Kowloon, by phases from late 2022 to early 2023. To celebrate the Department’s 75th anniversary, an exhibition will be held in the new office building to allow colleagues and the public to review the Department’s history and evolution of electronic services as well as to introduce our future development.

We look forward to continuing provision of quality services to taxpayers and members of the public in the new environment.

TAM Tai-pang
Commissioner of Inland Revenue

chapter 2

Revenue

In 2021-22, the Inland Revenue Department collected \$378.5 billion, which represents an increase of \$47.7 billion or 14.4% as compared with the previous year. The increase mainly came from profits tax and stamp duty. Profits tax and stamp duty collections increased by 23.5% to \$167.3 billion and 11.9% to \$99.7 billion respectively. Salaries tax collections slightly increased by 0.7% to \$75.6 billion. An analysis of the revenue collected by tax type is provided in **Figure 1**.

Figure 1 Revenue collected by tax type

Type of tax	2018-19 (\$m)	2019-20 (\$m)	2020-21 (\$m)	2021-22 (\$m)
Profits tax -				
Corporations	160,833.2	149,427.5	129,489.7	162,088.1
Unincorporated businesses	5,786.5	6,472.8	6,050.0	5,247.5
Salaries tax	60,145.9	50,412.4	75,027.3	75,570.2
Property tax	3,624.4	2,806.5	3,957.2	3,984.5
Personal assessment	5,963.1	4,999.8	6,293.7	6,457.3
Total earnings & profits tax	236,353.1	214,119.0	220,817.9	253,347.6
Estate duty	88.7	53.6	7.4	1.9
Stamp duty	79,978.7	67,198.0	89,044.6	99,677.3
Betting duty	22,194.4	22,012.2	20,877.1	25,432.2
Business registration fees	2,826.7	189.6	73.0	57.3
Total revenue collected	341,441.6	303,572.4	330,820.0	378,516.3
% change over previous year	3.9%	-11.1%	9.0%	14.4%

The revenue collected by the Department during 2021-22 accounted for 71.7% of the Government General Revenue (**Figure 2**). Profits tax and salaries tax contributed 64.2% of the total revenue collected while stamp duty made up a further 26.3% (**Figure 3**).

Figure 2 Government General Revenue

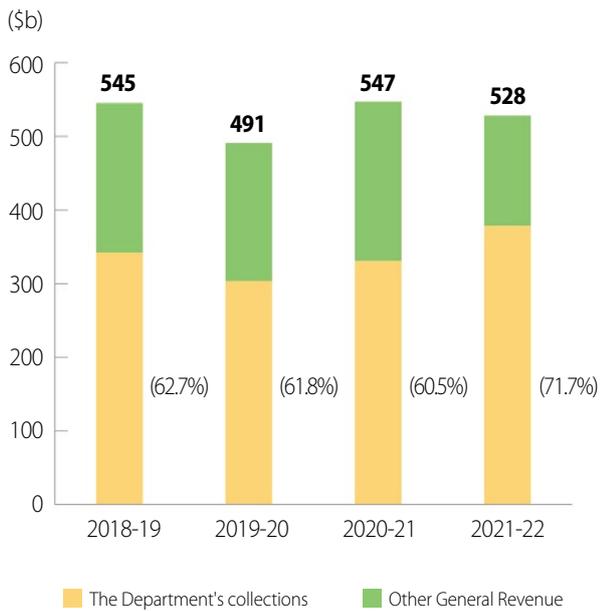
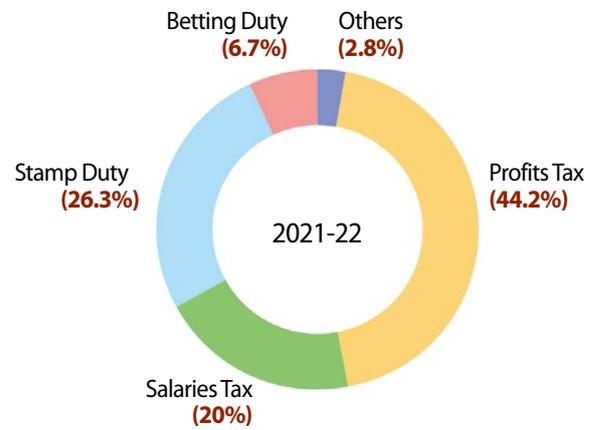
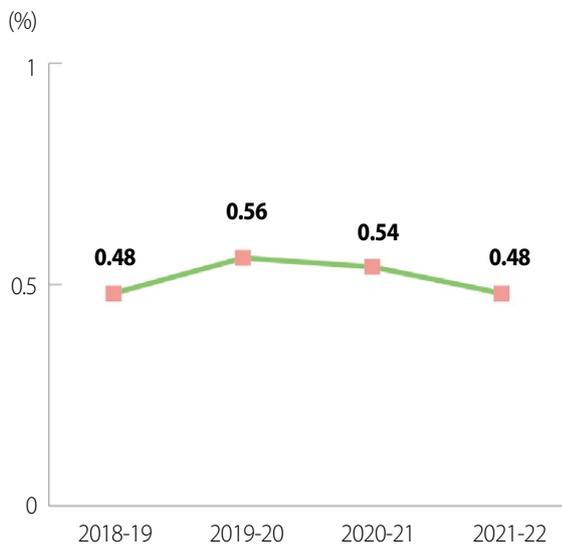


Figure 3 Composition of the revenue collections



In 2021-22, the cost of collection decreased from 0.54% to 0.48% (**Figure 4**).

Figure 4 Cost of collection



chapter 3

Assessing Functions

The Department raises revenue through taxes, duties and fees in accordance with the relevant legislation. Earnings and profits tax are assessed by reference to the incomes / profits of the taxpayers in the previous year, whereas duties and fees are charged at the time the relevant activities occur. For 2021-22, earnings and profits tax assessed increased by \$24.6 billion (11.3%) (**Schedule 2**) as compared with the previous year. The total amount of duties and fees collected increased by \$15.2 billion (13.8%).

Profits Tax

Profits tax is levied on individuals, corporations, bodies of persons and partnerships, in respect of assessable profits arising in or derived from Hong Kong. For the year of assessment 2020-21, the two-tiered profits tax rates remain unchanged. The profits tax rate for the first \$2 million of assessable profits is 8.25% for corporations and 7.5% for unincorporated businesses. Profits above that amount are subject to the tax rate of 16.5% and 15% respectively. For two or more connected entities, only one of them may elect for the two-tiered profits tax rates. The amount of profits tax assessed in 2021-22 was \$154.4 billion, which was \$15.5 billion (11.1%) more than that of the previous year (**Figure 5**).

The amounts of final tax assessed in respect of different business sectors are shown in **Schedules 3** and **4**. Of the total final tax assessed on corporations for the year of assessment 2020-21, the property, financial and banking sectors together contributed 49% and the distribution sector generated 21.3% (**Figure 6**).

Figure 5 Profits tax assessed

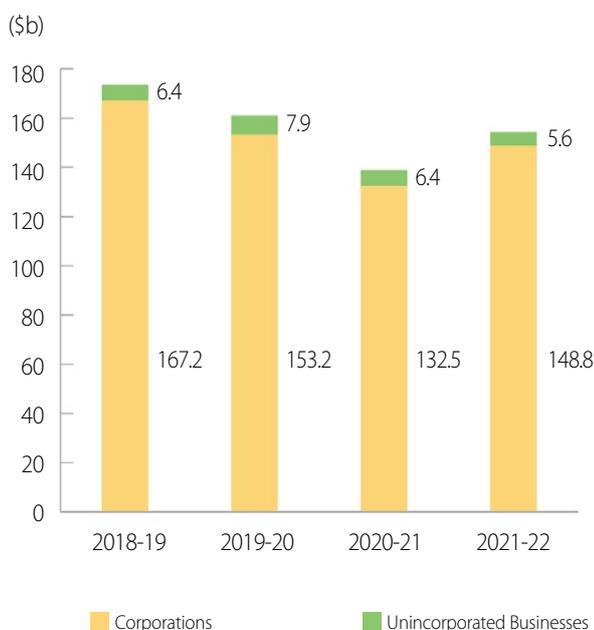
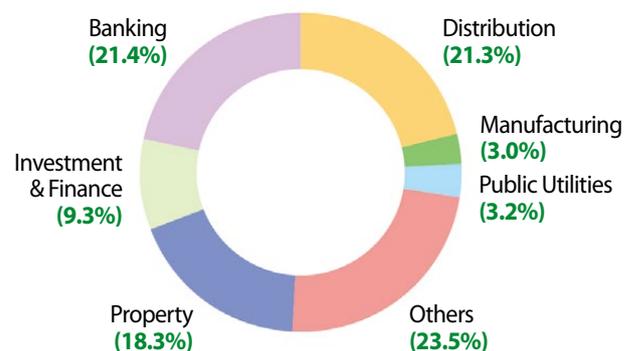


Figure 6 Ratios of corporation profits tax assessed under 2020-21 final assessments by business sectors

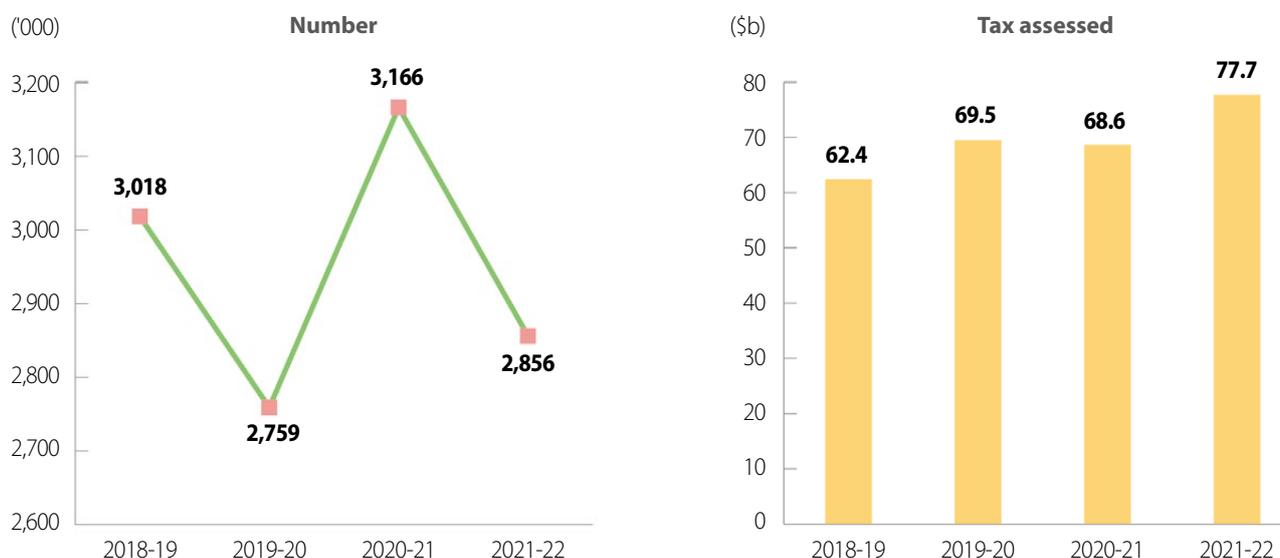


Salaries Tax

Salaries tax is charged on all incomes from any office (e.g. a directorship) or employment and pension arising in or derived from Hong Kong. The total amount of tax payable is restricted to the standard rate (15%) on the net total income (without deduction of allowances) of the individual concerned.

As compared with the previous year, the number of salaries tax assessments made during 2021-22 decreased by 9.8%. Although the increase in unemployment rate had led to a reduction of income chargeable to tax for the year of assessment 2020-21, the lowering of the ceiling of tax reduction for each salaries tax case by 50% to \$10,000 finally resulted in a 13.3% growth in the amount of tax assessed (**Figure 7**).

Figure 7 Salaries tax assessments



Analyses of salaries tax assessments and allowances granted in respect of taxpayers at various income levels for the year of assessment 2020-21 are provided in **Schedules 5** and **6**.

For the year of assessment 2020-21, the number of standard rate taxpayers increased by 197 to 25,296. These taxpayers together contributed 34.9% of the final salaries tax assessed, a drop of 0.8% compared with last year (**Figure 8**).

Figure 8 Salaries Tax - standard rate taxpayers

Percentage of total number of taxpayers

Year of Assessment	2019-20	2020-21
Total number of taxpayers	1,909,611	1,821,130
Standard rate taxpayers	25,099	25,296
Percentage	1.3%	1.4%

Figure 8 Salaries Tax - standard rate taxpayers (continued)

Percentage of total final tax assessed

Year of Assessment	2019-20	2020-21
Total final tax assessed (\$M)	65,683	75,708
Final tax contributed by standard rate taxpayers (\$M)	23,442	26,395
Percentage	35.7%	34.9%

Notification Requirements of Employers

Employers are required to notify the Department of commencements and cessations of employment as well as employees' impending departure from Hong Kong for more than 1 month. Besides, employers are required to prepare annual employer's returns to report the emoluments of each of their employees. During the year, 405,951 employers filed employer's returns with the Department.

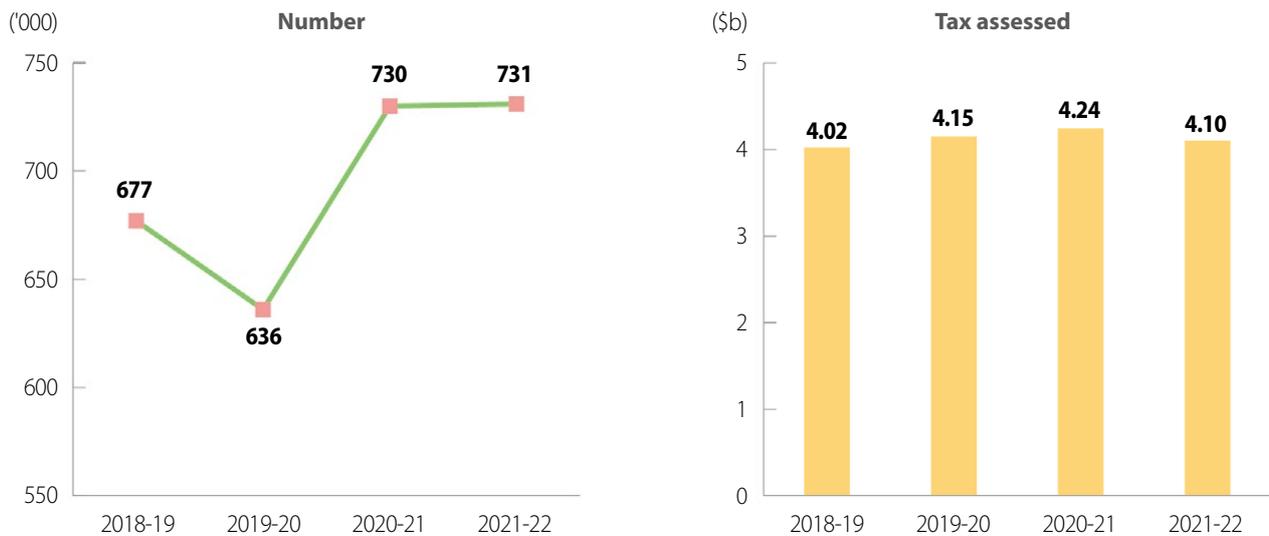
The Department provides e-Seminars and disseminates tax information to employers on the IRD website to help them understand the relevant statutory requirements. The contents cover completion of employer's returns, employer's obligations and answers to frequently asked questions. Employers can also obtain specimens of completed employer's returns and notification through the Fax-A-Form service.

