



The 5th BRITACOF

Deepening Tax Administration Cooperation for
High-Quality Belt and Road Development

Hong Kong, China 24-26/9/2024



Business and Industry Tax Dialogue: Promote Tax Administration Digitalization through Coordination between Tax Authorities and Enterprises

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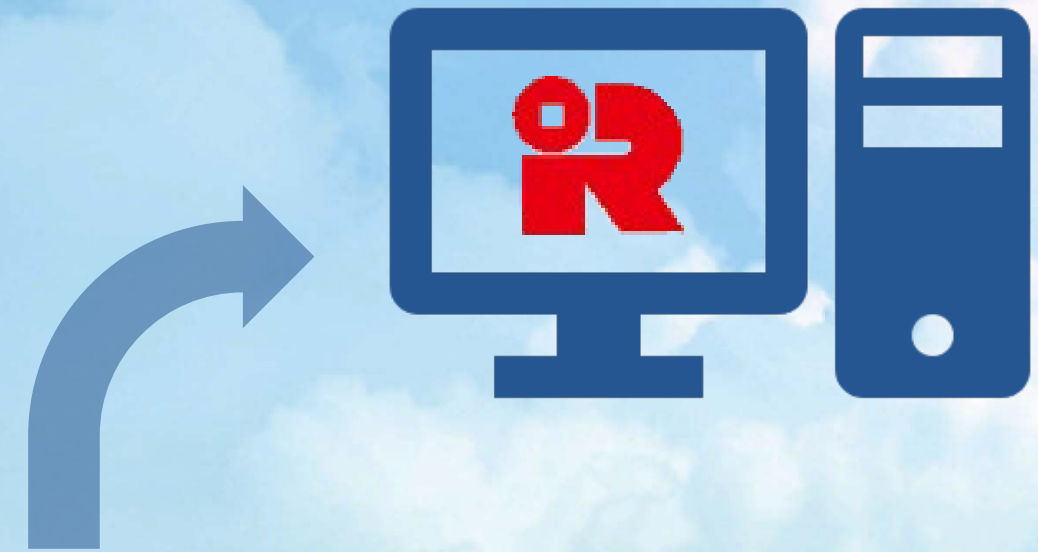
Digitalization of Hong Kong Tax Administration





