

For information

Legislative Council Panel on Financial Affairs

**Permanent Redeployment of one Chief Assessor Post
from Unit 2 to the Headquarters Unit in
the Inland Revenue Department**

PURPOSE

This paper briefs Members on a proposal to redeploy permanently one Chief Assessor (CA) (D1) post from Unit 2 to the Headquarters Unit (HQ Unit) in the Inland Revenue Department (IRD) with effect from 1 April 2010 to reflect changes in workload in certain areas of responsibilities involving the two Units.

JUSTIFICATIONS

The Current Organisation

2. IRD is currently divided into six units with the following responsibilities -

Unit	<u>Main Responsibilities</u>
Unit 1	Assessment of profits tax for corporations and partnerships
Unit 2	Assessment of tax for individuals, including salaries tax, profits tax for sole-proprietors and property tax for sole owners
Unit 3	Collection of tax and miscellaneous levies, including stamp duty, betting duty, estate duty and business registration fee
Unit 4	Conducting in-depth investigation of

suspected tax evasion cases and field audit

- Commissioner's Unit**
- (i) Handling objections and appeals against tax assessments made to the Commissioner of Inland Revenue (D6), the Board of Review (Inland Revenue) and the Courts
 - (ii) Technical services including legislation, research and development, charitable donations, complaints and double taxation arrangement
 - (iii) Internal audit
- Headquarters Unit**
- (i) Assessment of property tax on multiple owners and corporations, and tax processing of test and review files of individuals
 - (ii) Information systems management, including operation and maintenance of existing computer systems and development of new information systems
 - (iii) Bulk processing of returns and mails, despatching and archival of documents
 - (iv) Counter and telephone enquiry services
 - (v) Training

Each of Units 1 to 4 is headed by an Assistant Commissioner (AC) (D2), who is assisted by CAs in managing the respective Units. The Commissioner's Unit is under the direct supervision of the Commissioner and Deputy Commissioners (D3) with no ACs. The HQ Unit is headed by an AC who is designated as AC(HQ). All sections except the Computer Section in the HQ Unit are directly supervised by AC(HQ) without assistance from any CAs or equivalent officers at D1 level. The existing organisation chart of the Department is at **Annex A**, and those of the HQ Unit and Unit 2 at **Annexes B and C** respectively.

Proposed Redeployment

3. In the light of changes in the schedule and workload of Unit 2 and the HQ Unit and in order to meet challenges ahead in the HQ

Unit, as outlined below, we consider that it is justifiable to redeploy a CA post from Unit 2 to the HQ Unit to strengthen directorate support in the latter –

(a) *Further Centralisation of Business Processes and Functions*

Since the establishment of the Processing Centres^{Note} under the HQ Unit in 2004, which served to centralise certain across-unit common functions and business processes, considerable homogenous and straight-forward business processes and functions such as processing of applications for holdover of provisional tax have been transferred from Unit 2 to the HQ Unit to obtain the benefits of centralised processing. This leads to an unprecedented increase in the workload of the HQ Unit and in turn requires more intensive leadership and steer from AC(HQ);

(b) *Shift of Responsibilities for Information Technology (IT) Application and Support*

For enhanced operational efficiency and cost-effectiveness, relevant teams of the Planning and Management Support Group in Unit 2 responsible for overseeing IT applications to the business processes performed in the Processing Centres of the HQ Unit will be transferred to the HQ Unit so that applications of IT to these business processes will be overseen by the same Unit. The expanded responsibility of the HQ Unit after the transfer of the relevant teams of the Planning and Management Support Group will require stronger steer from the directorate level;

(c) *Implementation of E-Government Initiatives*

In line with the e-Government strategy, IRD plans to extend its existing eTAX services by stages. Besides, to tie in with the launch of a government-wide programme (i.e. *myGovHK*) by phases starting from late 2010 to provide a single account and a single sign-on to every user for accessing all government services, it is necessary for IRD to integrate its eTAX services with *myGovHK*. Leadership at the directorate level in the HQ Unit needs to