Property Tax

Property owners (including corporations) are subject to property tax which is charged at the standard rate (15%) in respect of the net assessable value of the property. Rents received from properties solely owned by individuals should be declared in Tax Returns - Individuals (BIR60); whilst rents received from properties jointly owned or co-owned by individuals or properties held by corporations / bodies of persons should be declared in Property Tax Returns (BIR57 / BIR58). Property owners that pay property tax in respect of premises used for their businesses can have such payments set off against their profits tax liabilities. For corporations, income arising from properties owned by them is also subject to profits tax at the corporation rate. To obviate the need for yearly set-off of property tax against profits tax, a corporation can apply for exemption of property tax on the property concerned.

Statistics on the classification of properties and classification by number of owners, based on the records of the Department, are provided in **Schedule 7**. The number of assessments made in 2021-22 was slightly more than that in the previous year by 0.1%. The amount of property tax assessed decreased by 3.3% (**Figure 9**).

Figure 9 Property tax assessments

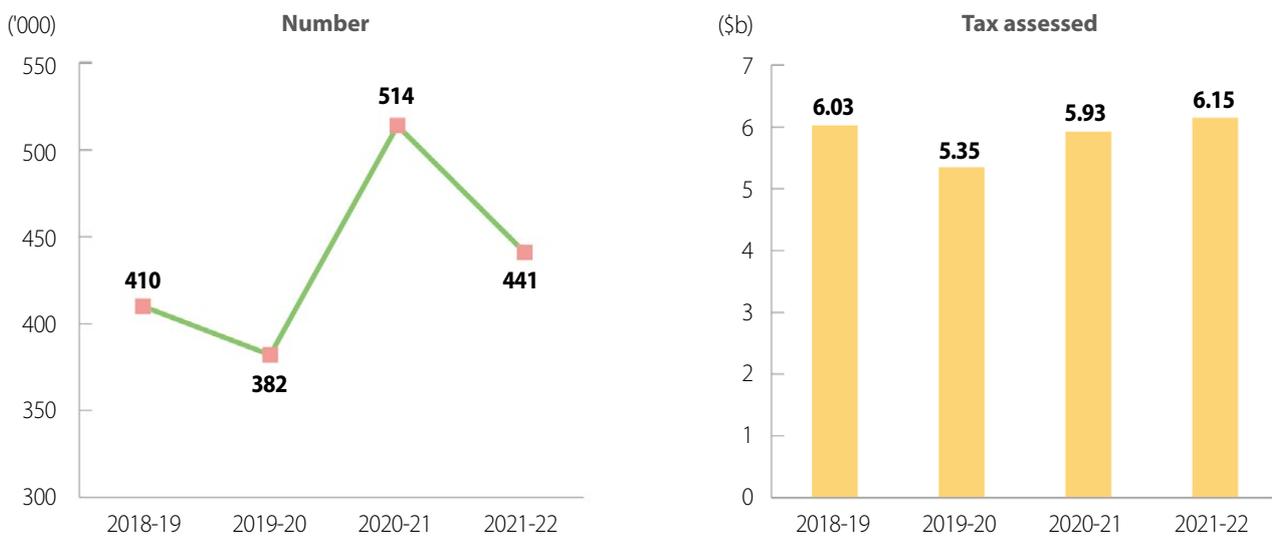


Personal Assessment

If an individual has income chargeable to profits tax and/or property tax, the individual may elect for personal assessment. Under personal assessment, all the incomes of the taxpayer are aggregated and, after deduction of allowances, are assessed at the progressive tax rates applicable to salaries tax. From the year of assessment 2018-19 onwards, a married person may elect for personal assessment separately from or jointly with the person's spouse. In appropriate circumstances, this would reduce the tax liability of the taxpayer or the total tax liability of the taxpayer and the taxpayer's spouse.

As compared with the previous year, the number of personal assessments made in 2021-22 decreased by 14.2% and the amount of tax assessed was 3.7% higher (**Figure 10**).

Figure 10 Assessments made under personal assessment



Advance Rulings

Taxpayers may apply for an advance ruling on how a provision of the Inland Revenue Ordinance applies in relation to a particular arrangement. A fee is charged for the service on a “cost recovery” basis. The applicant is required to pay an initial application fee of \$45,000 for a ruling concerning the application of the “Territorial Source Principle” in a profits tax case, or \$15,000 for a ruling on any other matter. An additional fee is payable if the processing time exceeds the specified limit. The Department endeavours to respond within 6 weeks of the date of application, provided that all relevant information is supplied with the application and further information from the applicant is not required.

During 2021-22, the Department completed the processing of 23 advance ruling applications (**Figure 11**). Most of the applications were for rulings on profits tax matters.

Figure 11 Advance rulings

	2020-21 Number	2021-22 Number
Awaiting decision at the beginning of the year	27	18
Add: Applications received during the year	16	13
	43	31
Less: Disposed of -		
Rulings made	16	11
Applications withdrawn	7	12
Rulings declined	2	0
	25	23
Awaiting decision at the end of the year	18	8

Objections

A taxpayer who is aggrieved by an assessment may lodge a notice of objection to the Commissioner within the prescribed time limit. If the objection is against an estimated assessment raised in the absence of a tax return, a properly completed return, together with the supporting accounts where applicable, must also be accompanied with the notice of objection. A significant proportion of the objections received each year arise from estimated assessments. Most of these objections are settled promptly by reference to the returns subsequently received. Many of the other types of objections are also settled by agreement between the taxpayers and the assessors concerned. Only relatively few objections are ultimately referred to the Commissioner for determination. During 2021-22, the Department completed the processing of 97,429 objections (**Figure 12**).

Figure 12 Objections

	2020-21 Number		2021-22 Number	
Being processed at the beginning of the year		37,703		41,371
Add: Received during the year		<u>83,219</u>		<u>97,762</u>
		120,922		139,133
Less: Disposed of -				
Settled without determination		78,833		96,985
Determinations:				
Assessments confirmed	384		214	
Assessments reduced	183		138	
Assessments increased	139		90	
Assessments annulled	<u>12</u>	<u>718</u>	<u>79,551</u>	<u>2</u> <u>444</u> <u>97,429</u>
Being processed at the end of the year		<u><u>41,371</u></u>		<u><u>41,704</u></u>

Appeals to the Board of Review

A taxpayer who is dissatisfied with the Commissioner's determination of his objection may appeal to the Board of Review (Inland Revenue Ordinance) (the Board). The Board is an independent statutory body. As at 31 March 2022, the Board consisted of a chairman and 9 deputy chairmen, who have legal training and experience, as well as 67 members. During 2021-22, the Board settled 28 appeal cases (**Figure 13**).

Figure 13 Appeals to the Board of Review

	Number	
Awaiting hearing or decision as at 1 April 2021		38
Add: Received during the year		<u>36</u>
		74
Less: Disposed of -		
Withdrawn		10
Decided:		
Assessments confirmed	9	
Assessments reduced in full	1	
Assessments reduced in part	4	
Assessments increased	<u>4</u>	<u>18</u> <u>28</u>
Awaiting hearing or decision as at 31 March 2022		<u><u>46</u></u>

Appeals to the Courts

A decision of the Board is final, provided that either the taxpayer or the Commissioner may, pursuant to section 69 of the Inland Revenue Ordinance, appeal to the Court of First Instance against the Board's decision on a question of law. Before 1 April 2016, taxpayers or the Commissioner could only appeal to the court by way of case stated from the Board. With effect from that date, the case stated procedure was abolished and no appeal may be made unless leave to appeal has been granted by the court, on the application of the taxpayer or the Commissioner.

During 2021-22, the Court of First Instance handed down 4 judgments concerning salaries tax. The Court ruled in favour of 2 taxpayers concerning computation of income derived from services rendered outside Hong Kong under section 8(1A)(c) of the Inland Revenue Ordinance, and the chargeability of shares awards and dividends received during an employment. In another case, certain share awards received by the taxpayer upon termination of employment were held not chargeable to tax. The Court also allowed a taxpayer's appeal in respect of certain income for services rendered during rest days. The Commissioner filed appeals to the Court of Appeal against the Court's judgments on the 4 cases.

During the year, 2 appeals lodged by the Commissioner to the Court of Appeal in respect of orders to hold over payment of tax under objection conditional upon the purchase of tax reserve certificates were dismissed. In 2 other appeals, the Court ruled respectively that certain share awards received upon termination of employment and a sum for services rendered after termination of employment were not chargeable to tax.

The Hong Kong Court of Final Appeal Ordinance provides that, a taxpayer or the Commissioner may, with the leave of the Court of Appeal or the Court of Final Appeal, appeal against the judgment of the Court of Appeal. During 2021-22, leave was granted to the Commissioner to appeal to the Court of Final Appeal concerning penalties imposed on directors under section 82A of the Inland Revenue Ordinance.

Figure 14 sets out the statistics concerning appeals to the Courts during 2021-22.

Figure 14 Appeals to the Courts

	Court of First Instance	Court of Appeal	Court of Final Appeal	Total
Awaiting hearing or decision as at 1 April 2021	5	4	0	9
Add: Lodged during the year	1	4	1	6
	6	8	1	15
Less: Disposed of	4	4	0	8
Awaiting hearing or decision as at 31 March 2022	2	4	1	7

Business Registration

The Department aims to maintain an efficient business registration system. A person carrying on a business in Hong Kong must register the business and pay the required fee and levy. The number of business registrations as at 31 March 2022 stood at 1,547,595. It was 2,553 less than that as at 31 March 2021 (**Figure 15**).

Business registration certificates are generally valid for one year, but businesses may elect for 3-year certificates. As at 31 March 2022, 26,967 businesses held 3-year certificates.

To help business enterprises, the Government waived the business registration fees for 2021-22. Businesses were still required to pay the levy on their business registration certificates. For a 1-year certificate, the levy was \$250. For businesses electing for 3-year certificates, they were required to pay \$3,200 for the business registration fees and \$750 for the levies.

Businesses that were not required to renew their registration certificates in 2021-22 could obtain concessionary refunds if they had paid the registration fees for that year. Up to 31 March 2022, the Department had issued concessionary refunds to 17,706 businesses totaling \$20 million.

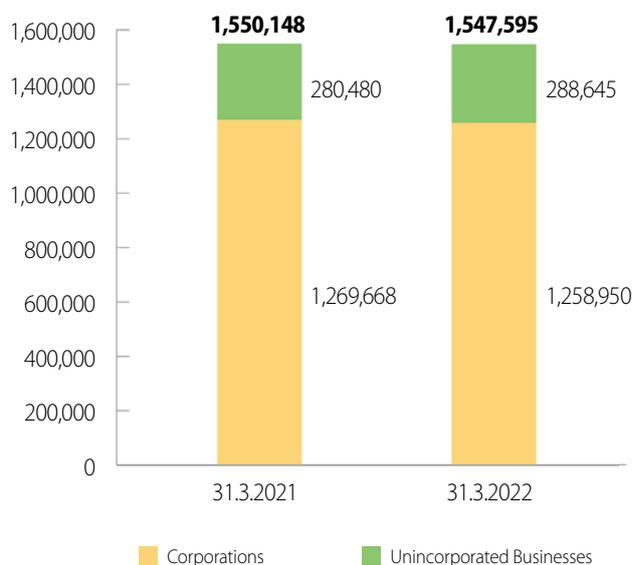
Due to the waiver of business registration fees for the whole financial year 2021-22, the amount of business registration fees and penalties collected in 2021-22 was reduced to \$57 million. It represents a decrease of 21.9% compared with last year (**Figure 16**). Business registration statistics are set out in **Schedule 8**.

Figure 16 Business registration statistics

	2020-21	2021-22	Decrease
Number of certificates paid (Main and Branch)	1,587,411	1,578,054	-0.6%
Fees (inclusive of penalties) collected (\$m)	73	57	-21.9%

Under the Business Registration Ordinance, a small business with average monthly sales or receipts below a specified limit (\$10,000 for businesses deriving profits mainly from the sale of services, and \$30,000 for other businesses) can apply for exemption from payment of the business registration fee and levy. Where an application for exemption is not

Figure 15 Number of business registrations



allowed, the business operator may appeal to the Administrative Appeals Board. The number of exemptions granted during 2021-22 was 9,808, representing a decrease of 0.4% from the previous year. Only one appeal case was received by the Board during 2021-22 (**Figure 17**).

Figure 17 Appeals to the Administrative Appeals Board

	2020-21 Number	2021-22 Number
Awaiting hearing at the beginning of the year	0	0
Add: Lodged during the year	1	1
	<u>1</u>	<u>1</u>
Less: Disposed of -		
Appeal allowed	0	0
Appeal dismissed	0	0
Appeal withdrawn	1	1
	<u>1</u>	<u>1</u>
Awaiting hearing at the end of the year	<u>0</u>	<u>0</u>

Stamp Duty

Stamp duty is charged on instruments effecting property transactions, stock transactions and leasing of property in Hong Kong (**Figure 18**).

Overall, there was an increase of 11.9% (\$10.6 billion) in the total stamp duty collection for the year 2021-22 (**Figure 19** and **Schedule 9**). The increase in the total stamp duty collection is attributable to the increase in stamp duty collected from share transactions and property transactions.

