

Insurance agent convicted of tax evasion

An insurance agent was convicted today (July 15) of evading tax at West Kowloon Magistrates' Courts. Sentencing was adjourned to July 22 pending a background report. The defendant was remanded in custody.

The defendant, aged 60, was charged with 11 counts of wilfully with intent to evade tax by signing her tax returns, her business's profit and loss accounts and employer's returns of remuneration and pensions (employer's returns) without reasonable grounds for believing the same to be true, contrary to section 82(1)(d) of the Inland Revenue Ordinance (IRO) (Cap. 112). The defendant pleaded not guilty to the relevant charges. After trial, she was convicted today on all of the 11 tax evasion charges.

The court heard that the defendant carried on an insurance agency business as a sole proprietress. She 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 defendant or her business and did not receive any remuneration from the defendant. The yearly false expenses of "office assistants" were \$192,000, thereby reducing the assessable profits of the defendant's business for the three years of assessment by \$576,000. The tax involved was \$75,033. The defendant 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. The false claims of additional dependent parent allowance were \$194,000 and the tax involved was \$11,816. The total of the defendant'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.