^{Note} : The Processing Centres comprise the Document Processing Centre, the Output Despatch Centre and the Tax Records Centre.

be strengthened to ensure successful implementation of these e-Government initiatives;

(d) *Better Management and Protection of Tax Data*

With the wide adoption of IT in handling data in recent years, IRD has to strengthen data management and security risk monitoring to prevent leakage of taxpayers' information. Additional directorate input is essential for the HQ Unit to draw up a holistic privacy protection programme at the department level with a high standard of security and to keep under constant review the effectiveness of the programme;

(e) *Enhanced Supervision of Taxpayer Services and the Property Tax (Joint Ownership) and Review (Individuals) Section (PTR Section)*

Public aspiration for better taxpayer services is ever increasing. More directorate input is needed in overseeing the overall strategy for maintaining high-quality taxpayer services. At present, the PTR Section requires intensive directorate support from AC(HQ). With the proposed CA to be redeployed to manage the PTR Section and give technical advice on property tax matters, AC(HQ) could be relieved to focus on other planning and strategic work; and

(f) *Stepping-up of Staff Training*

Before the open recruitment freeze in 2003, the Training Section in the HQ Unit used to be supervised by a CA. Since the need for training dwindled after the recruitment freeze, the Training Section was subsequently headed by an Assessor. Following the resumption of recruitment of professional staff in 2007, there is revived need to provide technical training to newly recruited Assistant Assessors systematically. This, coupled with the need to draw up a concrete training plan and design training programmes for professional and departmental officers in various grades, calls for additional directorate input in planning ahead.

4. Having regard to the substantial volume of activities and functions that has been transferred from Unit 2 to the HQ Unit since 2004 and in the light of the circumstances outlined in paragraph 3 above, it is proposed to redeploy one CA from Unit 2 to the HQ Unit with effect

from 1 April 2010 to even out the management resources between the two Units and to relieve the administrative burden on AC(HQ). The CA will be designated as CA(HQ). The proposal also involves the redeployment of 15 non-directorate officers from Unit 2 to the HQ Unit in the transfer of teams under the Planning and Management Support Group as set out in paragraph 3(b) above.

5. CA(HQ) will report to AC(HQ). The proposed organisational structures of the HQ Unit and Unit 2 after the redeployment are shown at **Annexes D and E** respectively. The job description of CA(HQ) is at **Annex F**. With the redeployment of a CA and the transfer of certain IT functions currently under Unit 2's purview to the HQ Unit, the workload and responsibilities in Unit 2 will be redistributed among the remaining three CAs. Their proposed job descriptions are at **Annexes G, H and I**.

ALTERNATIVE CONSIDERED

6. An alternative is for the two existing D1 officers in the HQ Unit (i.e. CA(Computer) (CA(C)) and the Chief Systems Manager (Inland Revenue) (CSM(IR)) to take up the extra responsibilities mentioned in paragraph 3. With the implementation of a number of new computer projects in recent years, the computer systems used by the IRD have become increasingly sophisticated. New service developments also add burden to the Computer Section. Both CA(C) and CSM(IR) are heavily engaged in the management and servicing of the computer systems and applications used by the Department and in the projects of extending electronic services to the public. They have no spare capacity to relieve the increased burden of AC(HQ) in meeting the changes set out in paragraph 3 above.

FINANCIAL IMPLICATIONS

7. The proposal is cost-neutral to the Government in terms of additional notional annual salary cost at mid-point as follows -

	Post	Notional Annual Salary Cost at Mid-point (\$)	No. of Posts
	CA(HQ)	1,276,800	1
<i>Less</i>	CA(2)	1,276,800	1
	Total	<u>0</u>	<u>0</u>