Figure 18 Composition of stamp duty collections

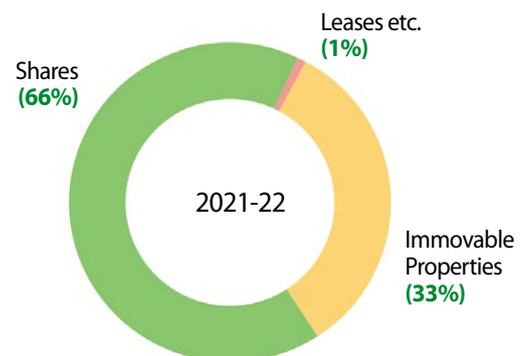


Figure 19 Stamp duty collections

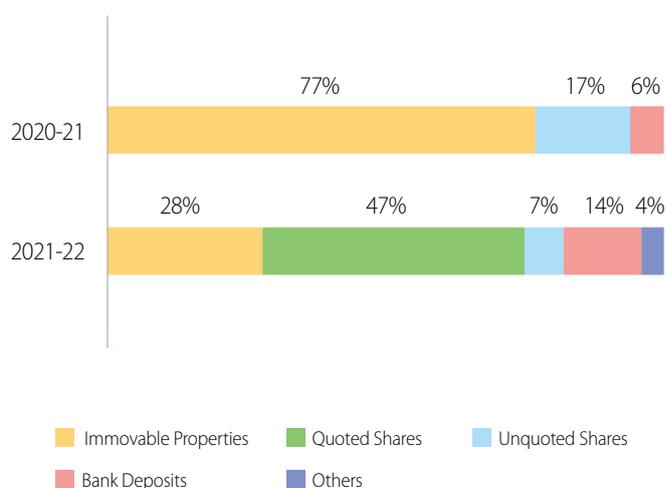
	2020-21 (\$m)	2021-22 (\$m)	Increase/ Decrease
Immovable Properties	29,470	32,843	+11.4%
Shares	58,645	65,921	+12.4%
Leases and other documents	930	913	-1.8%
Total	89,045	99,677	+11.9%

Estate Duty

Estate duty is charged on a deceased person's estate situated in Hong Kong. The threshold for levying duty is \$7.5 million and the duty rates range from 5% to 15%, depending on the value of the estate.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 abolishing estate duty in respect of persons who passed away on or after that date. The estate duty chargeable in respect of estates of persons died between the period 15 July 2005 to 10 February 2006, with the principal value exceeding \$7.5 million, is reduced to a nominal amount of \$100. The number of new cases stood at 355 in 2021-22, a decrease of 0.3% from the last year (**Figure 21**).

Figure 20 Composition of estates



Figures 20 and **21** show the composition of estates and cases processed for the past two years.

Figure 21 Estate duty cases

	2020-21 Number	2021-22 Number
New cases	356	355
Cases finalised		
- Dutiable	4	5
- Exempt	385	354
	389	359

Estate duty of \$1.95 million was collected during the year (**Schedule 10**), a decrease of \$5.44 million (73.6%) compared with the previous year.

Estate duty is payable on delivery of an estate duty affidavit or account (or within 6 months from the date of the deceased's death, whichever is the earlier). \$33,000 was received during the year in advance of the issue of formal assessments (**Schedule 10**).

Betting Duty

Betting duty is charged on the net stake receipts from betting on horse races and football matches and on the proceeds of Mark Six lotteries, all administered by the Hong Kong Jockey Club. In 2021-22, the rates of betting duty on these betting activities remained unchanged (**Figure 22**).

Figure 22 Rates of betting duty in 2021-22

		Rate
Horse racing		
Local bets on local horse races	Net stake receipts	
	the first \$11 billion	72.5%
	the next \$1 billion	73%
	the next \$1 billion	73.5%
	the next \$1 billion	74%
	the next \$1 billion	74.5%
	the remainder	75%
Local bets on non-local horse races	Net stake receipts	72.5%
Mark Six lotteries	Proceeds	25%
Football betting	Net stake receipts	50%

The total betting duty collected in 2021-22 was 21.8% higher than that of the previous year (**Figure 23** and **Schedule 11**).

Figure 23 Betting duty collections

	2020-21 (\$m)	2021-22 (\$m)	Increase
Horse racing	12,893.5	14,405.8	+11.7%
Mark Six lotteries	459.0	1,525.4	+232.3%
Football betting	7,524.6	9,501.0	+26.3%
Total	20,877.1	25,432.2	+21.8%

Tax Reserve Certificates

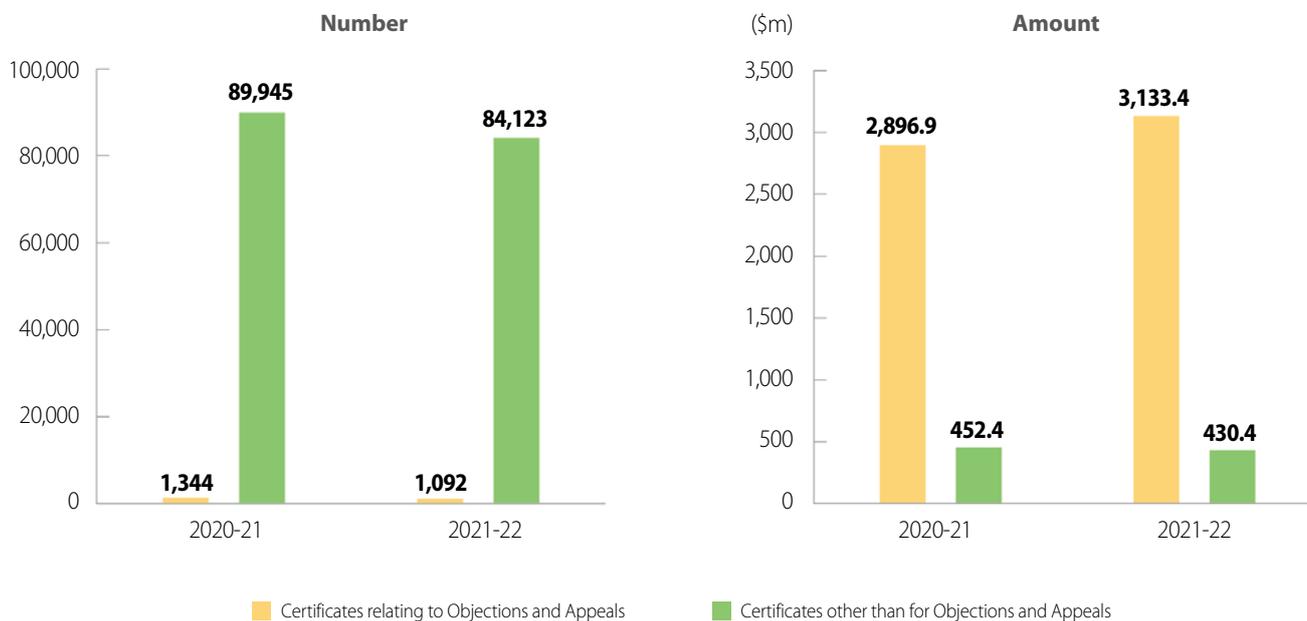
Taxpayers may purchase Tax Reserve Certificates (TRCs) under two situations.

The first situation applies to taxpayers who wish to save for the payment of their future tax liabilities. The Department has set up two schemes, namely the “Electronic Tax Reserve Certificates Scheme” for all taxpayers and the “Save-As-You-Earn” (SAYE) Scheme for civil servants and civil service pensioners. With a Tax Reserve Certificate account, taxpayers may purchase TRCs by various channels, including bank auto-pay, telephone, the Internet and bank ATM. Under the “SAYE Scheme”, civil servants and civil service pensioners can purchase TRCs through monthly deductions from their salaries / pensions. Interest is payable on the TRCs when they are redeemed for settlement of tax liabilities, based on the interest rate prevailing at the time of purchase, for a maximum period of 36 months from the date of purchase.

In 2021-22, the number and amount of TRCs sold under the “Electronic Tax Reserve Certificates Scheme” decreased by 6.9% and 6% respectively. For the “SAYE Scheme”, there was a decrease of 6% in the number but an increase of 0.7% in the amount of TRCs sold (**Schedule 12**). Overall, the total amount of TRCs sold decreased by 4.9% (**Figure 24**).

The second situation applies to taxpayers who object to tax assessments and are required to purchase TRCs in respect of the tax in dispute. Such TRCs are used to settle any tax found payable upon the finalisation of the objection or appeal. Interest is only payable on the amount of the TRC, if any, subsequently required to be repaid to the taxpayer, and is computed at floating rates over the tenure of the TRC.

Figure 24 Certificates sold



chapter 4

International Tax Collaboration

Tax Treaty Network

Double taxation arises where the same item of income or profit of a taxpayer is subject to tax in Hong Kong as well as in another tax jurisdiction. A wide tax treaty network can help minimise exposure of Hong Kong residents and residents of the tax treaty partners to double taxation. It will also facilitate the flows of trade, investment and talent between Hong Kong and the rest of the world, and enhance Hong Kong's competitiveness as an international financial, investment and commercial hub.



As at 31 March 2022, Hong Kong has signed comprehensive avoidance of double taxation agreements / arrangements (CDTAs) with 45 jurisdictions. They are Austria, Belarus, Belgium, Brunei, Cambodia, Canada, the Mainland of China, the Czech Republic, Estonia, Finland, France, Georgia, Guernsey, Hungary, India, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Luxembourg, the Macao Special Administrative Region, Malaysia, Malta, Mexico, the Netherlands, New Zealand, Pakistan, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, South Africa, Spain, Switzerland, Thailand, the United Arab Emirates, the United Kingdom and Vietnam. The CDTAs set out the allocation of taxing rights over different types of income, and provides for dispute resolution and exchange of information between competent authorities.

Hong Kong also makes use of tax information exchange agreements (TIEAs) as instruments for exchange of information with appropriate partners. As at 31 March 2022, Hong Kong has signed TIEAs with 7 jurisdictions. They are Denmark, the Faroes, Greenland, Iceland, Norway, Sweden and the United States of America.

Hong Kong is committed to enhancing tax transparency and preventing tax evasion. The Central People's Government has deposited a declaration to the Organisation for Economic Cooperation and Development (OECD) for extending the application of the Convention on Mutual Administrative Assistance in Tax Matters (the Convention) to Hong Kong. With the entry into force of the Convention in Hong Kong on 1 September 2018, Hong Kong can now ride on a multilateral platform under the Convention to implement various forms of administrative co-operation in the assessment and collection of taxes, including exchange of information on request, automatic exchange of financial account information and automatic exchange of country-by-country reports and spontaneous exchange of information on tax rulings under the base erosion and profit shifting package promulgated by the OECD.

Advance Pricing Arrangement

An Advance Pricing Arrangement (APA) is an arrangement that determines, in advance of controlled transactions, an appropriate set of criteria for the determination of the transfer pricing for those transactions over a fixed period of time. It provides a tool for multinational enterprises to manage and mitigate the transfer pricing risk on a prospective basis.

A unilateral APA is an arrangement between the Commissioner and a person concerning the transfer pricing of controlled transactions. As the APA process does not involve the agreement with a CDTA partner, it does not guarantee the agreement of the CDTA partner to the arrangement made.

A bilateral APA is an arrangement between the Commissioner and the competent authority of a CDTA partner concerning the transfer pricing of controlled transactions. It provides certainty to a person that double taxation will not arise. The same also applies to a multilateral APA which is a similar arrangement involving the partners of two or more CDTAs.

The Department rolled out the APA programme in April 2012 and introduced a statutory APA regime in July 2018. Up to 31 March 2022, the Department has received quite a number of unilateral and bilateral APA applications which involve CDTA with different partners including the Mainland of China, Italy, Japan, Korea, Malaysia, the Netherlands, Thailand and the United Kingdom. These cases are currently under different stages of the APA programme and a few of them have already been completed.

Automatic Exchange of Financial Account Information

For the purposes of enhancing tax transparency and combating cross-border tax evasion, the OECD released in July 2014 a new international standard for automatic exchange of financial account information in tax matters (AEOI). In September 2014, Hong Kong indicated its support for implementing AEOI on a reciprocal basis with appropriate partners with a view to commencing the first exchanges in 2018. So far, over 120 jurisdictions have committed to implementing this international standard.

Hong Kong put in place a legislative framework for implementing AEOI in 2016 and developed the related information technology systems in 2017. Reporting financial institutions are required to identify financial accounts held by tax residents of reportable jurisdictions in accordance with the required due diligence procedures, collect the reportable information of these accounts and furnish their Financial Account Information Returns with the required information via the AEOI Portal. In 2021-22, compound penalty was imposed on or warning letters were issued to a few reporting financial institutions for their failure to submit Financial Account Information Returns on time.

Hong Kong will only conduct AEOI with a reportable jurisdiction when an arrangement is in place with the reportable jurisdiction concerned to provide the basis for exchange. Hong Kong first adopted a bilateral basis in implementing AEOI. Later, after the Convention came into force in Hong Kong on 1 September 2018, Hong Kong has been able to take a multilateral approach in implementing AEOI. Hong Kong's network for tax information exchange has been expanded accordingly.

Up to 2021, Hong Kong smoothly completed four rounds of AEOI with other jurisdictions through the OECD Common Transmission System.

Automatic Exchange of Country-by-Country Reports

Hong Kong put in place a legislative framework for implementing the country-by-country reporting in 2018. The requirements for filing a country-by-country return only apply to a multinational enterprise group whose annual consolidated group revenue reaches the specified threshold amount of HK\$6.8 billion. The primary obligation of filing a country-by-country return is on the ultimate parent entity resident in Hong Kong. A Hong Kong entity of a reportable group whose ultimate parent entity is not resident in Hong Kong will be subject to a secondary obligation of filing if certain conditions are met. The mandatory filing of country-by-country return commenced for accounting period beginning on or after 1 January 2018.

To facilitate Hong Kong entities to comply with their reporting obligations and implementation of automatic exchange of country-by-country reports, the Department has launched the CbC Reporting Portal for submission of returns and data files. Hong Kong has smoothly completed the automatic exchange of country-by-country reports for 2018, 2019 and 2020 with exchange partners.

chapter 5

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 2021-22.

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 926,922 refund cases in 2021-22, representing an increase of 7.6%. The total amount of refunds was \$29.43 billion, representing an increase of \$0.75 billion or 2.6% compared with the previous year (**Figure 25**).

Figure 25 Tax refunds

Type of tax	2020-21		2021-22	
	Number	Amount (\$m)	Number	Amount (\$m)
Profits tax	69,589	12,836.2	71,550	12,449.3
Salaries tax	693,232	6,361.0	752,874	6,571.5
Property tax	18,647	219.8	21,647	246.5
Personal assessment	37,166	695.9	34,567	670.1
Others	42,700	8,566.6	46,284	9,489.7
Total	<u>861,334</u>	<u>28,679.5</u>	<u>926,922</u>	<u>29,427.1</u>

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. In light of the economic condition in 2021-22 and the financial difficulties that some taxpayers might be facing, the Government announced a relief measure on tax payment. For instalment plans approved by the

Department for settlement of salaries tax, profits tax and personal assessment demand notes for the year of assessment 2020-21 issued between May 2021 and May 2022, no surcharge will be imposed for a maximum period of one year counting from the respective due dates of the demand notes.

