

Two property owners convicted of omitting rental income and falsely claiming deduction of home loan interest

A couple were convicted today (September 26) at the Kwun Tong Magistrates' Courts for evading tax. Sentencing was adjourned to October 15 pending background reports. The two defendants were remanded in custody.

The first defendant, aged 50, pleaded guilty to six counts of evading tax, wilfully with intent, by making false statements in tax returns furnished under the Inland Revenue Ordinance (Cap. 112) (IRO) for the years of assessment 2008-09 to 2013-14, contrary to section 82(1)(b) of the IRO. The second defendant, aged 55, is the husband of the first defendant. He pleaded guilty to four counts of evading tax, wilfully with intent, by making false statements in tax returns furnished under the IRO for the years of assessment 2011-12 to 2014-15, contrary to section 82(1)(b) of the IRO.

The court heard that at the relevant times, each of the two defendants owned four properties. In their tax returns, both defendants declared that they did not have any solely owned properties which were let during the years. The first defendant also declared in her tax return for the year of assessment 2008-09 that she occupied one of her own properties as a residence for the full year and claimed deduction of home loan interest thereon. An investigation by the Inland Revenue Department (IRD) revealed that the two defendants had all along resided at one of the properties owned by the second defendant. The remaining seven properties owned by the couple were let and both defendants received monthly rental through their personal bank accounts. The first defendant omitted total rental income of \$1,186,155 in her tax returns for the six years of assessment 2008-09 to 2013-14 and made a false claim for deduction of home loan interest in the amount of \$12,210 in her tax return for the year of assessment 2008-09. The amounts of property tax and salaries tax evaded are \$142,321 and \$2,076 respectively, a total of \$144,397. The second defendant omitted total rental income of \$564,046 in his tax returns for the four years of assessment 2011-12 to 2014-15. The amount of property tax evaded is \$67,199.

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.