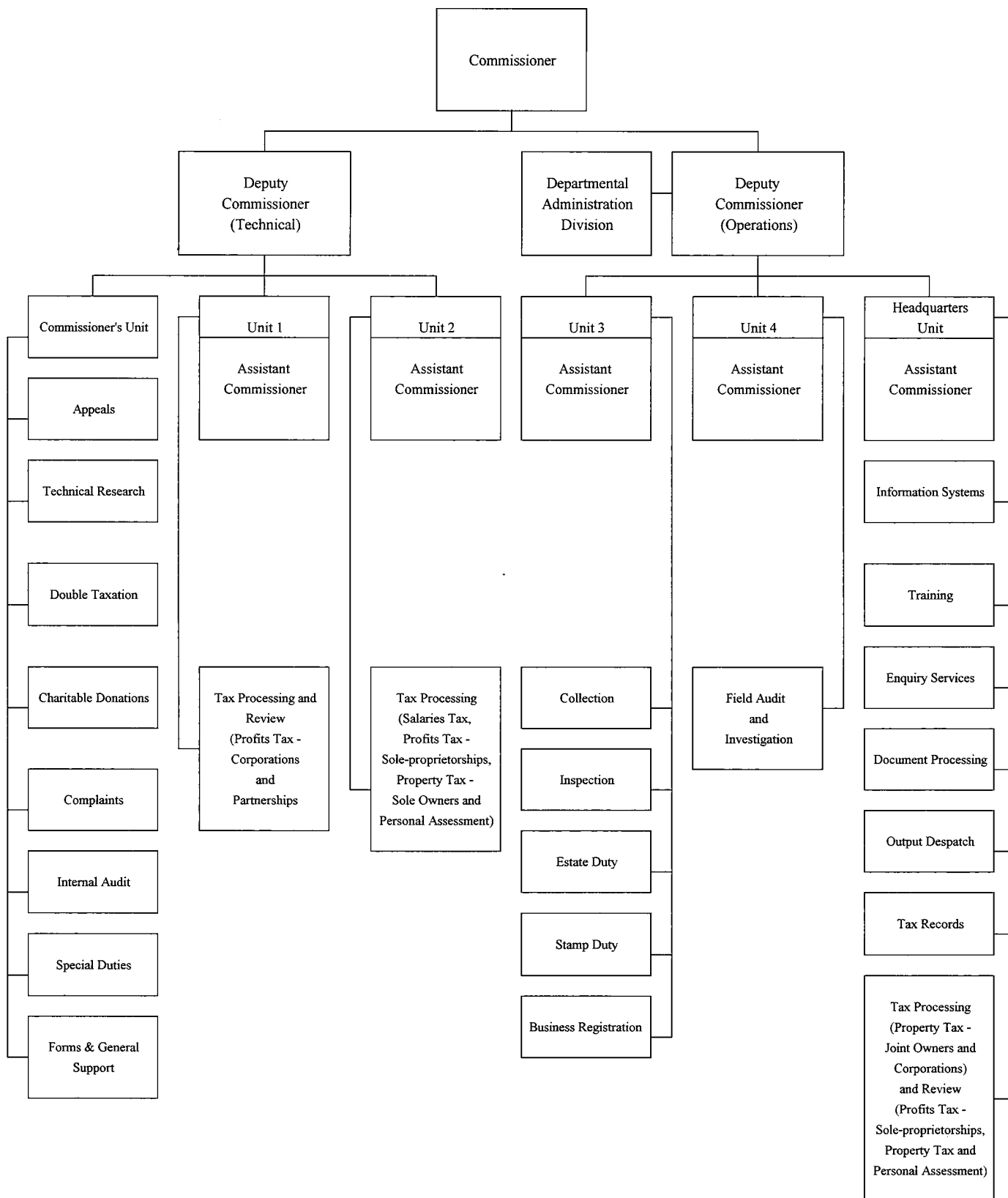
The full annual average staff cost, including salaries and on-cost, of CA(HQ) post and CA(2) post are \$1,787,520 and \$1,787,520 respectively. There will be no net increase upon the proposed redeployment of one CA from Unit 2 to the HQ Unit.

