

Head 76 — INLAND REVENUE DEPARTMENT

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

Estimate 2025–26 **\$2,063.1m**

Establishment ceiling 2025–26 (notional annual mid-point salary value) representing an estimated 2 912 non-directorate posts as at 31 March 2025 reducing by 16 posts to 2 896 posts as at 31 March 2026..... **\$1,486.7m**

In addition, there will be an estimated 29 directorate posts as at 31 March 2025 and as at 31 March 2026.

Controlling Officer's Report

Programmes

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

Programme (1): Assessing Functions

	2023–24 (Actual)	2024–25 (Original)	2024–25 (Revised)	2025–26 (Estimate)
Financial provision (\$m)	1,418.0	1,512.3	1,534.5 (+1.5%)	1,529.9 (–0.3%)
				(or +1.2% on 2024–25 Original)

Aim

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

Brief Description

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

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4 In 2024–25, the Department continued to enhance the quality and efficiency of its services through wider use of information technology (IT), upgrading internal computer systems and streamlining procedures. Besides, various tax-related measures administered by the Department came into effect. These include cancellation of the demand-side management measures for residential properties with effect from 28 February 2024; increasing business registration fees and branch registration fees by 10 per cent starting from 1 April 2024; waiving of the stamp duty payable on the transfer of shares or units of real estate investment trusts and on transactions amounting to jobbing business of options market makers with effect from 21 December 2024; allowing profits tax deduction for reinstatement costs for premises under a lease starting from the year of assessment 2024/25; and re-imposing the hotel accommodation tax at a rate of 3 per cent with effect from 1 January 2025.

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

6 The key performance measures are:

Targets

	Target	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Plan)
<i>Written enquiries</i>				
replies to simple enquiries within seven working days (%)	96.0	99.9	96.0	96.0
replies to technical enquiries within 21 working days (%)	98.0	99.9	99.0	99.0
<i>Processing of returns</i>				
assessments made within nine months				
profits tax				
business (%)	80.0	81.1	80.0	80.0
individuals (%)	96.0	96.9	96.5	96.5
salaries tax (%)	96.0	96.9	96.5	96.5
property tax (%)	96.0	97.9	97.0	97.0
personal assessment (%)	96.0	96.9	96.5	96.5
<i>Tax returns for first-time taxpayers</i>				
profits tax				
tax returns issued for chargeable cases within three months (%)	98	100	98	98
salaries tax				
tax returns issued for taxable cases				
April to November— within three months (%)....	98	100	99	99
December to March— within five months (%)	98	100	99	99
<i>Company / Limited Partnership Fund deregistration</i>				
processing of requests for issuance of Notice of No Objection by the Commissioner of Inland Revenue within 21 working days (%)	98	100	98	98

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	Target	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Plan)
<i>Tax reserve certificates</i>				
purchase/redemption transactions completed				
January to June—within 12 working days (%)	99.0	99.9	99.0	99.0
July to December—within nine working days (%).....	99.0	99.9	99.0	99.0
<i>Notices of objection</i>				
replies made				
May to August—within 12 working days (%)	98.0	99.8	99.0	99.0
September to April—within 18 working days (%)	98.0	99.8	99.0	99.0
notices of settlement/notifications of decision issued within four months (%).....	98.0	99.9	99.0	99.0
<i>Tax holdover claims</i>				
replies made within 12 working days (%)	98.0	99.9	99.0	99.0
<i>Stamping of documents</i>				
stamping of assignments, sale and purchase agreements, lease agreements, contract notes and instruments of transfer through GovHK				
issued instantly through GovHK after receipt of stamp duty payment by online mode (%)	99	100	99	99
issued within two working days through GovHK after receipt of stamp duty payment by offline mode (%).....	99	100	99	99
processing of requests for stamping of assignments and sale and purchase agreements within five working days (%)	98.0	99.9	99.0	99.0
contract notes/lease agreements stamped on the day submitted (%)	98.0	99.3	99.0	99.0
claims for exemption in respect of intra-group transfers processed within three months (%)	85.0	99.0	90.0	90.0
<i>Business registration</i>				
new business registration certificates applications over the counter issued within 30 minutes (%)	99	100	99	99
applications by post or through GovHK issued within two working days (%)	99	100	99	99
certified extracts of information issued within the next working day (%)	99	100	99	99