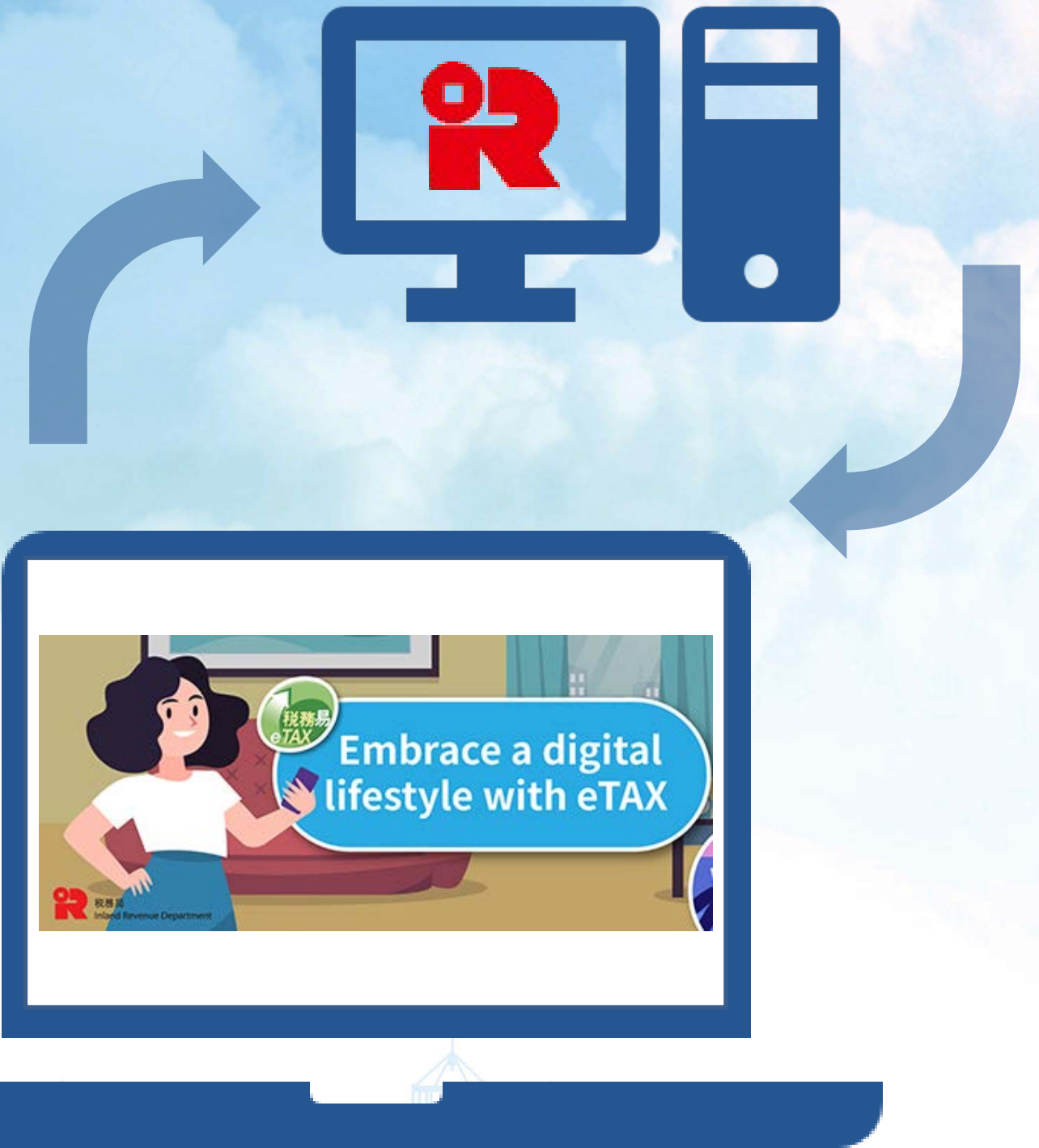
Electronic Filing

- Profits tax returns
- Financial account information under the Common Reporting Standard (CRS)
- Country-by-country (CbC) reports