ADVICE SOUGHT

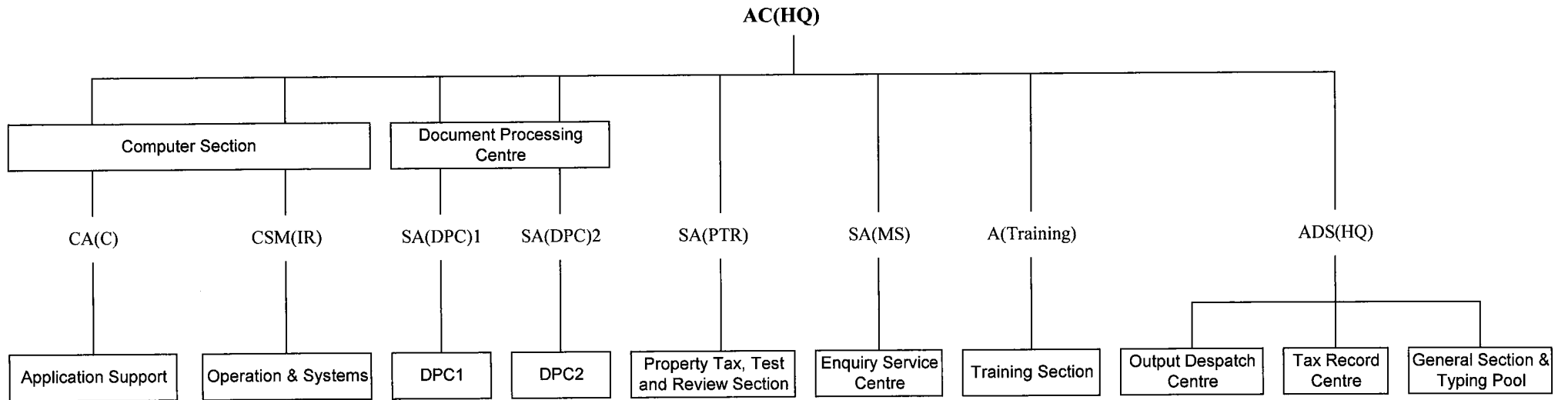
8. Members are invited to note and offer views on the proposed permanent redeployment. We plan to submit the proposal to the Establishment Sub-committee on 13 January 2010 for recommendation to the Finance Committee for approval on 5 February 2010.

Financial Services and the Treasury Bureau
December 2009

Organisation Chart of Inland Revenue Department



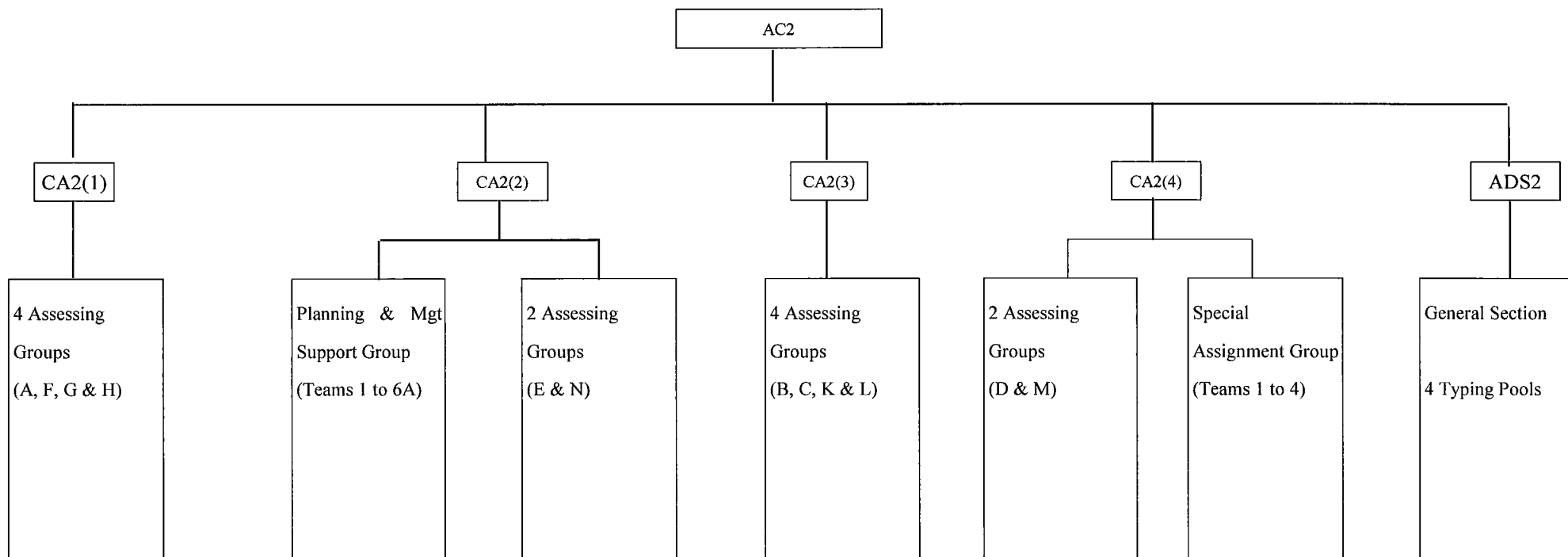
Existing Organisation Chart - Headquarters Unit