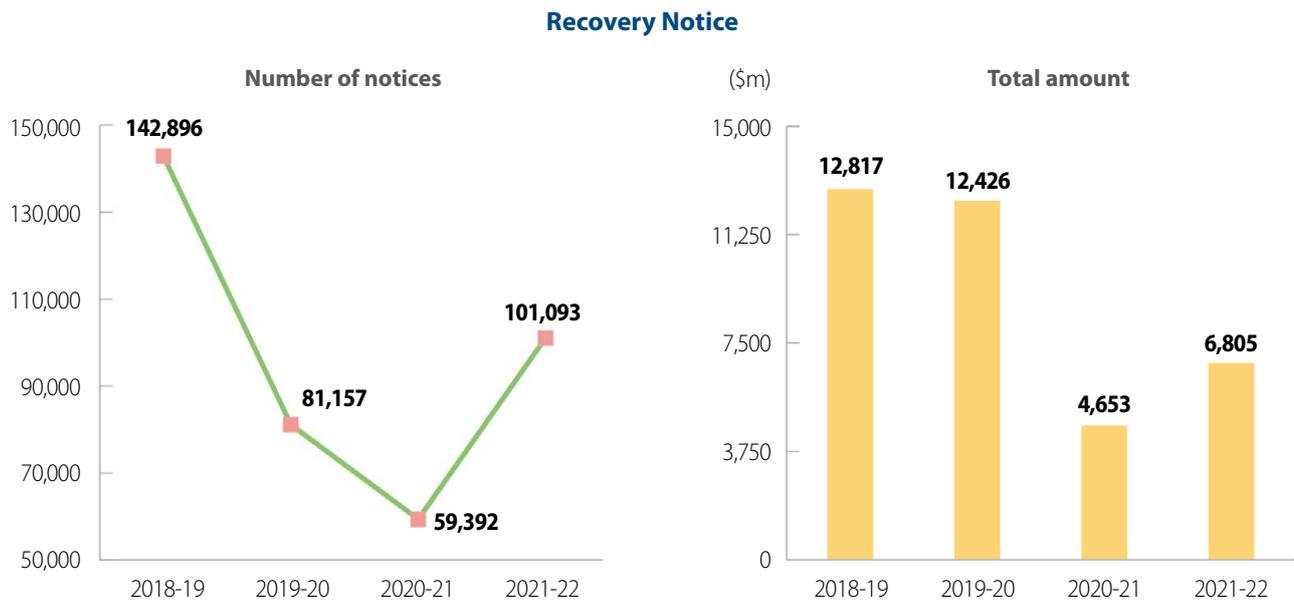
Any tax in default is immediately recoverable. Recovery notices can be issued to employers, bankers, debtors and persons holding money on behalf of the defaulting taxpayers to effect collection. Actions may also be commenced in the District Court. **Figure 26** summarises different types of recovery actions taken by the Department.

Owing to the local epidemic situation, special work arrangements had been intermittently put in place by government departments since late January 2020 which accounted for one of the reasons that led to the deferral of recovery cycle in 2020-21. With the full resumption of the relevant recovery actions in the first three quarters of 2021-22 when the epidemic was alleviated, the numbers of surcharge notices and recovery notices issued increased significantly as compared to those of the previous year.

Figure 26 Recovery action



Figure 26 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 27** shows the legal costs and judgment interest collected during 2021-22.

Figure 27 Legal costs and judgment interest collected in 2021-22

	\$	\$
Court cost		
Court fees	447,898	
Execution fees	6,750	454,648
Fixed cost		179,191
Judgment interest		
Pre-judgment interest	1,556,313	
Post-judgment interest	15,256,552	16,812,865
Total costs and interest collected		17,446,704

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.

chapter 6

Field Audit and Investigation

The Field Audit and Investigation Unit is responsible for conducting field audits and investigations on businesses and individuals with a view to combating tax evasion and avoidance. Back tax is assessed and penalties are generally imposed where discrepancies are detected.

During 2021-22, the Field Audit and Investigation Unit completed 1,720 cases (including tax avoidance cases) and assessed back tax and penalties of about \$2.9 billion (**Figure 28**).

Figure 28 Results of the Field Audit and Investigation Unit

	2018-19	2019-20	2020-21	2021-22
Number of cases completed	1,802	1,716	1,801	1,720
Understated earnings and profits (\$m)	13,910.0	12,893.4	14,496.9	14,090.4
Average understatement per case (\$m)	7.7	7.5	8.0	8.2
Back tax and penalties assessed (\$m)	2,826.6	2,548.5	2,802.7	2,897.4
Back tax and penalties collected (\$m)	3,352.5	2,799.4	3,064.1	2,274.6

Field Audit

In 2021-22, there were 17 Field Audit sections. Field audit is conducted on both corporations and unincorporated businesses. The work of field auditors entails site visits to business premises and examination of accounting records of taxpayers in order to ascertain whether correct returns of profits have been made.

Anti-tax Avoidance

Two of the 17 Field Audit sections concentrate on tackling tax avoidance schemes, whereas other investigation officers and field auditors handle avoidance cases on an operational need basis. During 2021-22, the Field Audit and Investigation Unit completed 187 tax avoidance cases and assessed back tax and penalties of about \$1.09 billion (**Figure 29**).

Figure 29 Results of the audit on tax avoidance cases

	2018-19	2019-20	2020-21	2021-22
Number of cases completed	207	209	220	187
Understated earnings and profits (\$m)	7,891.4	6,979.5	8,417.1	5,548.8
Average understatement per case (\$m)	38.1	33.4	38.3	29.7
Back tax and penalties assessed (\$m)	1,426.6	1,246.6	1,614.3	1,087.3

Investigation

In 2021-22, there were 5 Investigation sections. Investigation officers are responsible for conducting in-depth investigations into suspected tax evasion, and taking penal action (including prosecution proceedings in appropriate cases) as a deterrent.

Prosecution

One of the 5 Investigation sections is the prosecution section focusing on criminal investigation of tax evasion. Tax evasion is a serious crime. A person convicted of tax evasion could be sentenced to imprisonment for up to three years and fined.

During the year, the Department successfully prosecuted three tax evasion cases. The first case involved a taxpayer making false claims for dependent parent allowances and additional dependent parent allowances in her tax returns to evade salaries tax. The defendant pleaded guilty to the charges and was sentenced to imprisonment for one month and two weeks. The other two cases involved a couple making false claims for deductions of expenses of self-education and approved charitable donations in their respective tax returns to evade salaries tax. Both pleaded guilty to the charges. The husband was sentenced to two months' imprisonment while his spouse was sentenced to two months' imprisonment, suspended for three years.

Property Tax Compliance Check

In addition to conducting audits on businesses, the Department also carries out verification checks on the correctness of rental income reported by property owners. In 2021-22, the Department completed compliance check on 318,498 property tax cases (**Figure 30**).

Figure 30 Results of the property tax compliance checks

	2018-19	2019-20	2020-21	2021-22
Number of cases completed	261,181	266,998	334,867	318,498
Understated rental income (\$m)	1,111.7	990.8	1,252.5	1,360.8
Back tax and penalties assessed (\$m)	133.4	118.9	150.3	163.3

languages other than Chinese and English, namely, Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai, Urdu and Vietnamese, can be arranged free of charge with the assistance of a third party service provider.

Telephone Enquiry Service

The Centre operates an Interactive Telephone Enquiry System (ITES) with 144 telephone lines. Callers can have access on a 24-hour basis to a wide range of tax information by listening to recorded messages. Besides, callers can obtain facsimile copies of information sheets and forms through the system. A “Leave-and-call-back” facility, for recording information requests, and a “Fax-in enquiry” service are also available. The telephones are manned during office hours by staff who would readily serve the callers. The Centre also provides an eTAX help desk hotline to handle enquiries on eTAX services and provide technical support.

The statistics of services provided through ITES during 2021-22 are shown in **Figure 31**.

Figure 31 Statistics of services provided through ITES

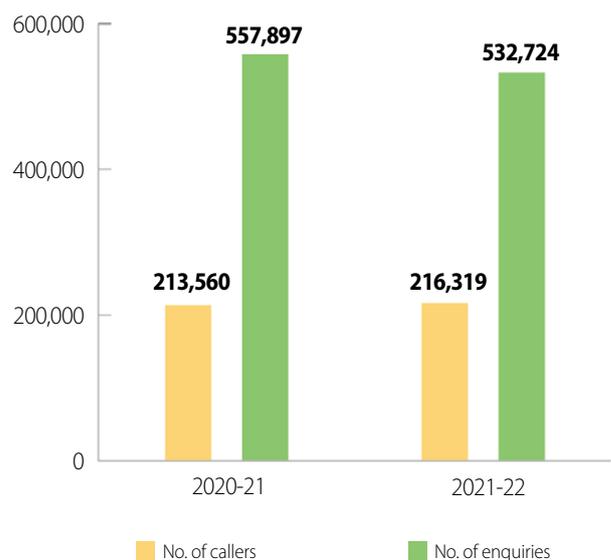
	2020-21 Number	2021-22 Number	Increase/ Decrease
Calls answered by staff	504,620	560,945	+11.2%
Calls answered by system	1,398,102	886,884	-36.6%
Leave-and-call-back messages	74,544	67,424	-9.6%
Documents supplied by fax	8,434	2,669	-68.4%

Counter Enquiry Service

Generally, the counter staff of the Centre is able to handle enquiries, collect mail items and issue forms on the spot without the need to refer callers to other sections in the Department for attention. The number of counter enquiries handled and forms issued during 2021-22 was about 0.53 million (**Figure 32**).

Information leaflets on topics of general interest are available for collection at the form stand located on the first floor of Revenue Tower. The public may also obtain general tax information and download forms from the IRD website and GovHK <www.gov.hk>.

Figure 32 Counter enquiries



Tax-help Services for Completion of Tax Returns

On the IRD website, e-Seminars are provided for employers, property owners and individual taxpayers. Information on how to complete tax returns, fulfil tax obligations and overcome difficulties in compliance is uploaded to the website. After reading the information, taxpayers can raise enquiries electronically at the “Q&A Corner”. The Department will reply to the questions on a regular basis.

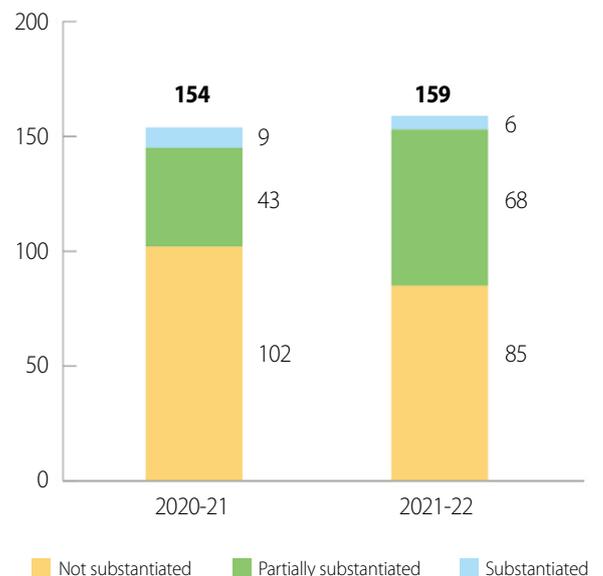
The Department issued 2.62 million Tax Returns - Individuals for the year of assessment 2020-21 on 3 May 2021. To assist the taxpaying public in completing tax returns, the Department extended the service hours of telephone enquiry services in May 2021. Service hours from Monday to Friday were extended by one and a half hours till 7:00 pm and additional service was also provided on Saturday from 9:00 am till 1:00 pm. During peak periods, the Department also redeployed manpower resources and employed part-time staff to strengthen daytime telephone enquiry services.

Complaints and Compliments

If taxpayers are dissatisfied with the services provided by the Department or their problems cannot be solved satisfactorily through normal channels, the Complaints Officer may be approached for assistance. The complaint channel provides taxpayers with the means of having individual grievances dealt with independently at a senior level. This ensures that such cases are properly handled in a fair and impartial manner. During 2021-22, 159 complaints cases were received (**Figure 33**).

If taxpayers are dissatisfied with any administrative action taken by the Department, they may refer the matter to the Ombudsman. During 2021-22, the Ombudsman sought written comments from the Department in respect of 15 cases. In the light of these cases, the Department has reviewed relevant operations with a view to improving them.

Figure 33 Complaint cases



Taxpayers may compliment the service of the Department. During the year, 238 Letters of Compliments were received.

Performance Pledge

The service standards a taxpayer can expect from the Department are set out in the performance pledges. The Department has achieved virtually all targets of performance pledges and excelled in some of the targeted performance with remarkable results during 2021-22.

chapter 8

Information Technology

The Department has been making extensive use of information technology to enhance operational efficiency and provide quality services to the public.

IT Environment

The Department has built up a comprehensive and integrated IT infrastructure with different types of computer application systems and platforms. The Department's network connects the computer system and workstations of staff on different floors. Assessment process is automated by the "Assess-First-Audit-Later" system. Tax audit and investigation work is facilitated by the use of data mining and advanced analytical tools. The Document Management System and Workflow Management System enhance the control and monitoring of documents, files and workflow, facilitate the tracking of case progress, and thus enable the Department to improve overall service quality. A wide range of information is stored in the Department's Intranet and General Enquiry Knowledge Database for convenient access by our staff at work. Moreover, e-mail and internet facilities provide an efficient and environment-friendly communication platform for our staff.

The Department will implement the following system development and modifications by phases from 2020-21 to 2025-26 –

- (1) to leverage cloud services to accommodate all of the Department's computer application systems;
- (2) to replace the eTAX System with an Individual Tax Portal with enhanced functionalities for individual taxpayers;
- (3) to develop a Business Tax Portal to facilitate submission of tax returns by businesses together with accounting and financial data;
- (4) to develop a Tax Representative Portal to enable tax representatives conducting e-transactions on behalf of their clients, both individuals and businesses; and
- (5) to extend the application of workflow technology for improving the Department's internal communication and work efficiency.

Electronic Services

eTAX

The Department continues to provide a wide range of online tax services to the public, including Internet filing of tax returns, e-stamping of property documents, business registration e-services, electronic notices, electronic payments and lodgement of applications, etc.

From 30 December 2020 onwards, iAM Smart can be used as another means for taxpayers to log in to their eTAX accounts, file electronic tax returns and request revision of assessment electronically.

eTAX services are widely used by the public. As at 31 March 2022, there were some 1,212,000 registered eTAX users. The take-up rate increased year after year (**Figure 34**).

