

Government welcomes passage of tax concessions bill

The Secretary for Financial Services and the Treasury, Mr James Lau, welcomed the passage of the Inland Revenue (Amendment) (Tax Concessions) Bill 2019 by the Legislative Council today (November 6). The new Ordinance gives effect to the tax concessions proposed by the Government in 2019, i.e. reducing salaries tax, tax under personal assessment and profits tax for the year of assessment 2018/19 by 100 per cent, subject to a ceiling of \$20,000 per case.

Mr Lau said, "The concessionary measure helps relieve the tax burden of taxpayers. The Inland Revenue Department will reflect the tax reductions in the tax demand notes to be issued."

Application is not required for the tax reductions, which will be reflected in the taxpayers' final tax payable for the year of assessment 2018/19. The measure will benefit 1.91 million taxpayers of salaries tax and tax under personal assessment, and 145 000 tax-paying corporations and unincorporated businesses. Government revenue in 2019-20 will be reduced by \$20.7 billion accordingly.

Mr Lau added that the Inland Revenue Department (IRD) provides for a holding over arrangement of provisional tax. Taxpayers anticipating a decrease of more than 10 per cent in their net chargeable income or assessable profits for current year of assessment may apply to the IRD for a holding over of the whole or part of the provisional tax under the Inland Revenue Ordinance. The holding over arrangement applies to provisional salaries tax, profits tax and property tax.

It is convenient to apply for holding over of provisional tax. In respect of profits tax, applicants normally have to submit draft accounts covering a period of not less than eight months only as supporting documents. For salaries tax, applicants have to state the estimated income with reason for the reduction of income (such as reduction of salary or unemployment) only. Applications for holding over of provisional tax should be made in writing not later than 28 days before the due date for payment of the provisional tax, or 14 days after the date of issue of the notice for payment of the provisional tax (whichever is later), through eTax, by postage or by fax. In most cases, the IRD will inform taxpayers of the application results within 12 working days upon receipt of applications and necessary information. Details can be found at the relevant webpage (www.gov.hk/en/residents/taxes/taxfiling/object/provisional.htm) or call 187 8011 for any enquiries.