



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The 4th Belt and Road Initiative Tax Administration Cooperation Forum

— Improving Tax Environment

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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Transparency of Tax Law and Tax Administration



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PART ONE

Introduction





INTRODUCTION



Transparency of Tax Law and Tax Administration

- Fundamental to upholding the rule of law
- A vital element of a robust tax system
- Improve understanding, foster trust between tax administration and taxpayers, promote compliance, reduce tax evasion, ensure fairness and equity, as well as enhance the efficiency of tax administration
- Help create a favourable environment for business to operate and invest



PART TWO

Dissemination of Tax Information





CHANNELS TO TAX INFORMATION



- **Hong Kong e-Legislation** maintained by the Department of Justice provides free online access to current and past versions of consolidated legislation, including tax statutes, such as the Inland Revenue Ordinance
- **Website of the Inland Revenue Department (IRD)** provides a wide range of tax information to the public, including links to statute laws and court judgements, tax measures, departmental practices and policies, guidelines, etc.
- **GovHK**, a one-stop portal created by the Government which provides another electronic channel for the public to obtain tax information



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Published Materials





PUBLISHED MATERIALS



Tax Law, Board of Review Decisions, Court Judgments

- Help taxpayers better understand the tax law and how the law applies to specific cases
- Promote clarity and consistency in the application of the tax law



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PUBLISHED MATERIALS



Departmental Interpretation and Practice Notes

- Issued for information of taxpayers and tax representatives
- Set out the IRD's interpretation of applicable tax law and practices adopted in relation to important tax issues
- Help taxpayers better understand the IRD's stance
- Ensure consistency in the application of the tax law and provide transparency in tax administration



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

DEPARTMENTAL INTERPRETATION AND PRACTICE NOTES

NO. 1 (REVISED)

PROFITS TAX

PART A: COMPUTING ASSESSABLE PROFITS

PART B: REVENUE RECOGNITION

PART C: MEASUREMENT OF INVENTORIES OR STOCK

These notes are issued for the information of taxpayers and their tax representatives. They contain the Department's interpretation and practices in relation to the law as it stood at the date of publication. Taxpayers are reminded that their right of objection against the assessment and their right of appeal to the Commissioner, the Board of Review or the Court are not affected by the application of these notes.

These notes replace those issued in July 2006.

TAM Tai-pang
Commissioner of Inland Revenue

September 2020

Our website : www.ird.gov.hk



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PUBLISHED MATERIALS



INFORMATION PAMPHLET



A BRIEF GUIDE TO TAXES
ADMINISTERED BY THE
INLAND REVENUE DEPARTMENT
2022 - 2023

INLAND REVENUE DEPARTMENT
THE GOVERNMENT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION
OF THE PEOPLE'S REPUBLIC OF CHINA

Pamphlets and Guidelines

- Contain tax information in simpler terms for general information of persons unfamiliar with tax legislation
- Provide examples and answers to frequently asked questions
- Help taxpayers better understand their rights, responsibilities and potential tax implications
- Promote compliance and enhance efficiency of tax administration



PUBLISHED MATERIALS



Detailed Tax Information on Specific Topics

- Tax issues concerning businesses, individuals and property owners respectively
- Tax measures proposed in Government annual budgets
- Payments and refunds
- Status of tax cases under appeal
- Double taxation relief and exchange of information arrangements



PUBLISHED MATERIALS



Tax Administration Policies

- Publish tax administration policies including those on penalty, official secrecy and tax recovery to enhance transparency of tax administration
- Issue press announcements of successfully prosecuted court cases to alert the public of the serious consequences of tax evasion

Performance Pledge

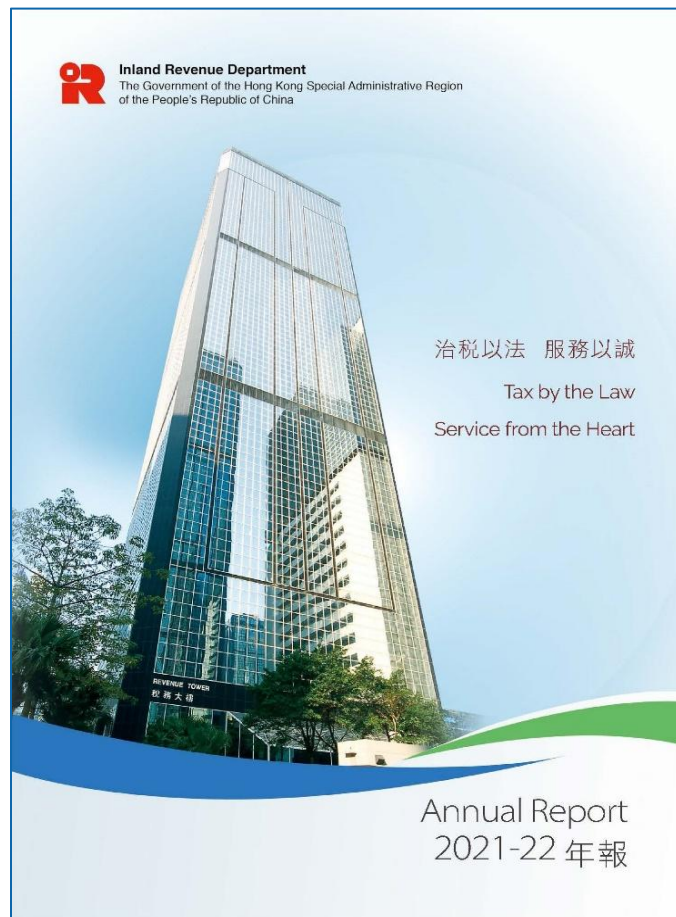
- Set out the service standards a taxpayer can expect from the IRD