Figure 34 eTAX Usage Statistics

	2020-21 Number	2021-22 Number	Increase/ Decrease
Internet filing of tax returns			
- Tax Return-Individuals, Property Tax Return and Profits Tax Return	797,816	848,005	+6.3%
- Employer's Return of Remuneration and Pensions			
BIR56A	32,101	37,290	+16.2%
IR56B	537,019	782,400	+45.7%
- Employer's Notifications of Commencement of Employment, Cessation of Employment and Employee's Departure from Hong Kong	61,706	135,001	+118.8%
Stamping of Property Document	360,555	383,009	+6.2%
Business Registration Number Enquiry	4,006,516	3,749,533	-6.4%
Application for Supply of Information on the Business Register			
- Requisition	203,731	205,997	+1.1%
- Business registrations involved	597,243	590,428	-1.1%

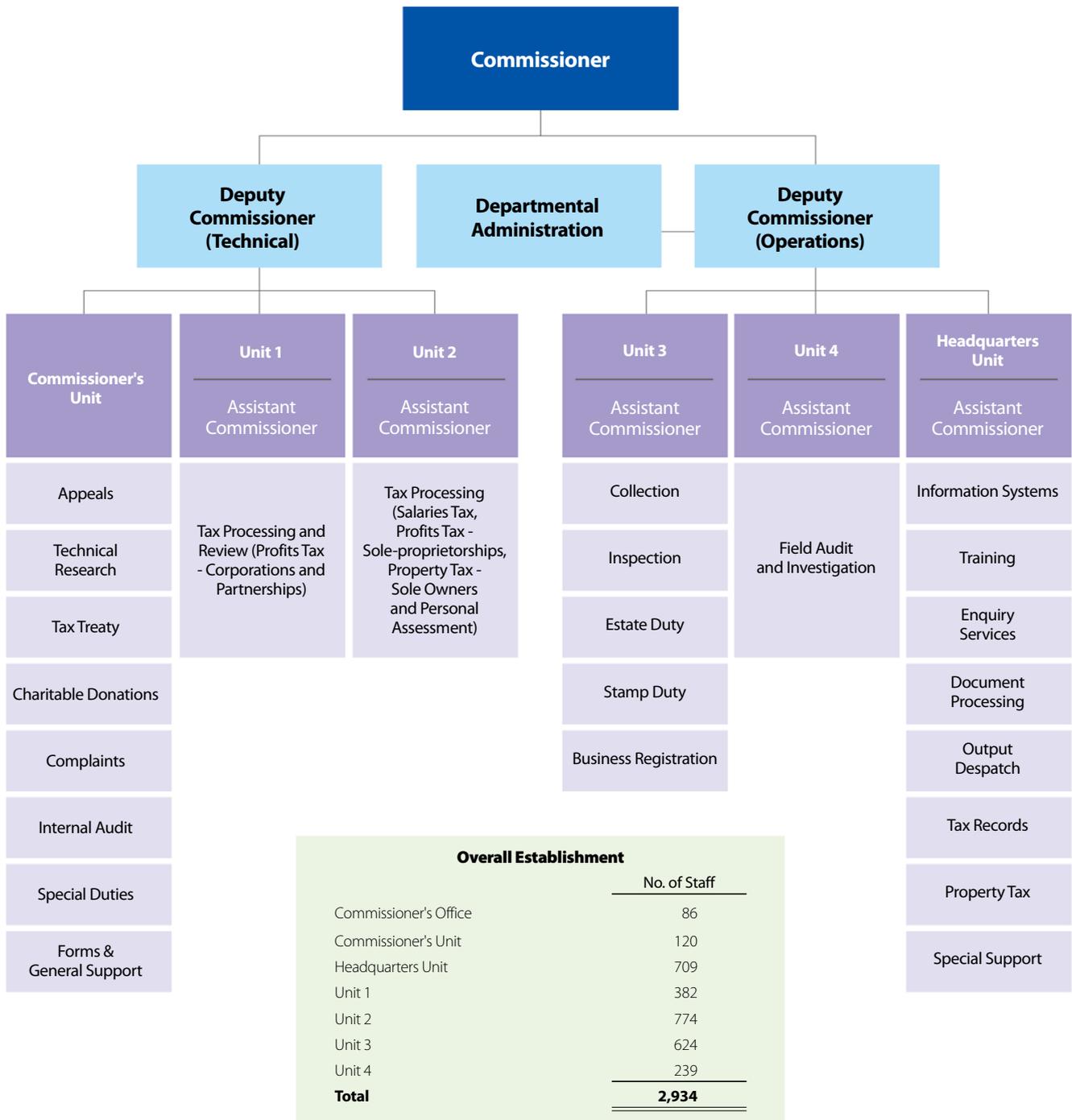
Other Electronic Services

During 2021-22, some 19,500 employers furnished annual returns for 2,083,800 employees in total by diskettes, DVDs or USB storage devices. About 56% of these employers used the free software provided by the Department.

chapter 9

Human Resources

Organisation Chart of the Inland Revenue Department as at 31.3.2022



Establishment

The Commissioner, the two Deputy Commissioners and the five Assistant Commissioners, together with the Departmental Secretary, form the top management of the Inland Revenue Department.

Members of the Top Management of the Inland Revenue Department (as at 31.3.2022)



Mr LEUNG Kin-wa
Deputy Commissioner (Operations)



Mr TAM Tai-pang
Commissioner



Mr CHAN Sze-wai, Benjamin
Deputy Commissioner (Technical)



Mr WONG Kai-cheong, Tony
Assistant Commissioner
(Headquarters Unit)



Miss CHAN Shun-mei
Assistant Commissioner
(Unit 1)



Ms WONG Ki-fong, Jenny
Assistant Commissioner
(Unit 2)



Ms LEUNG Wing-chi
Assistant Commissioner
(Unit 3)



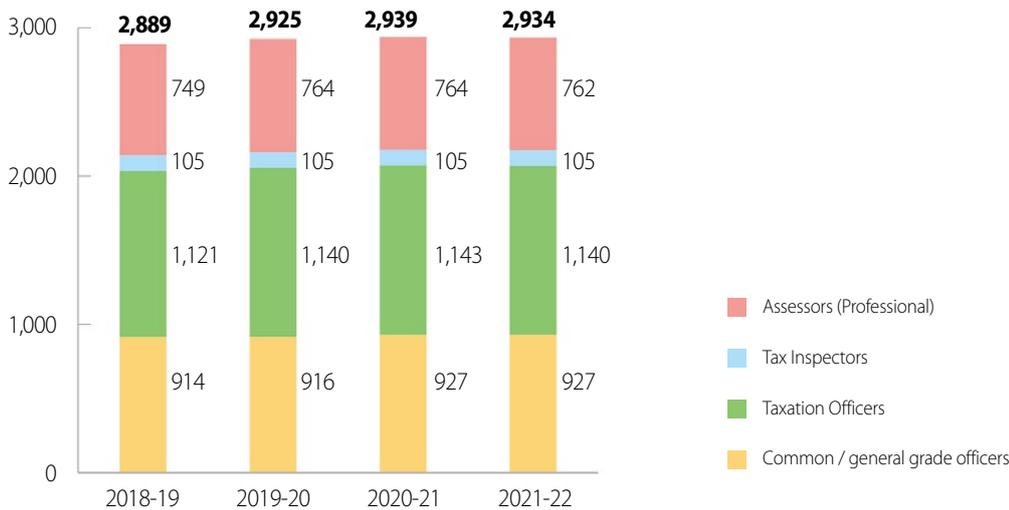
Ms TSUI Nin-mei
Assistant Commissioner
(Unit 4)



Miss MAN Wai-ming
Departmental Secretary

As at 31 March 2022, the Department had an establishment of 2,934 permanent posts (including 28 directorate posts) in the Commissioner's Office and the six Units of the Department. Of the total, 2,007 posts were in departmental grades (namely Assessor, Tax Inspector and Taxation Officer grades), performing duties directly concerned with taxation. The remaining 927 posts were in common / general grades, providing administrative, information technology and clerical support services (**Figure 35**).

Figure 35 Staff establishment



Most of the professional officers serving in the Department were below the age of 45 (**Figure 36**). The ratio of male to female professional officers was 1:1.8.

Figure 36 Age and gender profiles of professional staff (on strength basis)

Age Group	Male		Female		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Below 25	1	(0.4%)	19	(4%)	20	(2.7%)
25 to below 35	92	(35.9%)	166	(35.3%)	258	(35.5%)
35 to below 45	33	(12.9%)	108	(22.9%)	141	(19.4%)
45 to below 55	91	(35.6%)	135	(28.7%)	226	(31.1%)
55 and over	39	(15.2%)	43	(9.1%)	82	(11.3%)
Total	256	(100%)	471	(100%)	727	(100%)

Staff Promotions and Turnover

In 2021-22, a total of 57 departmental grade officers and 11 common / general grade officers were promoted. Among them, 8 were in directorate rank. 180 officers joined the Department, of which 142 were new appointees and 38 were officers transferred from other grades / departments. A total of 273 officers (including 39 transferred to other departments) left the Department.

Training and Development

Staff are the Department's valuable assets. We recognise the importance of offering continuous learning to our staff to keep them abreast of the changing environment and to acquire the necessary knowledge to perform their duties. A variety of training courses in taxation, accounting, interpersonal skills, management, languages, information technology, etc. are offered to staff members. The training programmes of 2021-22 continued to be affected by the local epidemic. In 2021-22, our staff received training for a total of 6,899 man-days, which was equivalent to about 2.35 man-days per officer.

The major training activities conducted for our staff during 2021-22 were as below:

Training Courses

- Induction courses for all grades of staff upon joining the Department
- Two-year taxation law and practice course for newly appointed Assistant Assessors
- Briefing sessions on legislative amendments and new services
- Refresher courses on professional knowledge
- Courses on the International Taxation
- Course on Mainland Taxation
- Written and spoken English courses
- Chinese official writing course
- Investigation skills training programme
- Information security training programme

Workshops

- Leadership and teamwork workshop
- Mentorship workshop
- Performance appraisal workshops on English writing skills
- Performance management workshop
- Workshop on customer service skills on the telephone
- Workshop on effective Putonghua for quality services
- Workshop on emotional wellness
- Workshop on fundamental management skills
- Workshop on how to handle taxpayers with special needs
- Workshop on leading innovation and change
- Workshop on negotiation skills

- Workshop on problem solving and decision making
- Workshop on promotion of racial equality
- Workshop on replying to complaints

Continuing Professional Education

Four seminars were held by the Training Committee under the in-house Continuing Professional Education (CPE) Programme on the following subjects for professional officers:

- Updates on Profits Tax issues
- Financial Reporting Updates and Cloud Reporting Template for Tax Filing
- Taxation of Financial Instruments and Foreign Exchange Differences
- Updates on Salaries Tax Issues

Speakers for one of the seminars were outside experts and others were staff members. Three of the CPE seminars were e-seminars and uploaded onto the Department's Intranet . A total of 69 staff members attended the face-to-face seminar and 1,798 staff members had viewed the e-seminars.

Courses in Overseas

By participating in overseas training programmes, our professional officers can broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues. In 2021-22, the Department continued to deploy information and communication technology to facilitate officers to participate in distance learning during the epidemic. In the past year, 140 officers attended virtual training and e-learning courses on different issues.

Continuous Learning

Besides the conventional classroom training, the Department employs various means to promote continuous self-learning. These include encouraging staff to take the web courses provided by the web-based learning portal "CLC Plus" of the Civil Service College and providing financial support to officers to attend seminars and courses organised by academic and professional institutes. Training materials and information are uploaded onto the Department's Intranet for officers to study in their own time and at their own pace. This provides an effective way for the staff to acquire new knowledge and refresh what they have learnt.

Mentorship Scheme

A Mentorship Scheme for Assistant Assessors has been in place since 2008. Under this scheme, experienced officers (the mentors) will guide newly recruited Assistant Assessors (the mentees) to broaden their perception about the Department such as the organisation structure, work, connection and culture, and help them integrate into the civil service.

Staff Relations and Welfare

The Department attaches great importance to staff relations and welfare. We strive to maintain effective communication, and promote co-operation and mutual trust between the management and staff at all levels that help enhance the Department's operational efficiency and productivity.

The Departmental Consultative Committee

The Departmental Consultative Committee provides a formal and effective platform for the management and staff to exchange views on matters of mutual concern such as recruitment, promotion, career posting, training, working environment, staff welfare, office security and safety. The Committee is chaired by the Deputy Commissioner (Operations) and composed of representatives from all staff unions / associations and staff groups in the Department.

The General Grades Consultative Committee

The General Grades Consultative Committee, chaired by the Departmental Secretary and composed of representatives from the clerical and secretarial grades, allows the general grades staff members to discuss with the management issues of specific interest to their grades.

The "Meet-the-Staff Programme"

First launched in 1996-97, the "Meet-the-Staff Programme" enables the senior management of each Unit and staff of different sections / groups to exchange ideas face to face on departmental and service-wide issues in an open and relaxed manner. It serves to supplement the formal consultative channel and effectively enhances communication between staff and the management.

The IRD Staff Suggestions Scheme

In 2021-22, 2 out of 7 suggestions made through the IRD Staff Suggestions Scheme were granted cash awards and certificates of commendation in recognition of the relevant staff's contributions on enhancing operational efficiency and quality of services of the Department.

The Inland Revenue Department Newsletter

The Departmental Newsletter, published every 4 months, serves as another channel of communication between staff and the management promoting a sense of belonging in the Department. Articles are contributed by unit management for disseminating service-related issues, staff movement, staff welfare, information technology, environmental and green issues, occupational health and safety matters, etc., and by staff who are keen to share their leisure activities and hobbies. The Newsletter also provides a regular roundup on the recreational activities organised by the IRD Sports Association as well as volunteer activities arranged by the IRD Volunteer Team.



The Inland Revenue General Staff Welfare Fund

Established in 1972, the Inland Revenue General Staff Welfare Fund operates on funds donated by staff on a voluntary basis. It aims to provide within a short time small amount of interest free loan, as an additional and quick emergency relief, to help staff in unexpected financial hardship. The Fund is managed by a Governing Committee, chaired by the Departmental Secretary and composed of staff representatives from the Departmental Consultative Committee, the General Grades Consultative Committee and the IRD Sports Association. The Claims Sub-committee, formed under the Governing Committee, considers and approves applications for financial assistance submitted by staff.

Commissioner's Commendation Letter Scheme

In 2021-22, 52 officers who had provided outstanding service for a long period of time were awarded the Commissioner's Commendation Letter.

Secretary for the Civil Service's Commendation Award 2021



In 2021, a Taxation Officer was awarded the Secretary for the Civil Service's Commendation in recognition of her exceptionally meritorious and consistently outstanding performance. The presentation ceremony was held in November 2021.

The Long and Meritorious Service Travel Award Scheme

In 2021-22, 26 officers with long and meritorious service were granted awards under the Long and Meritorious Service Travel Award Scheme.

