

Your Ref : CB2/BC/12/01

Our Ref : PCO/8/2 pt.7

13 September 2002

Mrs Constance Li
Clerk to Bills Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Mrs Li,

**Bills Committee on
Inland Revenue (Amendment) (No.2) Bill 2001**

We refer to the captioned Bill on which we have been asked to provide comments.

We note that the aim of the Bill is to provide the necessary framework for the use of passwords and the telephone in furnishing tax returns. In this connection, we observe that the tax return of an individual contains the personal data of such individual of a sensitive nature. Although according to the Personal Data (Privacy) Ordinance, until personal data contained in a tax return are furnished to (and thus come into the possession of) the Commissioner of Inland Revenue, the said Commissioner may not strictly speaking be a "data user" in relation such personal data, still, for the protection of the privacy of the individuals concerned, it is important to ensure that the mode of transmission of the data in question will be secure.

In this regard, since we have not been informed in detail about the security safeguards that may be available in relation to any tax returns furnished

electronically or by "teletyping", we are not in a position to make any specific comments in this regard. Generally speaking, however, given the sensitivity of the personal data to be contained in tax returns, we would suggest that, if the proposed arrangement is to be adopted to allow the filing of tax returns through the use of a password or the telephone, the arrangement should include adequate safeguards for the data thus transmitted. These may include, for example, safeguards to ensure the security of the passwords, availability of encryption for transmitted data, adequate training and supervision of IRD staff handling data received, etc.

The above comments are given without prejudice to the exercise by the Privacy Commissioner of his powers and function under the Ordinance.

Yours sincerely,

(Eric PUN)
Legal Director
for Privacy Commissioner for Personal Data