Legend:

- AC - Assistant Commissioner
- CA - Chief Assessor
- CSM - Chief System Manager
- SA - Senior Assessor
- A - Assessor
- ADS - Assistant Departmental Secretary
- IR - Inland Revenue
- MS - Management Support

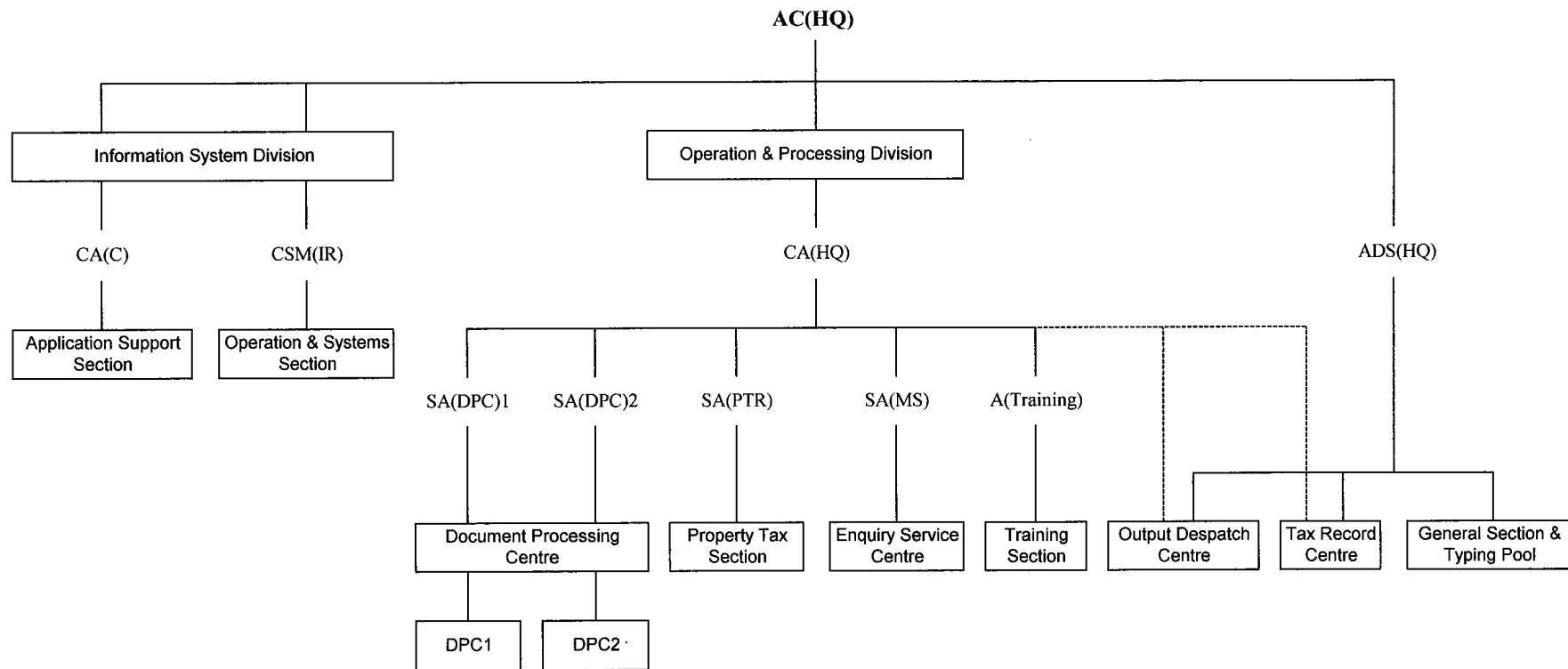
Existing Organisation Chart – Unit Two



Legend :