Visit of the Secretary for Financial Services and the Treasury

The Secretary for Financial Services and the Treasury, Mr HUI Ching-yu, Christopher, visited the Department on 9 December 2021. Mr HUI met with the senior management as well as representatives of IRD Assessing Officers' Association to exchange views on matters of mutual concern.





The IRD Sports Association

The objects of the IRD Sports Association are to promote intellectual, social and athletic interests of its members. To achieve these objects, the Association held a wide variety of recreational and sports events to foster a healthy and balanced lifestyle, as well as to enhance the friendship and solidarity among colleagues.

In 2021-22, the Association organised a number of diverse activities, including luncheon talks, a bowling competition, photograph sharing activities, online games and amusement activities etc. Colleagues could relax themselves and get practical information through joining the activities. All activities were well received and supported by colleagues.

The IRD Volunteer Team showed their on-going commitment and concern for the community by taking part in various voluntary services. During the year, 154 volunteers participated in a number of voluntary works and provided 610 community service hours in total. During the period when the local epidemic was stable, the IRD Volunteer Team visited the elders in the community and distributed prevention materials and food to them as support. The Team also assisted charities in serving the disabled, teenager, children and abandoned dogs. To recognise the Department's continuous dedication to care for the community, the Hong Kong Council of Social Service awarded the "15 Years Plus Caring Organisation Logo" to the Department. This marked the 17th consecutive year in which the Department was granted the award as a caring organisation.

The Association also actively participated in charitable fund-raising activities including "Medecins Sans Frontieres Day", "ORBIS World Sight Day" and "World Vision – Skip-A-Meal". With colleagues' generosity and support, nearly \$200,000 donation was received during the year. The Association was awarded the "Organisation with the Most Participants" in both "ORBIS World Sight Day" and "World Vision – Skip-A-Meal" and the 2nd runner up in "The Largest Amount of Total Donation" in "World Vision – Skip-A-Meal" this year.

chapter 10

Legislative Amendments

The following pieces of legislation enacted during the year 2021-22 are related to matters under the purview of the Department.

Inland Revenue (Amendment) (Tax Concessions for Carried Interest) Ordinance 2021 (Ordinance No. 9 of 2021)

This Ordinance amended the Inland Revenue Ordinance to give profits tax and salaries tax concessions in relation to eligible carried interest received by, or accrued to, qualifying persons and qualifying employees on or after 1 April 2020 from the provision of investment management services to certified investment funds or specified entities.

Revenue (Tax Concessions) Ordinance 2021 (Ordinance No. 10 of 2021)

This Ordinance amended the Inland Revenue Ordinance to give effect to a proposal concerning tax concessions in the Budget for the 2021-22 financial year to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2020-21 by 100%, subject to a maximum of \$10,000 in each case.

Revenue (Stamp Duty) Ordinance 2021 (Ordinance No. 16 of 2021)

This Ordinance amended the Stamp Duty Ordinance to raise the rate of stamp duty payable on contract notes for sale or purchase of Hong Kong stock from 0.1 per cent to 0.13 per cent of the consideration or value of each transaction payable by buyers and sellers respectively with effect from 1 August 2021. It also correspondingly raised the rate of stamp duty payable on certain other transfers of such stock.

Inland Revenue (Amendment) (Miscellaneous Provisions) Ordinance 2021 (Ordinance No. 18 of 2021)

This Ordinance amended the Inland Revenue Ordinance to provide for tax treatments in relation to amalgamation of companies under Division 3 of Part 13 of the Companies Ordinance and the transfer or succession of certain capital assets; and to enhance the mechanisms for furnishing returns required under the Inland Revenue Ordinance and the current provisions for deduction of foreign tax paid in respect of certain income, profits or gains.

Securities and Futures (Amendment) Ordinance 2021 (Ordinance No. 33 of 2021)

This Ordinance amended the Securities and Futures Ordinance and subsidiary legislation made under that ordinance to introduce a mechanism for the re-domiciliation of fund corporations incorporated outside Hong Kong so as to become open-ended fund companies under that ordinance. To give effect to the provisions of this Ordinance on business registration, the relevant provisions of the Business Registration Ordinance and the Business Registration Regulations have been amended.

Limited Partnership Fund and Business Registration Legislation (Amendment) Ordinance 2021 (Ordinance No. 34 of 2021)

This Ordinance amended the Limited Partnership Fund Ordinance to introduce a mechanism for the re-domiciliation of funds set up outside Hong Kong in the form of limited partnerships so as to become limited partnership funds under that ordinance. It also amended the Business Registration Ordinance and the Business Registration Regulations to provide for simultaneous business registration applications on registration of limited partnership funds. The relevant provisions about simultaneous business registration applications shall come into operation on a date appointed by the Secretary for Financial Services and the Treasury in a Gazette Notice.

Exemption from Profits Tax (Shenzhen Municipal People's Government Debt Instrument) Order (Legal Notice No. 3 of 2022)

This Order exempted a person from the payment of profits tax chargeable under Part 4 of the Inland Revenue Ordinance in respect of sums received by, or accrued to, the person as interest or profits arising from a debt instrument issued in Hong Kong by the Shenzhen Municipal People's Government.

Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2022 (Legal Notice No. 26 of 2022)

This Order reduced the fee payable in respect of a business registration certificate or branch registration certificate with a date of commencement that falls within the period of 12 months beginning on 1 April 2022 (concession period). For simultaneous business registration application of a company incorporated under the Companies Ordinance or an open-ended fund company incorporated under the Securities and Futures Ordinance, the reduction is applicable to the business registration fee payable in relation to an incorporation submission made within the concession period. The reduction amount on business registration fee payable is \$2,000 for business registration certificate and \$73 for branch registration certificate.

Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) Notices

Legal notice no.	Periods in force	Annual rate of interest
49 of 2021	7 April 2021 to 2 May 2021	0.1167%
54 of 2021	3 May 2021 to 6 June 2021	0.0833%
85 of 2021	On or after 7 June 2021	0.0500%

chapter 11

Environmental Report

Green Management Policy

The Inland Revenue Department is committed to providing a green workplace, and operating in an environmentally conscious and responsible manner. Reducing energy and paper consumption continues to be the Department's green target in view of its office-based operations. To this end, we strive to protect and conserve the environment through:

- Ensuring that the Department's operations comply with the relevant environmental protection ordinances;
- Adopting green housekeeping measures in the Department such as avoiding, reducing and controlling environmental pollution / wastage arising from the day-to-day work practice;
- Requiring our contractors to implement effective environmental management systems and pollution control measures;
- Using environment-friendly products such as energy saving photocopiers, batteries without mercury, unleaded petrol and products with environment or energy efficiency labels;
- Ensuring that all staff are aware of the Green Management Policy with adequate information accessible by those who are interested in the subject; and
- Providing training courses and workshops on green management for staff to increase their awareness on green issues and encourage them to participate in environmental protection programmes.

Green Management and Promotion of Green Awareness

Green Management

The Environment and Records Management Committee, chaired by the Departmental Secretary (who is also the Department's Green Manager) and composed of green executives from each Unit of the Department, aims to seek staff's suggestions, set directions in our green policies, issue green office guidelines, and to update staff on new green initiatives adopted. Floor green ambassadors have been appointed to assist the Green Manager in promoting green awareness and implementing environmental programmes on a floor basis.

Green Education

Various measures were taken during the year to promote environmental awareness amongst staff, including:

- Displaying environmental protection promotional materials on notice boards;
- Posting notices and affixing stickers adjacent to relevant facilities to remind staff of energy saving;
- Releasing updated environmental protection information in the “Green Corner” of the Department’s Intranet; and
- Disseminating useful and practical “Green Tips” through e-mails and the Departmental Newsletter on a regular basis to all staff to promote green habits.

Environmental Protection Performance in 2021-22

To balance operational needs with environmental care and social responsibility, the Department focuses its efforts to conserve energy, reduce paper consumption, minimise waste production, encourage waste recycling, and to provide a healthy working environment with satisfactory indoor air quality.

Energy Conservation

The Department is proactive in energy conservation and has implemented various energy saving measures to reduce electricity and water consumption. The following energy saving measures were adopted during the year:

- Modifying group lighting switches to individual switches;
- Reducing lighting to the minimum required level for illumination;
- Adopting the “last-man-out” arrangement to ensure that lights and electric facilities / appliances are switched off during lunch hour, after office hours or when not in use;
- Adjusting timers so that lights in corridors and lift lobbies are switched off on Saturdays, Sundays and public holidays;
- Installing auto-sensor water taps in toilets to reduce water consumption;
- Using computers, fluorescent tubes, LED lights and other electrical appliances that are energy efficient;
- Maintaining air-conditioned room temperature at 25.5°C ; and
- Encouraging the use of electric fans to improve air circulation when necessary.

These measures will continue to be implemented in the Department to conserve energy.

Adherence to the “3R” Principle

The Department continues to adhere to the 3R principle - “Reduce, Reuse and Recycle” in the consumption of materials.



Reduction and Reuse of Paper

The Department adopted the following specific measures in the year to reduce paper consumption:

- Encouraging staff to minimise photocopying, use recycled paper instead of virgin paper, use duplex printing and photocopying, and to make the best use of the blank side of used paper;
- Processing leave applications through the “Electronic Leave Application and Processing System”;
- Reusing stationery, such as envelopes and file jackets;
- Avoiding the use of fax cover sheets and using the blank side of used paper to print incoming fax messages;
- Encouraging paperless means of internal and external communication by using e-mail;
- Uploading internal information, such as circulars, administrative instructions, Staff Handbooks, training and reference materials, guidelines, monthly reports, meeting minutes, etc. onto the Intranet to facilitate updating and retrieval online, and dispensing with the keeping of personal hard copies;
- Reviewing regularly the need for the preparation of periodical reports, the distribution lists of outgoing correspondence and the number of hard copies required for circulation;
- Promoting the use of multiple screen printing for online enquiries;
- Using templates or overlay printing to replace pre-printed forms;
- Viewing reports online through the Computer Output Online Retrieval System, thus obviating the need for printing computer reports in hard copies;
- Encouraging the public to file tax returns electronically through eTAX and to use the Department’s electronic services under the GovHK website;
- Uploading e-Seminars for employers to reduce paper consumption, thus obviating the need to print invitation letters, tickets and handouts; and
- Implementing e-Procurement system for purchase of goods and services which helps reduce paper consumption.

Waste recycling

The Department encourages all staff members to participate in the recycling programmes. Recycling bags and boxes are placed at conspicuous locations on all floors of the Department to facilitate the collection of three recyclable wastes, namely papers, aluminium cans and plastic bottles. A recycling box for glass bottles is also placed at the lift lobby on ground floor of Revenue Tower. Besides, used printer cartridges are also collected for recycling. Throughout the year, 602,017kg of waste paper, 870.47kg of aluminium cans, 250.10kg of plastic bottles, 8kg of glass bottles and 5,473 used printer cartridges were collected.

Smoke-free Workplace

Smoking has been prohibited in Revenue Tower since 1996. Starting from 2007, it is a statutory requirement that all indoor areas in workplaces are smoke-free. No-smoking signs are displayed at conspicuous locations in the office. Circulars are re-circulated regularly to remind staff about the importance of maintaining a smoke-free working environment and providing green healthy public areas to visitors.

Indoor Air Quality

We attach great importance to good indoor air quality. During the year, a contractor commissioned by the Government Property Agency has conducted a comprehensive indoor air quality measurement in offices located in Revenue Tower. Revenue Tower was awarded “Indoor Air Quality Certificate (Good Class)” by the Environmental Protection Department, showing that our office has fully met the requirements in this respect from May 2021 to May 2022.

New Initiatives and Targets

The Department will strive to enhance its green performance through formulating new initiatives and targets for environmental protection and reviewing the effectiveness of existing green measures taken. The Intranet and the Departmental Portal will continue to be widely utilised for the enhancement of e-office facilities. Continuous efforts will be made to promote expansion of green procurement and reduction in consumption of resources including electricity and paper.

chapter 12

Miscellaneous

Charitable Institutions

Charitable institutions are exempt from tax under section 88 of the Inland Revenue Ordinance. As at 31 March 2022, there are 9,709 charities recognised as exempt from tax, of which 446 charities were given recognition during the year. The Department endeavors to give a reply to applicants for recognition of tax exemption status within 4 months of the date of receipt of the application provided that all the required information and documents are received.

Donations to charities exempt from tax under section 88 of the Inland Revenue Ordinance are tax deductible. Members of the public may check the list of charitable institutions and trusts of a public character which are exempt from tax uploaded on the Department's website to ascertain whether their donations can be claimed for tax deduction. For the year of assessment 2020-21, the amounts of approved charitable donations allowed under profits tax and salaries tax were \$4.35 billion and \$7.45 billion respectively.

General Inspection

Tax inspectors carry out on-site inspections of businesses and call on individuals to check their compliance with the various ordinances administered by the Department. A total of 52,295 visits were made during the year.

Internal Audit

Internal auditors carry out audit activities on various Units and sections regularly to ensure that the work performed within the Department complies with relevant legislation and departmental procedures. They also examine internal control systems and work methods with a view to identifying areas where improvement can be made for the management's consideration.

Approval for Tax Return Forms and the Manner of Furnishing Tax Returns

The Board of Inland Revenue is constituted under the Inland Revenue Ordinance. It operates independently of the Inland Revenue Department. One of its functions is to approve returns to be used for property tax, salaries tax, profits tax and personal assessment, and the manner in which tax returns are furnished.

