

# Court dismisses insurance agent's appeal against tax evasion conviction

The Court of First Instance of the High Court today (January 7) dismissed an appeal lodged by an insurance agent against a tax evasion conviction.

The appellant, a sole proprietress carrying on an insurance agency business, was convicted in July 2022 at West Kowloon Magistrates' Courts of 11 charges of wilfully with intent evading tax by signing fraudulent tax returns and employer's returns of her business, contrary to section 82(1)(d) of the Inland Revenue Ordinance (IRO) (Cap.112). She was sentenced to nine months' imprisonment.

The appellant claimed deduction of "office assistants" expenses in the profit and loss accounts of the business for the years of assessment 2009-10 to 2011-12. In the employer's returns for these three years of assessment, the business reported that two persons were its employees and the yearly remuneration to each was \$96,000. An investigation by the Inland Revenue Department (IRD) revealed that the two persons did not work for the appellant or her business and did not receive any remuneration from the appellant. The yearly false expenses of "office assistants" were \$192,000, thereby reducing the assessable profits of the appellant's business for the three years of assessment by \$576,000. The tax involved was \$75,033. The appellant also falsely declared in her tax returns for the years of assessment 2008-09 and 2013-14 to 2016-17 that her father resided with her continuously for the full year during the five years of assessment and claimed additional dependent parent allowance in the amount of \$194,000. The tax involved was \$11,816. The total of the appellant's false claims of expenses and allowances for the eight years of assessment was \$770,000 and the total tax evaded was \$86,849.

A spokesman for the IRD reminded taxpayers that tax evasion is a criminal offence under the IRO. Upon conviction, the maximum penalty for each charge is three years' imprisonment and a fine of \$50,000 plus a further fine of three times the amount of tax evaded.