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PUBLISHED MATERIALS



Annual Reports

Provide detailed information on the IRD, including:

- Revenue collected under various tax types with further breakdowns and yearly comparisons
- Costs of collection
- Functions carried out apart from tax collection
- Taxpayer services, including channels of complaints
- Human resources matters such as organisation structure, staff establishment with age and gender profiles, training



PART THREE

Communication with Taxpayers





COMMUNICATION WITH TAXPAYERS

- Effective communication with taxpayers through user-friendly services enhances taxpayers' willingness to comply voluntarily
- The IRD communicates with taxpayers through, for example, the following:

1

Enquiry Service Centre
(counter + telephone)

2

Designated Email Accounts

3

Real Time Chatbot



COMMUNICATION WITH TAXPAYERS



Enquiry Service Centre

- Equipped with a computer network linked to the IRD's Knowledge Database to enable staff to provide an immediate “one-stop” service
- Interactive Telephone Enquiry System with over 100 telephone lines through which callers can speak to staff and access recorded tax information
- Extended service hours of telephone enquiry services during the tax filing season



COMMUNICATION WITH TAXPAYERS



Designated Email Accounts

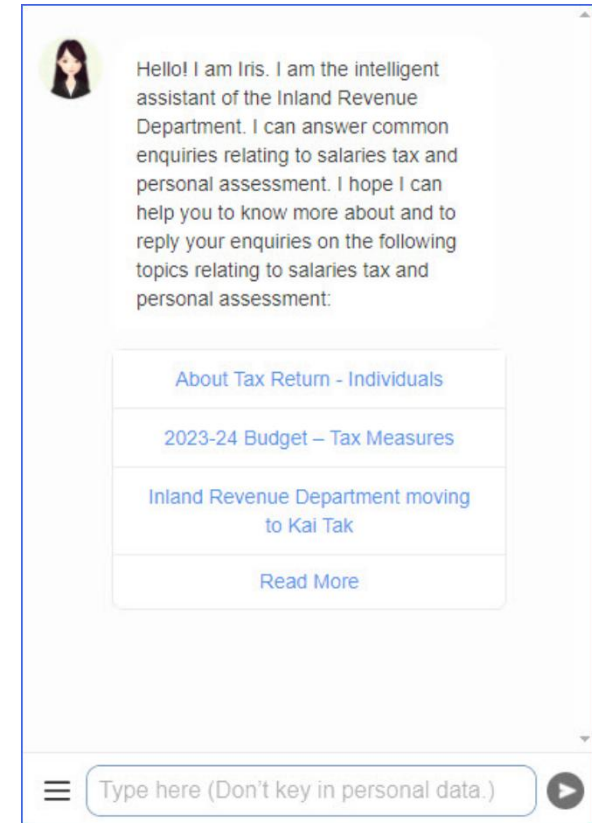
- Designated email accounts for communication on specific subject matters
- Each email account aims to serve one subject matter (such as profits tax, business registration and stamp duty)
- Email enquiry can reach the responsible section earlier, enabling a faster response time



COMMUNICATION WITH TAXPAYERS

Real Time Chatbot

“Iris” stands for “Inland Revenue Interactive Service”, which means the intelligent assistant of the IRD.





PART FOUR

Engagement with Stakeholders





ENGAGEMENT WITH STAKEHOLDERS



- The IRD keeps close contact with stakeholders including accountancy and taxation professional bodies and trade associations
- These stakeholders serve as a bridge between the IRD and the taxpayers and have a constructive role in promoting tax compliance
- Forms of engagement cover **meetings, consultation and delivery of seminars**



ENGAGEMENT WITH STAKEHOLDERS

Meetings with Stakeholders

- The IRD holds regular meetings with professional bodies and other stakeholders to maintain effective communication
- For example, the IRD holds regular meetings with:

The Hong Kong Institute of Certified Public Accountants

- Professional accounting body in Hong Kong responsible for regulation of the accountancy profession