Schedules

- 1** Tax Assessed and Collections for the year ended 31 March 2022
- 2** Demand Notes Issued, Tax Assessed and Collections (2018-19 to 2021-22)
- 3** Profits Tax Contributions from Various Business Sectors (Corporations) for years of assessment 2018-19 to 2020-21
- 4** Profits Tax Contributions from Various Business Sectors (Unincorporated Businesses) for years of assessment 2018-19 to 2020-21
- 5** Analysis of Salaries Tax Assessments for the year of assessment 2020-21
- 6** Analysis of Allowances granted for the year of assessment 2020-21
- 7** Property Statistics (as at 31 March 2022)
- 8** Business Registration Statistics (2018-19 to 2021-22)
- 9** Stamp Duty Collections and Stamp Office Activities (2018-19 to 2021-22)
- 10** Estate Duty Assessed and Collections for the year ended 31 March 2022
- 11** Betting Duty Collections (2019-20 to 2021-22)
- 12** Tax Reserve Certificates Statistics (2018-19 to 2021-22)
- 13** Offences Committed and Court Fines Imposed
- 14** Surcharges Added, Offences Compounded, Additional Tax Imposed and Costs Awarded by the Board of Review

Schedule 1

EARNINGS AND PROFITS TAX – TAX ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2022

	Property Tax	Salaries Tax	Profits Tax (Corporations)	Profits Tax (Unincorporated Businesses)	Personal Assessment	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tax assessed during the year -						
2019-20 and earlier years	451,787,374	206,825,884	1,495,487,779	240,021,495	435,890,361	2,830,012,893
2020-21 Final Tax only	139,574,891	(389,907,422)	(4,739,860,919)	107,060,570	5,710,838,041	827,705,161
2021-22 Provisional Payments and Final Tax	3,506,240,661	77,853,478,953	151,997,485,650	5,294,932,275	5,388,322	238,657,525,861
Total Tax Assessed	4,097,602,926	77,670,397,415	148,753,112,510	5,642,014,340	6,152,116,724	242,315,243,915
Add: Collectables -						
Tax outstanding as at 31 March 2021 brought forward	1,664,932,989	17,389,726,218	55,203,827,731	3,903,678,349	990,324,924	79,152,490,211
Surcharge, Compound Penalty and Additional Tax imposed and Costs awarded by the Board of Review	85,646,962	390,030,335	814,768,977	194,067,091	8,731,756	1,493,245,121
Interest on Tax Held Over	25,684	2,121,419	32,608,994	456,955	1,534,091	36,747,143
Write-off re-opened	588,188	9,033,990	726,392	2,469,687	858,486	13,676,743
Total of Tax Assessed and Collectables (a)	5,848,796,749	95,461,309,377	204,805,044,604	9,742,686,422	7,153,565,981	323,011,403,133
Collections during the year -						
Net Tax collected	3,925,319,111	75,299,768,640	161,344,092,693	5,085,870,266	6,444,673,878	252,099,724,588
<i>(After allowing for refunds of tax)</i>	<i>157,373,545</i>	<i>6,038,213,502</i>	<i>11,739,799,869</i>	<i>457,299,974</i>	<i>648,060,744</i>	19,040,747,634
Surcharge, Compound Penalty, Additional Tax and Costs awarded by the Board of Review	59,122,962	268,248,342	712,536,704	160,542,364	10,819,713	1,211,270,085
Interest on Tax Held Over	42,503	2,166,571	31,490,369	1,040,099	1,845,311	36,584,853
Total Net Collections (b)	3,984,484,576	75,570,183,553	162,088,119,766	5,247,452,729	6,457,338,902	253,347,579,526
Balance of Tax, Surcharge, etc. payable (a) - (b)	1,864,312,173	19,891,125,824	42,716,924,838	4,495,233,693	696,227,079	69,663,823,607
Less: Not collected by virtue of set-off	470,250,033	4,211,451,697	0	362,238,121	0	5,043,939,851
Written-off as irrecoverable	1,452,958	24,829,970	236,819,934	6,615,633	1,379,309	271,097,804
Tax, Surcharge, etc. outstanding as at 31 March 2022 carried forward	1,392,609,182	15,654,844,157	42,480,104,904	4,126,379,939	694,847,770	64,348,785,952
Less: Under objection or appeal	20,126,688	588,810,458	27,078,556,156	717,871,035	287,772,489	28,693,136,826
Listed for write-off but awaiting approval	0	172,948	362,847	52,238	114,931	702,964
Assessed but not yet due	463,879,883	7,985,075,399	5,982,824,558	946,697,099	106,516,645	15,484,993,584
Net Tax, Surcharge, etc. in arrears as at 31 March 2022	908,602,611	7,080,785,352	9,418,361,343	2,461,759,567	300,443,705	20,169,952,578

Schedule 2

EARNINGS AND PROFITS TAX – DEMAND NOTES ISSUED, TAX ASSESSED AND COLLECTIONS

	2018-19		2019-20		2020-21		2021-22	
	No. of Demand Notes	Tax Assessed						
		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Profits Tax -								
Corporations	133,912	167,207,247	134,444	153,198,153	122,577	132,513,843	126,024	148,753,113
Unincorporated Businesses	38,634	6,350,299	34,483	7,934,344	38,181	6,426,279	35,672	5,642,014
Salaries Tax	1,646,699	62,360,411	1,547,020	69,486,659	1,528,966	68,611,414	1,401,941	77,670,397
Property Tax	151,309	4,016,920	137,194	4,146,971	150,134	4,241,087	157,405	4,097,603
Personal Assessment	254,739	6,027,802	106,785	5,349,170	124,906	5,928,213	134,076	6,152,117
Total	2,225,293	245,962,679	1,959,926	240,115,297	1,964,764	217,720,836	1,855,118	242,315,244

	2018-19		2019-20		2020-21		2021-22	
	Collections		Collections		Collections		Collections	
		(\$'000)		(\$'000)		(\$'000)		(\$'000)
Profits Tax -								
Corporations		160,833,150		149,427,519		129,489,658		162,088,120
Unincorporated Businesses		5,786,496		6,472,804		6,050,008		5,247,452
Salaries Tax		60,145,881		50,412,460		75,027,324		75,570,184
Property Tax		3,624,446		2,806,485		3,957,178		3,984,485
Personal Assessment		5,963,102		4,999,787		6,293,727		6,457,339
Total		236,353,075		214,119,055		220,817,895		253,347,580

Schedule 3

CORPORATIONS – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2018-19		2019-20		2020-21	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Distribution -						
Retail	3,930,421	2.7	2,542,225	1.8	1,768,392	1.3
Wholesale, Import and Export	26,943,409	18.7	25,494,442	18.0	27,728,764	19.9
Foreign Corporations carrying on Import and Export	40,201	0.1	28,444	0.1	42,898	0.1
Public Utilities	6,883,341	4.8	5,578,012	4.0	4,397,678	3.2
Property	22,229,865	15.4	27,527,758	19.6	25,380,903	18.3
Investment and Finance (other than Banking)	10,897,621	7.6	10,630,913	7.6	12,877,756	9.3
Banking	36,029,968	25.0	35,538,836	25.3	29,705,530	21.4
Manufacturing -						
Clothing and Textiles	589,387	0.4	503,708	0.4	396,978	0.3
Food and Beverage Products	569,443	0.4	531,111	0.4	369,466	0.3
Steel and Other Metals	283,843	0.2	270,132	0.2	266,242	0.2
Printing and Publishing	361,847	0.3	309,354	0.2	242,326	0.2
Others	3,198,946	2.3	2,884,283	2.0	2,910,471	2.0
Shipping (including Shipping Agents, Shipbuilding, Docking, Travel Agents, Air Forwarding Agents and Airline Booking Agents)	1,446,664	1.0	1,123,075	0.8	1,857,669	1.3
Hotels, Restaurants and Amusement Centres	2,980,222	2.1	1,844,570	1.3	707,721	0.5
Stevedoring, Wharfing and Godowns	1,044,202	0.7	919,067	0.6	1,255,734	0.9
Clubs and Associations	1,778,049	1.2	1,684,950	1.2	1,697,379	1.2
Insurance Companies and Insurance Agents	3,227,697	2.2	2,897,168	2.1	3,651,102	2.6
Non-resident Corporations Trading through Agents (including Consignment Tax)	1,620,196	1.1	1,464,589	1.0	1,618,252	1.2
Building Contractors and Engineering Works	3,630,974	2.5	3,386,491	2.4	2,996,093	2.1
Aircraft Owners and Operators	426,472	0.3	229,675	0.2	194,125	0.1
Taxis, Hire Cars, Public Light Buses and Motor Boats	182,169	0.1	122,655	0.1	118,769	0.1
Miscellaneous	15,662,707	10.9	15,011,535	10.7	18,697,280	13.5
Total	143,957,644	100.0	140,522,993	100.0	138,881,528	100.0

Schedule 4

UNINCORPORATED BUSINESSES – PROFITS TAX CONTRIBUTIONS FROM VARIOUS BUSINESS SECTORS

Business Sectors	Final Tax Assessed for Year of Assessment					
	2018-19		2019-20		2020-21	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Property Developers, Property Dealers, Property Agents and Subletting Businesses	36,028	0.8	37,454	0.9	32,474	0.8
Finance and Securities including Brokers, Dealers and Insurance Agents	641,638	14.0	562,952	13.1	400,561	10.0
Builders, Decorators and Civil Engineering Works	40,481	0.9	49,919	1.2	53,871	1.4
Distribution -						
Import and Export	43,162	0.9	49,248	1.2	57,641	1.5
Wholesale	27,168	0.6	25,403	0.6	28,554	0.7
Retail	242,082	5.3	221,418	5.1	215,047	5.4
Manufacturing -						
Agricultural Trades and Food & Beverage Products Manufacturers	3,684	0.1	3,411	0.1	3,153	0.1
Cloth and Clothing	1,210	0.0	1,645	0.0	1,535	0.0
Chemical Products and Mechanical Engineering	41,258	0.9	39,770	0.9	60,120	1.5
Printing and Publishing	5,557	0.1	4,511	0.1	4,072	0.1
Others	11,299	0.3	12,041	0.3	15,460	0.4
Hotels, Restaurants and Amusement Centres	97,822	2.1	53,402	1.2	37,784	0.9
Transport (including Wharfing and Godowns)	31,734	0.7	31,549	0.7	33,167	0.8
Professions -						
Accountants	388,736	8.5	323,104	7.5	405,707	10.1
Architects, Engineers, Surveyors, etc.	1,523	0.0	3,598	0.1	1,714	0.0
Doctors and Dentists	1,037,980	22.7	959,297	22.3	783,146	19.5
Solicitors and Barristers	1,465,682	32.0	1,457,345	33.9	1,438,282	35.8
Other Professions	449,432	9.8	442,883	10.3	412,807	10.3
Miscellaneous	13,701	0.3	21,929	0.5	29,106	0.7
Non-resident Businesses*	1	0.0	0	0.0	0	0.0
Total	4,580,178	100.0	4,300,879	100.0	4,014,201	100.0

* Consignment Tax under Section 20A(3) of the Inland Revenue Ordinance

Schedule 5

ANALYSIS OF SALARIES TAX ASSESSMENTS FOR THE YEAR OF ASSESSMENT 2020-21 BY INCOME GROUP

Annual Income	No. of Taxpayers	Percentage of Taxpayers	No. of Elections for Joint Assessment	Total Income (After Deductions other than Self Education Expenses and Concessory Deductions)	Total Allowances (See analysis per Schedule 6)	Self Education Expenses	Concessory Deductions							Total Net Chargeable Income	Final Tax	Percentage of Total Final Tax	Average Tax per Taxpayer
							Total Donations to Charities	Home Loan Interest	Elderly Residential Care Expenses	Contributions to Recognized Retirement Schemes	Tax Deductible MPF Voluntary Contributions	Qualifying Annuity Premiums	Qualifying Premiums under the Voluntary Health Insurance Scheme Policy				
(\$)		(%)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(%)	(\$)
132,001 - 200,000	209,546	11.51	0	35,902,740	27,897,284	42,398	111,397	72,868	2,477	772,846	37,178	14,346	61,097	6,890,849	0	0.00	0
200,001 - 300,000	407,482	22.37	33	102,653,363	62,438,958	361,894	436,040	571,190	28,446	2,688,231	162,398	205,731	201,107	35,559,368	14,189	0.02	35
300,001 - 400,000	314,892	17.29	2,308	109,038,218	59,655,177	483,196	556,540	953,533	55,999	3,011,600	219,644	378,601	205,001	43,518,927	848,290	1.12	2,694
400,001 - 500,000	221,453	12.16	7,017	98,786,339	50,648,729	436,067	603,134	1,079,602	58,432	2,521,681	269,584	573,118	185,742	42,410,250	1,940,241	2.56	8,761
500,001 - 600,000	157,475	8.65	8,829	86,105,895	41,361,195	305,158	590,424	1,060,557	59,553	1,848,611	291,185	726,393	158,133	39,704,686	2,753,704	3.64	17,487
600,001 - 700,000	106,035	5.82	8,680	68,548,834	30,721,422	214,277	495,759	940,043	46,515	1,324,071	277,496	708,861	123,432	33,696,958	2,931,849	3.87	27,650
700,001 - 800,000	91,303	5.01	7,535	68,075,276	27,758,859	178,015	540,464	992,079	49,435	1,176,805	295,489	886,900	119,144	36,078,086	3,649,116	4.82	39,967
800,001 - 900,000	66,849	3.67	5,377	56,977,629	21,030,643	130,899	504,983	813,808	42,279	901,774	266,385	818,673	97,057	32,371,128	3,654,356	4.83	54,666
900,001 - 1,000,000	42,643	2.34	3,933	40,308,731	13,762,126	90,564	327,253	551,149	26,141	550,995	197,379	548,878	59,168	24,195,078	2,925,328	3.86	68,600
1,000,001 - 1,500,000	106,481	5.85	7,056	127,722,388	34,156,414	215,103	1,071,907	1,457,505	75,751	1,327,177	608,310	1,611,448	141,393	87,057,380	11,820,567	15.61	111,011
1,500,001 - 2,000,000	41,011	2.25	2,061	70,176,960	13,277,472	72,638	529,212	582,203	31,399	485,500	263,232	650,501	50,175	54,234,628	8,071,638	10.66	196,816
2,000,001 - 3,000,000	30,151	1.66	1,320	72,104,272	8,891,161	53,149	511,518	457,533	16,958	342,082	198,288	417,013	31,246	61,185,324	9,343,094	12.34	309,877
3,000,001 - 5,000,000	15,531	0.85	429	58,346,661	3,317,224	20,128	377,261	206,948	6,664	171,455	96,870	183,165	13,335	53,953,611	8,240,880	10.89	530,608
5,000,001 - 7,500,000	5,091	0.28	37	30,563,603	299,344	4,889	207,342	64,039	1,508	54,415	25,714	45,968	3,895	29,856,489	4,465,120	5.90	877,062
7,500,001 - 10,000,000	1,944	0.11	4	16,668,103	7,026	1,882	113,432	24,544	613	20,110	7,985	14,620	1,143	16,476,748	2,452,999	3.24	1,261,831
10,000,001 & over	3,243	0.18	4	83,424,888	0	2,007	476,570	34,175	651	34,320	9,847	17,959	1,811	82,847,548	12,596,981	16.64	3,884,360
Total	1,821,130	100.00	54,623	1,125,403,900	395,223,034	2,612,264	7,453,236	9,861,776	502,821	17,231,673	3,226,984	7,802,175	1,452,879	680,037,058	75,708,352	100.00	41,572

Note : "No. of Taxpayers" represents the population with tax assessed before the implementation of a one-off tax reduction of 100% (capped at \$10,000).