Electronic Services

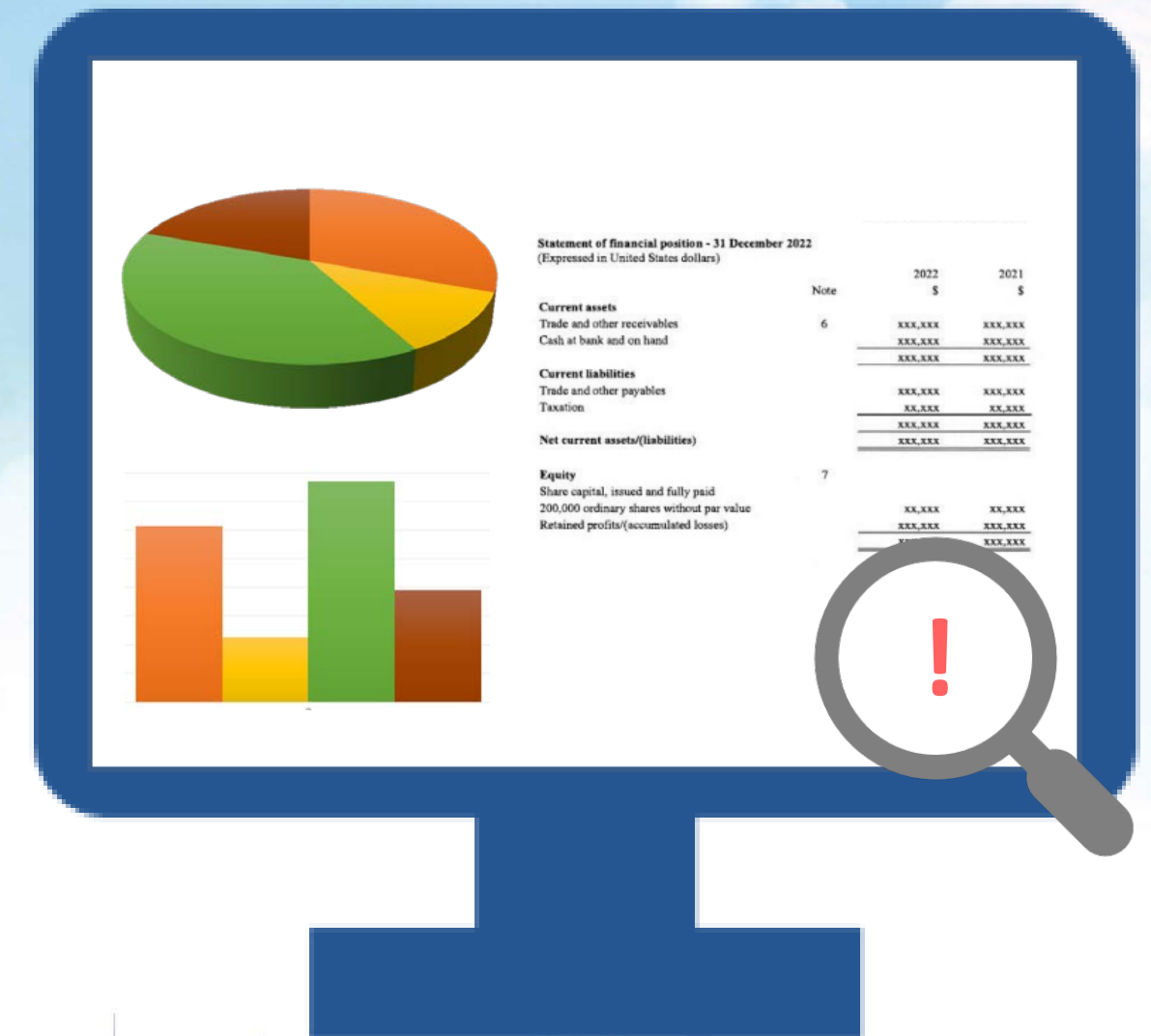
- Electronic communication between Inland Revenue Department (IRD) and taxpayers – Objection, tax claims / applications, replies to tax queries, etc.
- e-Stamping of instruments for property and stock transactions
- Applications, amendments or renewal for business registration