Joint Liaison Committee on Taxation

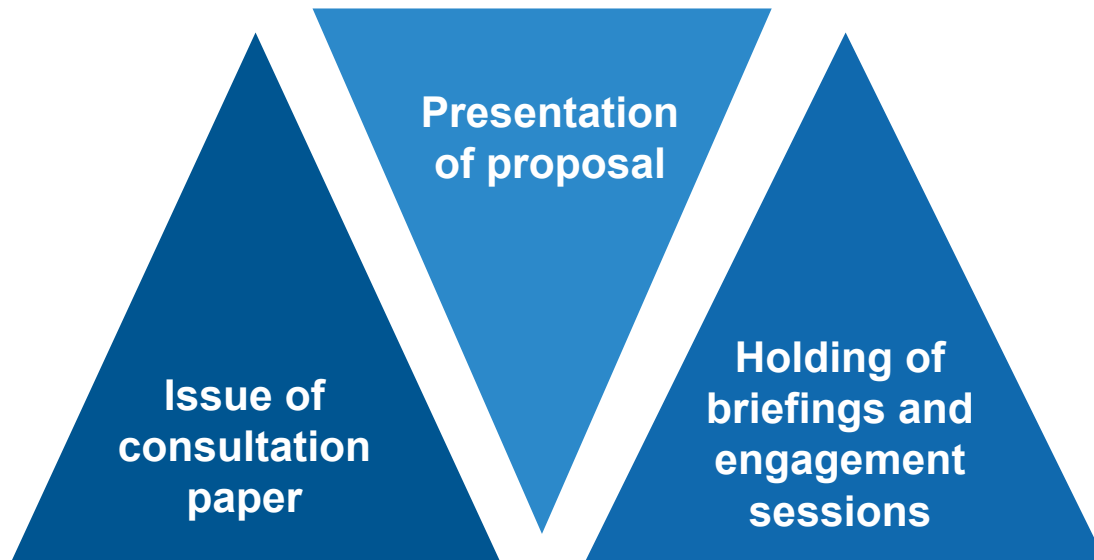
- Members include chambers of commerce, professional accounting and taxation bodies



ENGAGEMENT WITH STAKEHOLDERS



Consultation



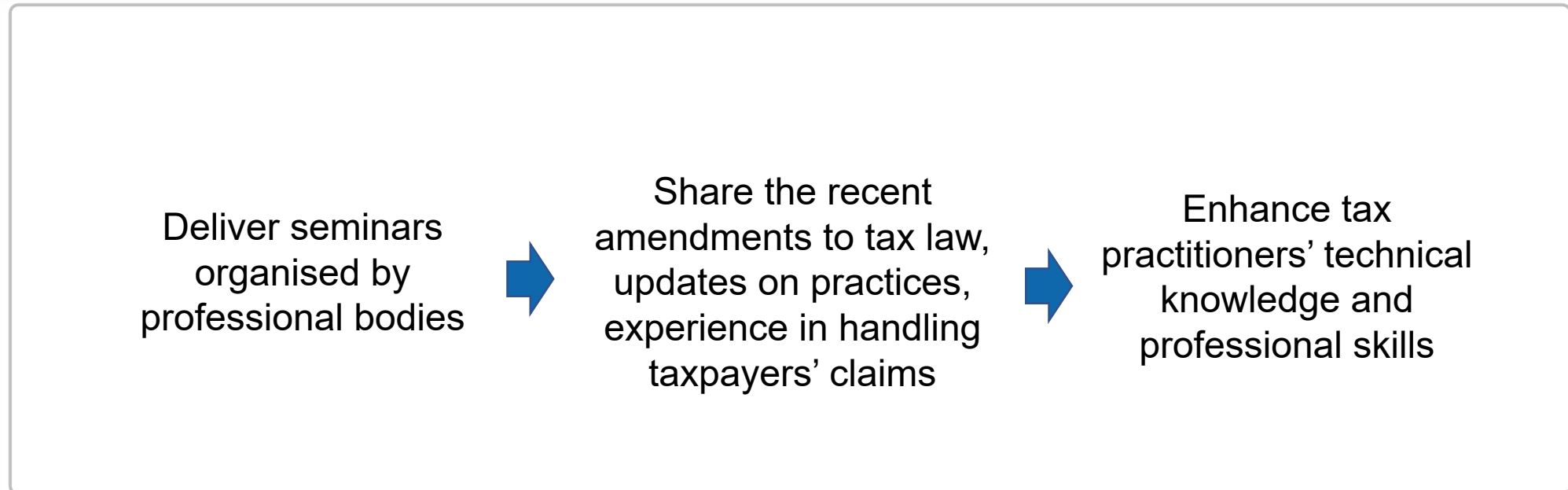
- Proactively engage stakeholders in proposing amendments to legislation, introducing new tax initiatives and designing new systems, services or products
- Obtain best assurance to future acceptance and enhance effectiveness



ENGAGEMENT WITH STAKEHOLDERS



Delivery of Seminars





PART FIVE

Concluding Remarks





CONCLUDING REMARKS



- Transparency of tax law and tax administration plays an important role in improving tax environment in the post-pandemic era
- Multiple means and channels are required to achieve and maintain the transparency
- Proactive and interactive approaches by tax administrations are conducive to fostering tax transparency



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THANKS