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	Target	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Plan)
change of business registration particulars				
notifications over the counter updated within 30 minutes (%)	97.0	99.8	99.0	99.0
notifications by post or through GovHK updated within five working days (%)	99.0	99.9	99.0	99.0
<i>Certificate of resident status</i>				
certificates/notifications issued within 21 working days	70.0	99.1	80.0	80.0
 Indicators				
		2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Estimate)
<i>Profits tax</i>				
assessments made		537 000	527 000	529 000
assessments per post		827	813	814
provision per assessment (\$)		870.2	940.4	938.0
<i>Salaries tax</i>				
assessments made		2 695 000	2 902 000	2 902 000
assessments per post		2 828	3 068	3 094
provision per assessment (\$)		200.5	204.1	202.4
<i>Property tax</i>				
assessments made		762 000	786 000	786 000
assessments per post		4 119	4 295	4 319
provision per assessment (\$)		139.6	146.1	145.5
<i>Personal assessment</i>				
assessments made		399 000	427 000	427 000
assessments per post		3 046	3 285	3 336
provision per assessment (\$)		185.9	187.4	186.9
<i>Objections and appeals</i>				
objections and appeals processed		810	810	810
objections and appeals per post		32	32	32
provision per objection or appeal (\$)		38,041	40,864	40,494
<i>Business registration</i>				
business registration certificates (new and renewal)				
certificates issued		1 553 000	1 580 000	1 580 000
certificates per post		12 325	12 846	12 951
provision per certificate (\$)		51.7	54.6	53.7
extracts of information				
extracts issued		431 000	420 000	420 000
extracts per post		13 903	14 000	14 000
provision per extract (\$)		42.0	44.0	44.0
<i>Stamp duty</i>				
documents stamped		1 391 000	1 520 000	1 520 000
stamped documents per post		10 867	11 875	12 881
provision per stamped document (\$)		57.2	57.2	54.7
<i>Estate duty</i>				
cases finalised		337	330	330
cases per post		112	110	110
provision per case (\$)		6,190	6,667	6,667

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	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Estimate)
<i>Betting duty</i>			
returns processed.....	290	284	294
returns per post.....	145	142	147
provision per return (\$).....	5,967	6,338	6,122
<i>Hotel accommodation tax#</i>			
quarterly returns processed.....	N.A.	N.A.	1 940
quarterly returns per post.....	N.A.	N.A.	176
provision per quarterly return (\$).....	N.A.	N.A.	3,918
<i>Tax reserve certificates</i>			
purchase/redemption transactions.....	176 000	169 000	169 000
transactions per post.....	17 600	16 900	16 900
provision per transaction (\$).....	27.2	30.2	30.2

New indicators as from 2025–26. The first quarterly hotel accommodation tax returns were issued to hotels and guesthouses in January 2025. The relevant returns and tax are respectively due for filing and payment in mid-April 2025.

Matters Requiring Special Attention in 2025–26

7 During 2025–26, the maintenance of yield from taxes and the development of IT opportunities remain matters of high priority. The Department will:

- continue to promote taxpayers' compliance through publicity programmes and enhanced services;
- strengthen the effort in promoting the use of electronic services and replace the eTAX system by three new Tax Portals with enhanced and new functionalities;
- strive to expand Hong Kong's network of comprehensive avoidance of double taxation agreements with trading and investment partners, in particular jurisdictions participating in the Belt and Road Initiative and emerging markets;
- prepare for the implementation of the international tax reform framework, Base Erosion and Profit Shifting (BEPS) 2.0 promulgated by the Organisation for Economic Co-operation and Development (OECD) in October 2021, and put in place the global minimum tax and the Hong Kong minimum top-up tax from 2025;
- prepare for the implementation of the Crypto-Asset Reporting Framework promulgated by the OECD for exchange of information on a reciprocal basis with appropriate partners from 2028, including conducting the consultation and legislative exercises;
- continue to conduct the automatic exchange of financial account information and country-by-country reports with the relevant tax authorities according to the standards promulgated by the OECD; and
- continue to participate in other international tax co-operation initiatives.