Digitalized Tax Assessment and Audit

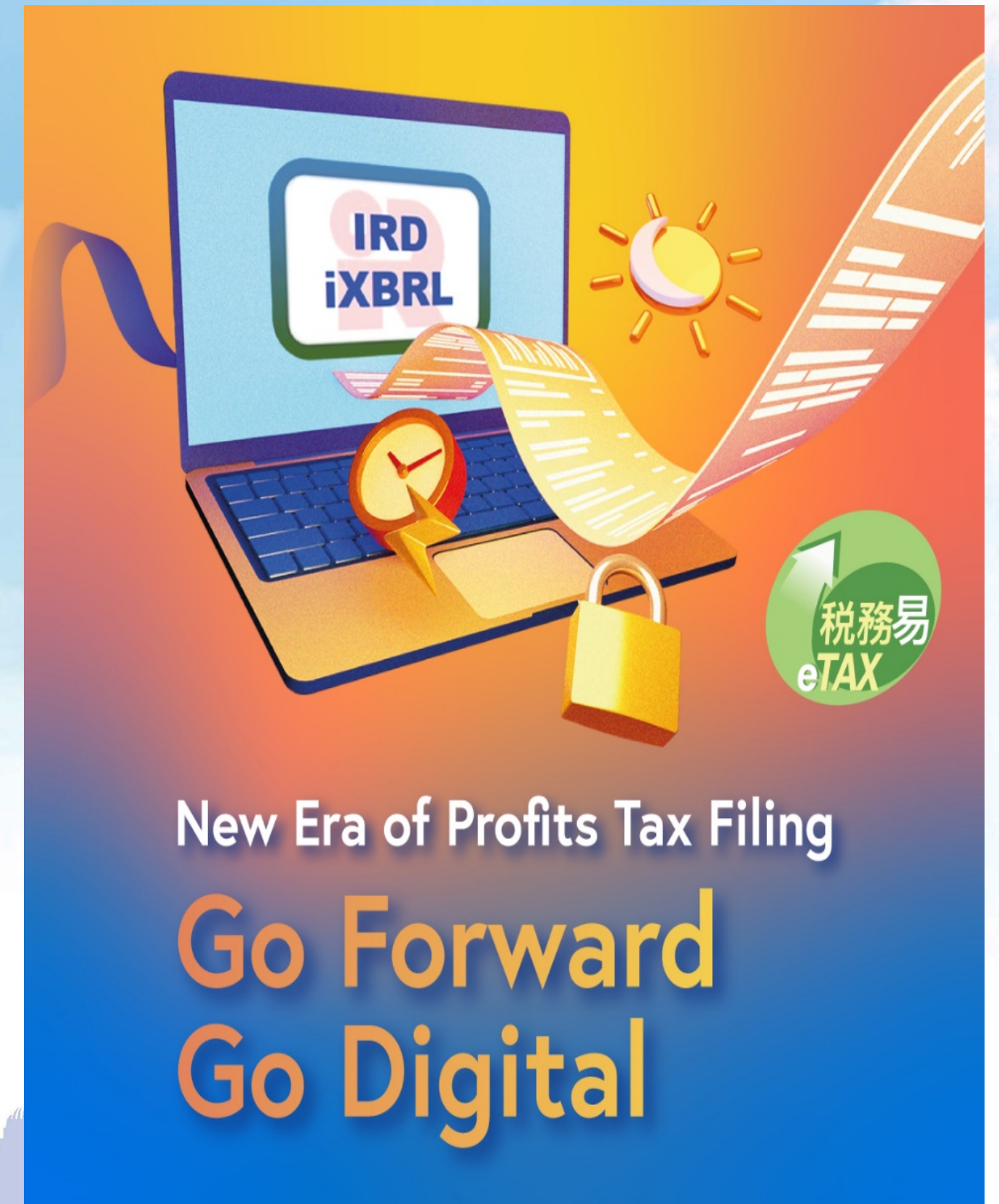
- Assess First Audit Later (AFAL) system
- Desk audit system
- Property tax compliance checking (PTCC)
- Risk-based selection under Statistical Analysis System (SAS) – Scorecard Model





Forthcoming Development

- Business Tax Portal and Tax Representative Portal – Designated service portals for enterprises and their representatives
- Pillar Two Portal – Designated service portal for MNE groups subject to the GloBE rules





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Benefits to Tax Authority and Enterprises





Benefits to Tax Authority



Better use of IR D's resources

- Less requirements for manpower in handling paper returns and documents



Environmental protection

- Less use of paper



More data captured in the system

- More effective in conducting risk assessment and selecting cases for review/audit



Benefits to Enterprises



Better user experience

- Can handle tax affairs any time anywhere
- No need to insert information into tax returns or application forms manually
- No need to line up for submission of tax returns/forms to IRD in person



Benefits to Enterprises



Minimization of manual errors

- For e-filing of profits tax returns, the programme to generate iXBRL file has some validation functions inbuilt and roll-over function
- Taxpayers can save more staff resources for tax compliance and effectively deploy these resources to other business operations



Facilitating reporting for non-tax purpose

- Financial statements in iXBRL format can be used for internal use of taxpayers and reporting to other regulators



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Challenges and Responses





Challenges

Resources constraint
– for both IRD and enterprises

Corporate culture
– reluctance to changes

Capacity building

**Dynamic changes in tax
compliance requirements**





Responsive Measures



More engagement
and consultation with
enterprises



Provision of assistance
and incentive

- Free preparation tools
- Briefing and hands-on training
- Extended filing deadline



Phased implementation

- Start from large enterprises and then extend to others by phases



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Thank you