 AC – Assistant Commissioner
 CA – Chief Assessor
 PSII – Personal Secretary I
 PSII – Personal Secretary II
 ADS – Assistant Departmental Secretary

Proposed Organisation Chart - Headquarters Unit

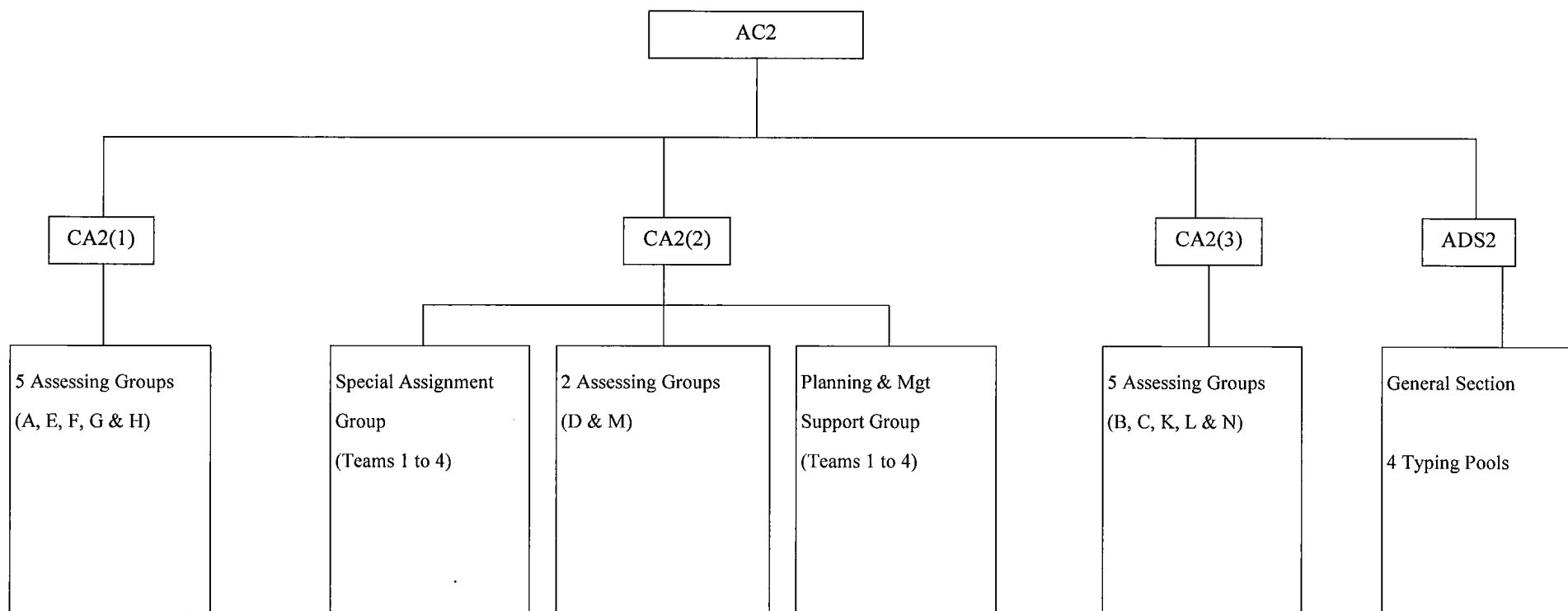
(After the Re-deployment of CA post from Unit Two to Headquarters Unit)