Programme (2): Collection

	2023–24 (Actual)	2024–25 (Original)	2024–25 (Revised)	2025–26 (Estimate)
Financial provision (\$m)	206.5	224.3	223.5 (–0.4%)	220.5 (–1.3%)
				(or –1.7% on 2024–25 Original)

Aim

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

Brief Description

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

10 During 2024–25, the Department continued to promote the use of electronic services for tax payment.

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11 The key performance measures are:

Targets

	Target	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Plan)
<i>Tax payment</i>				
receipts issued for tax payments made by electronic means within four working days (%).....	99	100	99	99
<i>Refund of tax</i>				
arising from overpayment of tax in excess of the amount demanded within 18 working days (%)	98.0	99.9	98.0	98.0
arising from revision of assessment within ten working days (%)	98	100	99	99

Indicators

	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Estimate)
<i>Collection of tax</i>			
payments processed.....	3 552 000	3 600 000	3 600 000
payments per post.....	69 647	73 469	73 469
provision per payment (\$)	11.9	12.6	12.5
<i>Refund of tax</i>			
refunds made	695 000	700 000	660 000
refunds per post.....	23 167	23 333	22 000
provision per refund (\$)	23.0	24.6	24.5
<i>Recovery of tax</i>			
completed recovery cases.....	266 000	268 000	268 000
completed recovery cases per post.....	899	908	915
provision per completed recovery case (\$)	556.1	596.3	590.7

Matters Requiring Special Attention in 2025–26

12 During 2025–26, the Department will continue to promote the use of electronic services for tax payment.

Programme (3): Investigation and Field Audit

	2023–24 (Actual)	2024–25 (Original)	2024–25 (Revised)	2025–26 (Estimate)
Financial provision (\$m)	258.0	268.2	278.5 (+3.8%)	277.1 (–0.5%)
				(or +3.3% on 2024–25 Original)

Aim

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

Brief Description

14 This programme involves:

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

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15 In 2024–25, the Department continued to combat tax evasion and counter tax avoidance schemes. The computer-assisted risk-based case selection programme was used to facilitate the identification of high-risk cases for audit and investigation.

16 The key performance measures are:

Target

	Target	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Plan)
<i>Tax audit and investigation</i>				
field audit and tax investigation cases processed within two years (%).....	80.0	88.9	85.0	85.0

Indicators

	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Estimate)
<i>Field audit and tax investigation</i>			
cases completed.....	1 802	1 800	1 800
back tax and penalty assessed (\$m)	3,303.7 ^Ω	2,800.0	2,700.0
cases per post	6.7	6.8	6.9
provision per case (\$).....	142,042	153,556	152,722
back tax and penalty per case (\$m).....	1.8	1.6	1.5
back tax and penalty per post (\$m).....	12.3	10.6	10.3
back tax and penalty per dollar of provision (\$).....	12.9	10.1	9.8
<i>Property tax compliance check</i>			
cases completed.....	343 000	350 000	363 000
back tax assessed (\$m).....	211.8	174.0	176.0
cases per post	68 600	70 000	72 600
provision per case (\$).....	5.9	6.0	6.1
back tax per case (\$).....	617	497	485
back tax per post (\$m).....	42.4	34.8	35.2
back tax per dollar of provision (\$).....	104.5	82.9	80.0

Ω The higher amount of back tax and penalty assessed in 2023–24 was due to the settlement of large tax avoidance cases.

Matters Requiring Special Attention in 2025–26

17 During 2025–26, the Department will continue to combat tax evasion and counter tax avoidance schemes.

Programme (4): Taxpayer Services

	2023–24 (Actual)	2024–25 (Original)	2024–25 (Revised)	2025–26 (Estimate)
Financial provision (\$m)	33.7	35.0	35.7 (+2.0%)	35.6 (–0.3%)
				(or +1.7% on 2024–25 Original)

Aim

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

Brief Description

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

20 To assist the public in completing tax returns, the Department extended the service hours of telephone enquiry services in May 2024. Service hours from Monday to Friday were extended by one and a half hours till 7:00 p.m. and additional service was also provided on Saturday from 9:00 a.m. till 1:00 p.m. During peak periods, the Department also redeployed manpower resources and employed part-time staff to strengthen the daytime telephone enquiry services.

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21 The key performance measures are:

Targets

	Target	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Plan)
<i>Enquiry service office</i>				
waiting time for over-the-counter enquiry service not to exceed ten minutes				
during peak hours (%).....	95.0	99.2	96.0	96.0
outside peak hours (%).....	99.0	99.8	99.0	99.0
connected telephone calls answered within three minutes				
July to April (%)	90.0	94.8	93.0	93.0
May to June (%).....	80.0	86.9	86.0	81.0
<i>Complaints</i>				
interim reply within seven working days (%)	99	100	99	99
substantial reply within 15 working days (%)	99	100	99	99
<i>eTAX account</i>				
access code notices issued for applications through GovHK within two working days (%)	98	100	98	98
electronic receipts issued for tax payments made by electronic means within two working days (%)	99	100	99	99