Schedule 6

ANALYSIS OF ALLOWANCES GRANTED FOR THE YEAR OF ASSESSMENT 2020-21 BY INCOME GROUP

Annual Income	Basic Allowance	Married Person's Allowance	Child Allowance	Dependent Brother/Sister Allowance	Single Parent Allowance	Dependent Parent Allowance	Additional Dependent Parent Allowance	Dependent Grandparent Allowance	Additional Dependent Grandparent Allowance	Disabled Spouse Allowance	Disabled Parent Allowance	Disabled Grandparent Allowance	Disabled Child Allowance	Disabled Brother/Sister Allowance	Personal Disability Allowance	Total Allowances
(\$)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
132,001 - 200,000	27,660,072	0	0	17,212	0	182,500	33,850	3,650	0	0	0	0	0	0	0	27,897,284
200,001 - 300,000	52,664,568	2,246,112	821,187	141,000	66	4,380,375	1,939,025	96,450	25,900	0	38,775	1,200	0	19,275	65,025	62,438,958
300,001 - 400,000	37,681,776	7,767,936	2,751,798	171,375	17,767	6,965,775	3,669,025	170,575	48,600	14,850	265,350	5,100	12,900	55,350	57,000	59,655,177
400,001 - 500,000	24,361,392	9,740,808	5,579,660	148,238	218,223	6,460,750	3,371,950	189,225	55,725	29,250	337,950	9,675	33,758	68,025	44,100	50,648,729
500,001 - 600,000	16,147,692	9,278,016	7,189,450	90,487	274,300	5,290,825	2,413,825	149,050	37,725	31,125	298,425	9,300	50,625	61,350	39,000	41,361,195
600,001 - 700,000	10,308,804	7,375,632	6,495,152	61,200	205,260	4,049,150	1,686,225	117,200	31,675	23,025	236,100	8,025	51,299	48,825	23,850	30,721,422
700,001 - 800,000	8,890,068	6,323,856	6,468,746	53,025	192,614	3,833,350	1,497,800	98,275	22,750	17,700	223,650	8,325	56,325	51,000	21,375	27,758,859
800,001 - 900,000	6,472,620	4,702,896	5,203,533	38,925	142,494	2,975,525	1,088,350	73,975	15,000	14,475	187,050	6,075	49,800	43,725	16,200	21,030,643
900,001 - 1,000,000	3,892,812	3,472,128	3,571,411	22,538	82,962	1,836,325	638,775	47,900	7,750	9,075	109,875	4,350	31,200	26,250	8,775	13,762,126
1,000,001 - 1,500,000	9,698,304	8,714,376	9,203,354	51,975	205,155	4,333,100	1,364,275	116,600	19,425	18,825	265,275	12,975	76,050	61,875	14,850	34,156,414
1,500,001 - 2,000,000	3,492,852	3,841,200	3,855,144	15,262	78,989	1,434,300	378,975	34,650	6,150	6,150	79,575	4,875	26,400	19,125	3,825	13,277,472
2,000,001 - 3,000,000	1,507,308	3,101,736	3,031,314	9,488	59,540	864,700	210,850	19,300	2,250	3,525	44,700	2,175	19,425	13,200	1,650	8,891,161
3,000,001 - 5,000,000	282,480	1,282,776	1,433,808	2,025	27,060	212,800	49,325	3,550	300	975	11,100	450	7,275	2,700	600	3,317,224
5,000,001 - 7,500,000	8,316	112,200	152,760	38	1,980	17,875	3,200	500	0	225	975	0	1,125	75	75	299,344
7,500,001 - 10,000,000	0	2,376	3,600	0	0	750	150	0	0	0	0	0	75	0	75	7,026
10,000,001 & over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	203,069,064	67,962,048	55,760,917	822,788	1,506,410	42,838,100	18,345,600	1,120,900	273,250	169,200	2,098,800	72,525	416,257	470,775	296,400	395,223,034

Schedule 7

PROPERTY STATISTICS (AS AT 31 MARCH 2022)

Classification of Properties	No. of Properties	%
(i) Solely owned by individuals [excluding those under item (iv)] (Rental income, if any, is reported in Tax Returns-Individuals)	1,159,265	43.68
(ii) Jointly owned, owned by tenants-in-common, and solely owned other than by individuals [excluding those under item (iv)] -		
Letting (Reported in Property Tax Returns)	120,704	
Other usage or vacant	475,489	22.46
(iii) Owned by corporations and exempted from property tax under the Inland Revenue Ordinance	451,628	17.02
(iv) With alienation restriction under Home Ownership Scheme or Private Sector Participation Scheme	347,394	13.09
(v) New ownership - awaiting classification	99,451	3.75
Total	2,653,931	100.00

Classification by Number of Owners	No. of Properties	%
Properties owned by: 1 owner	1,896,776	71.47
2 owners	696,860	26.26
3 owners	35,522	1.34
4 owners	10,705	0.40
5 owners	5,123	0.19
6 - 10 owners	7,078	0.27
11 - 20 owners	1,667	0.06
Over 20 owners	200	0.01
Total	2,653,931	100.00

Schedule 8

BUSINESS REGISTRATION STATISTICS

Fiscal Year	2018-19	2019-20	2020-21	2021-22
New registrations	163,413	151,654	140,607	140,219
Re-opened registrations	15,590	14,502	9,618	10,002
Cancelled registrations	193,929	146,791	137,193	152,774
Current registrations as at 31 March	1,517,751	1,537,116	1,550,148	1,547,595
Paid Certificates (including certificates with annual fees waived)*	1,517,791	1,536,705	1,587,411	1,578,054
Businesses exempted from payment of fees	16,658	11,403	9,850	9,808
Extracts of information issued	421,742	412,159	457,171	445,024
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Fees and penalties collected (excluding levy)*	2,826,688	189,560	73,031	57,312
Court fines	11,459	7,092	11,032	8,435
Fees and penalties in arrears as at 31 March (excluding levy)	258,767	106,754	67,712	37,165

* The annual fees in respect of business and branch certificates with commencement dates falling within the period from 1 April 2019 to 31 March 2022 were waived.

Schedule 9

STAMP DUTY COLLECTIONS AND STAMP OFFICE ACTIVITIES

Fiscal Year	2018-19		2019-20		2020-21		2021-22	
	(\$m)		(\$m)		(\$m)		(\$m)	
Duties on -								
• Property Assignments and Chargeable Agreements		45,898.9		33,071.5		29,470.0		32,843.6
• Contract notes								
- Collected by Stamp Office	3,327.5		2,951.9		3,506.6		4,770.8	
- Collected through The Stock Exchange of Hong Kong Limited	<u>29,774.3</u>	33,101.8	<u>30,278.7</u>	33,230.6	<u>55,138.0</u>	58,644.6	<u>61,150.0</u>	65,920.8
• Leases		724.5		672.4		591.0		610.8
• Transfer deeds		1.4		1.2		1.6		1.0
• Other documents		170.6		169.9		254.4		247.6
Penalties		81.3		52.2		82.2		53.0
Additional duties for delays in payment		0.2		0.2		0.8		0.5
Total duty collections		79,978.7		67,198.0		89,044.6		99,677.3
Average number of callers to Stamp Office per day		1,691		1,528		1,454		1,468
Number of documents stamped during the year		1,725,186		1,599,781		1,637,786		1,580,345

Schedule 10

ESTATE DUTY – DUTY ASSESSED AND COLLECTIONS FOR THE YEAR ENDED 31 MARCH 2022

	Assessments issued before 1 April 2021	Assessments issued in 2021-22						Additional Assessments	Total
		Original Assessments							
		Estates valued under \$2m	Estates valued \$2m to \$4m	Estates valued \$4m to \$10m	Estates valued \$10m to \$20m	Estates valued over \$20m			
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outstanding charges brought forward from 2020-21	117,352	-	-	-	-	-	-	-	117,352
Less: Amount discharged	15,381	-	-	-	-	-	-	-	15,381
Net outstanding charges brought forward from 2020-21	101,971	-	-	-	-	-	-	-	101,971
Net duty assessed	-	-	105	1,415	90	-	687	-	2,297
Penalties charged	-	-	31	423	-	-	199	-	653
Interest charged	2,361	2	322	2,423	202	-	676	-	5,986
Total amount payable	104,332	2	458	4,261	292	-	1,562	-	110,907
Less: Amount paid on account before 1 April 2021	-	2	-	-	-	4,601	564	-	5,167
Net duty, penalties and interest payable in 2021-22	104,332	-	458	4,261	292	(4,601)	998	-	105,740
Less: Outstanding charges carried forward to 2022-23	103,819	-	-	-	-	-	-	-	103,819
Net duty, penalties and interest paid in 2021-22	513	-	458	4,261	292	(4,601)	998	-	1,921
Add: Duty and interest paid on account in respect of assessments to be issued in subsequent years	-	-	-	33	-	-	-	-	33
Total collections in 2021-22	513	-	458	4,294	292	(4,601)	998	-	1,954

Schedule 11

BETTING DUTY COLLECTIONS

Fiscal Year	2019-20		2020-21		2021-22	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Horse Racing						
Day Meetings						
Net Stake Receipts	9,932,399		10,030,735		10,851,570	
Betting Duty		7,260,602		7,291,370		7,935,105
Night Meetings						
Net Stake Receipts	6,951,868		7,658,053		8,857,663	
Betting Duty		5,080,485		5,602,098		6,470,754
Horse Race Betting Duty (For rates, please refer to Figure 22 of Chapter 3)		12,341,087		12,893,468		14,405,859
Lotteries (Mark Six)						
Proceeds from Lotteries	7,726,292		1,835,839		6,101,534	
Lotteries Duty (Rate: 25%)		1,931,573		458,960		1,525,383
Football Betting						
Net Stake Receipts	15,479,136		15,049,296		19,001,968	
Football Betting Duty (Rate: 50%)		7,739,568		7,524,648		9,500,984
Total duty collected		22,012,228		20,877,076		25,432,226

Schedule 12

TAX RESERVE CERTIFICATES

Fiscal Year	Sales		Redemption		
	Number of Certificates	Amount	Number of Certificates	Amount	Interest
2018-19		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	3	9	9	11	-
• Save-As-You-Earn Scheme	42,033	79,588	35,120	70,771	41
• Electronic Tax Reserve Certificates Scheme	46,896	363,136	41,914	384,852	109
Security for Tax in Dispute	1,713	4,177,491	1,289	1,471,865	1,460
Total	90,645	4,620,224	78,332	1,927,499	1,610
2019-20		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	1	7	4	-
• Save-As-You-Earn Scheme	41,285	78,907	32,424	70,075	74
• Electronic Tax Reserve Certificates Scheme	45,481	388,134	39,687	390,941	358
Security for Tax in Dispute	1,196	2,514,175	1,618	2,401,318	3,285
Total	87,963	2,981,217	73,736	2,862,338	3,717
2020-21		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	2	5	10	1
• Save-As-You-Earn Scheme	42,567	79,867	54,493	92,504	162
• Electronic Tax Reserve Certificates Scheme	47,377	372,485	54,622	351,308	451
Security for Tax in Dispute	1,344	2,896,920	1,693	2,781,430	9,639
Total	91,289	3,349,274	110,813	3,225,252	10,253
2021-22		(\$'000)		(\$'000)	(\$'000)
Save for Tax Payment					
• Paper certificate	1	1	14	25	1
• Save-As-You-Earn Scheme	40,009	80,436	46,387	87,417	119
• Electronic Tax Reserve Certificates Scheme	44,113	349,979	46,936	379,170	326
Security for Tax in Dispute	1,092	3,133,413	1,430	3,486,200	8,232
Total	85,215	3,563,829	94,767	3,952,812	8,678

Schedule 13

EARNINGS AND PROFITS TAX – OFFENCES COMMITTED AND COURT FINES IMPOSED

2021-22

	Inland Revenue Ordinance										Total	
	Failure to submit return and other offences [section 80(1)&(2)(d)]		Failure to comply with Court Order [section 80(2B)]		Wilfully with intent to evade tax or to assist other persons to evade tax [section 82]		Furnishing incorrect return, statement or information [section 80(2)(a),(b)&(c)]		Failure to comply with the requirement of section 51(2) to notify the chargeability [section 80(2)(e)]			
	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines	No. of Convictions	Amount of Fines
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Profits Tax												
• Corporations	13,786	36,031,900	1,080	4,653,050	0	0	0	0	0	0	14,866	40,684,950
• Unincorporated Businesses	517	1,326,300	107	437,200	0	0	0	0	0	0	624	1,763,500
Salaries Tax												
• Employees	2,201	4,737,450	355	1,388,100	22	0	0	0	0	0	2,578	6,125,550
• Employers	780	2,126,350	147	718,350	0	0	0	0	0	0	927	2,844,700
Property Tax												
• Individuals	46	80,600	3	17,500	0	0	0	0	0	0	49	98,100
Total	17,330	44,302,600	1,692	7,214,200	22	0	0	0	0	0	19,044	51,516,800

Note 1 : Fines do not form part of the revenue collected by the Inland Revenue Department

Note 2 : Convictions under section 82 are liable to court fines and imprisonment

Note 3 : The number of cases pending hearing as at 31 March 2022 is 44,130

Schedule 14

EARNINGS AND PROFITS TAX – SURCHARGES ADDED, OFFENCES COMPOUNDED, ADDITIONAL TAX IMPOSED AND COSTS AWARDED BY THE BOARD OF REVIEW

2021-22

	Property Tax		Salaries Tax		Profits Tax (Corporations)		Profits Tax (Unincorporated Businesses)		Personal Assessment		Total	
	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount	No. of Impositions	Amount
		(\$)		(\$)		(\$)		(\$)		(\$)		(\$)
Surcharge for late payment of tax	28,511	63,626,547	178,995	296,890,089	16,656	190,803,151	7,866	43,407,771	10,463	7,606,206	242,491	602,333,764
Compound Penalties for offences under the Inland Revenue Ordinance												
• section 51(4B)*	0	0	0	0	28	684,400	0	0	0	0	28	684,400
• section 80(1)	47	465,700	1,088	3,059,906	114	6,753,200	100	4,736,760	0	0	1,349	15,015,566
• section 80(2)	1,263	20,010,415	15,839	77,293,490	8,400	428,138,526	1,275	98,480,260	97	1,116,000	26,874	625,038,691
• section 80G/H/I	0	0	0	0	16	50,000	0	0	0	0	16	50,000
• section 82(1)	12	1,303,800	77	11,629,600	114	155,035,000	54	41,581,000	0	0	257	209,549,400
Additional Tax imposed under section 82A of the Inland Revenue Ordinance	69	240,500	85	1,107,250	485	33,254,700	75	5,861,300	3	9,550	717	40,473,300
Costs awarded by the Board of Review	0	0	4	50,000	3	50,000	0	0	0	0	7	100,000
Total	29,902	85,646,962	196,088	390,030,335	25,816	814,768,977	9,370	194,067,091	10,563	8,731,756	271,739	1,493,245,121

* Including penalties imposed by the Court

