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The taxman's late, but he hasn't forgotten your bill – letters going out soon to Hong Kong taxpayers

Tax concessions bill stalled by Legco shutdown following vandalism by masked radicals

More than 1 million will not have to pay salaries tax; others can expect to pay lower taxes this year

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With 2019 drawing to a close and still no sign of their tax bills, some Hong Kong taxpayers may have hoped this was the year they got away without paying.

No such luck. He may be late, but the taxman is sending everyone their bill soon.

Most people usually receive their tax bill around September or October and settle their payments by as early as the new year.

As with many aspects of life in Hong Kong today, the tax delay is related to the ongoing anti-government protests now in their sixth month.

Before issuing this year's tax demands, the Inland Revenue Department was waiting for the Legislative Council to approve a bill that would lower the taxes payable for the year of assessment 2018-19.

The Inland Revenue (Amendment) Tax Concessions Bill was put before the legislature on June 26, but its passage was stalled when things ground to a halt.

During a violent protest on July 1, masked radicals invaded Legco and vandalised the Admiralty complex.

The legislature was shut for three months and did not sit again until mid-October, after repairs that cost taxpayers more than HK$40 million.

That piece of tax legislation finally went before lawmakers. It was passed on November 6 and gazetted on November 15.

“The Legislative Council only passed the bill a couple of weeks ago,” a spokesman for the Financial Services and the Treasury Bureau said. “The Inland Revenue Department only started preparing the tax bills after that. It may take some time.”

There are about 1.9 million salaries tax payers in Hong Kong. In the 2018-19 financial year, overall tax revenue went up by 4 per cent to a record HK$341.1 billion. Profits tax accounted for HK$166.8 billion, close to half of the total, while salaries tax brought in HK$60.1 billion.

The bill just passed gives effect to the government’s proposal to reduce salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2018-19, with salaries tax cut by 75 per cent, with each person’s saving capped at HK$20,000.

In August, with a recession looming, Financial Secretary Paul Chan Mo-po announced a HK$19.1 billion package of relief measures on top of the earlier proposal to reduce taxes. He also cut the salaries tax further, by 100 per cent, subject to the HK$20,000 cap.

For about 1.33 million working people, the delay does bring good news. With all the new concessions, they will not have to pay any salaries tax at all.

And those who do have a tax bill to pay need not worry that they will be rushed when the taxman’s letter arrives, as payment deadlines are likely to be adjusted.

Banking sector legislator Ronick Chan Chun-ying, vice-chairman and secretary of the Chinese Banking Association of Hong Kong, also did not expect the delay to affect tax loans by banks.

Chan said: “Many of the banks are already publicising their personal tax loan offers. Banks don’t need to wait until tax bills are issued.”