Indicators

	2023–24 (Actual)	2024–25 (Revised Estimate)	2025–26 (Estimate)
<i>Over-the-counter enquiry service</i>			
enquiries	349 000	366 000	366 000
enquiries processed per post	12 464	13 071	13 071
<i>Telephone enquiry service</i>			
enquiries	1 499 000	1 663 000	1 690 000
enquiries processed per post	40 514	46 194	46 944
<i>Complaints</i>			
complaints processed	147	210	210
complaints processed per post.....	49	70	70

Matters Requiring Special Attention in 2025–26

22 During 2025–26, the Department will continue to deliver quality customer service and promote the wider use of electronic services through which taxpayers can file tax returns, obtain their personal tax information and documents, notify changes of personal particulars and lodge requests for holdover of provisional tax and revision of assessment. In addition, the Department will enhance operations through a computer system development and modification project. This will include rolling out of workflow technology for enhanced internal communication and replacing the eTAX system with an improved Individual Tax Portal, creating a Business Tax Portal to streamline submission of tax returns by businesses alongside their financial data, and launching a Tax Representative Portal to enable tax representatives to conduct electronic transactions on behalf of both individual and business clients.

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ANALYSIS OF FINANCIAL PROVISION

	2023–24 (Actual) (\$m)	2024–25 (Original) (\$m)	2024–25 (Revised) (\$m)	2025–26 (Estimate) (\$m)
Programme				
(1) Assessing Functions.....	1,418.0	1,512.3	1,534.5	1,529.9
(2) Collection.....	206.5	224.3	223.5	220.5
(3) Investigation and Field Audit	258.0	268.2	278.5	277.1
(4) Taxpayer Services.....	33.7	35.0	35.7	35.6
	<hr/>	<hr/>	<hr/>	<hr/>
	1,916.2	2,039.8	2,072.2 (+1.6%)	2,063.1 (-0.4%)

**(or +1.1% on
2024–25 Original)**

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2025–26 is \$4.6 million (0.3%) lower than the revised estimate for 2024–25. This is mainly due to the reduced operating expenses and a net decrease of 12 posts.

Programme (2)

Provision for 2025–26 is \$3.0 million (1.3%) lower than the revised estimate for 2024–25. This is mainly due to the reduced operating expenses and a net decrease of two posts.

Programme (3)

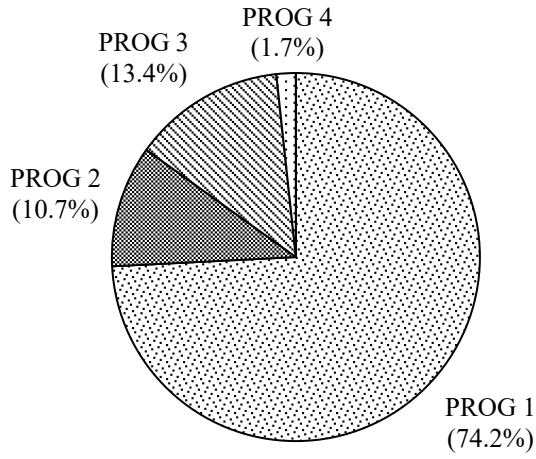
Provision for 2025–26 is \$1.4 million (0.5%) lower than the revised estimate for 2024–25. This is mainly due to the reduced operating expenses and a net decrease of two posts.

Programme (4)

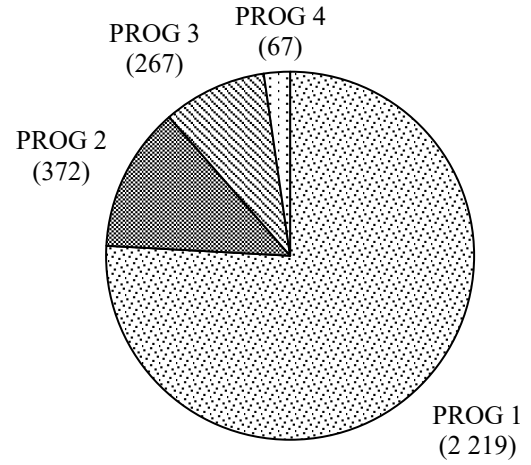
Provision for 2025–26 is \$0.1 million (0.3%) lower than the revised estimate for 2024–25. This is mainly due to the reduced operating expenses.

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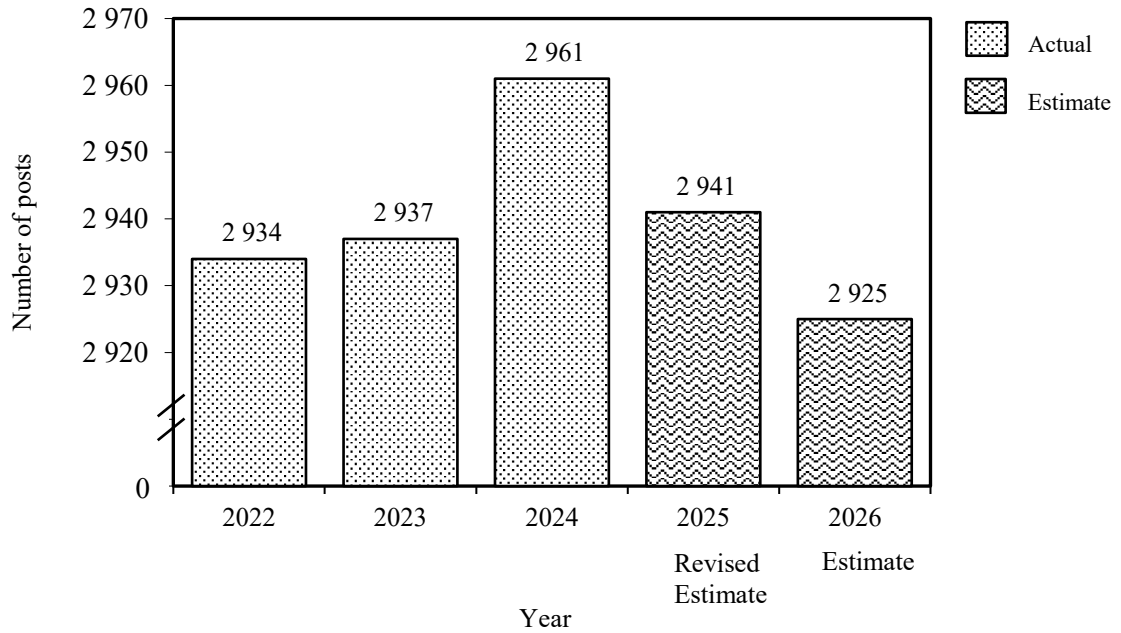
Allocation of provision to programmes (2025-26)



Staff by programme (as at 31 March 2026)



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



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Sub-head (Code)	Actual expenditure 2023-24	Approved estimate 2024-25	Revised estimate 2024-25	Estimate 2025-26	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,903,531	2,014,219	2,055,198	2,046,078
189	Interest on tax reserve certificates.....	12,336	24,000	16,000	16,000
209	Special legal expenses.....	375	1,600	1,000	1,000
	Total, Recurrent.....	<u>1,916,242</u>	<u>2,039,819</u>	<u>2,072,198</u>	<u>2,063,078</u>
	Total, Operating Account	1,916,242	2,039,819	2,072,198	2,063,078
<hr/>					
	Total Expenditure	<u>1,916,242</u>	<u>2,039,819</u>	<u>2,072,198</u>	<u>2,063,078</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2025–26 for the salaries and expenses of the Inland Revenue Department is \$2,063,078,000. This represents a decrease of \$9,120,000 against the revised estimate for 2024–25 and an increase of \$146,836,000 over the actual expenditure in 2023–24.

Operating Account

Recurrent

2 Provision of \$2,046,078,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Inland Revenue Department.

3 The establishment as at 31 March 2025 will be 2 941 posts. It is expected that there will be a net decrease of 16 posts in 2025–26. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2025–26, but the notional annual mid-point salary value of all such posts must not exceed \$1,486,747,000.

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

	2023–24 (Actual) (\$'000)	2024–25 (Original) (\$'000)	2024–25 (Revised) (\$'000)	2025–26 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	1,420,169	1,462,592	1,497,339	1,497,927
- Allowances	29,651	39,932	40,272	31,650
- Job-related allowances.....	127	85	99	92
Personnel Related Expenses				
- Mandatory Provident Fund contribution	5,811	8,056	6,709	7,600
- Civil Service Provident Fund contribution	91,834	104,609	103,234	116,634
Departmental Expenses				
- General departmental expenses	355,939	398,945	407,545	392,175
	1,903,531	2,014,219	2,055,198	2,046,078

5 Provision of \$16 million under *Subhead 189 Interest on tax reserve certificates* is for the payment of interest on tax reserve certificates by the Commissioner of Inland Revenue under the Tax Reserve Certificates Ordinance (Cap. 289).

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