Legend:

- AC - Assistant Commissioner
- CA - Chief Assessor
- CSM - Chief System Manager
- SA - Senior Assessor
- A - Assessor
- ADS - Assistant Departmental Secretary
- IR - Inland Revenue
- MS - Management Support

Proposed Organisation Chart – Unit Two
(After the Redeployment of CA post from Unit Two to Headquarters Unit)



Legend :
 AC – Assistant Commissioner
 CA – Chief Assessor
 PSII – Personal Secretary I
 PSII – Personal Secretary II
 ADS – Assistant Departmental Secretary

**Proposed Job Description
Chief Assessor (Headquarters)**

Rank : Chief Assessor (D1)

Responsible to : Assistant Commissioner (Headquarters) [AC(HQ)]

Main Duties and Responsibilities –

1. To oversee the overall operation and administration of the Property Tax Section and the Training Section (“the Sections”) and the departmental centralized processing centres, viz. the Document Processing Centre, the Output Despatch Centre, the Tax Records Centre and the Enquiry Service Centre (“the Centres”) to ensure that all work programmes of the Sections and the Centres are carried out efficiently and a high standard of staff discipline is maintained.
2. To give guidance and instructions to the leaders of the Sections and the Centres on management, technical and computer matters, including handling tax assessment and objections, conducting tax compliance review, dealing with complaint cases and audit queries, penal action, drawing up jobs schedule, manpower planning, staff management and training and co-ordination of work with other Units, the Information Systems Division and among the Sections and Centres within the HQ Unit.
3. To evaluate and co-ordinate any necessary change to the business processes to be taken up by the Sections and the Centres so as to optimize the use of the department’s resources.
4. To give technical advice on property tax matters and deal with legislative amendments relating to property tax.
5. To oversee the extension of the e-TAX services and the integration the eTAX services with myGovHK.
6. To oversee the training programme on technical matters for professional staff in the Department.

7. To oversee the formulation and implementation of the department-wide data privacy policy and to participate in departmental standing and ad hoc committees.
8. To act as Head of Grade for all Taxation Officers and Assistant Taxation Officers in the Headquarters Unit.
9. To assist the Assistant Commissioner (Headquarters) in the administration of the Headquarters Unit.

**Proposed Job Description after the Redeployment
Chief Assessor 2(1)**

Rank : Chief Assessor (D1)

Responsible to : Assistant Commissioner 2 [AC(2)]

Main Duties and Responsibilities –

1. Overseeing the supervision and control of the Assessing Groups A, E, F, H and G to ensure that all work programmes are carried out, maintaining a high standard of staff discipline and providing training to staff under his/her supervision.
 2. Giving advice and instructions to Senior Assessors under his/her supervision on management and technical matters, reviewing objection and informer cases, vetting replies to complaint cases, Advance Rulings and recommending s.82A penalty to DCIR(T) and other penalty actions.
 3. Acting as Unit Liaison Officer with the PTR Group in the HQ Unit, to co-ordinate the opening and re-opening of active composite tax return (CTR) files and review the effectiveness of the CTR Advice Letter in identifying potential tax liable cases.
 4. Acting as Unit Liaison Officer with Unit 3, including overseeing the annual tax write-off arising from CTR files and ensuring the smooth co-ordination between the two Units in relation to tax collection and recovery matters.
 5. Overseeing the destruction of records in Unit 2 to comply with laid-down policies and procedures.
 6. Special assignments and committee work:
 - ♦ Acting as Unit Representative in the Service Standards Committee.
 - ♦ Monitoring the Unit's Performance Pledge.
 - ♦ Leading an ad hoc committee to participate in the annual "Extended Telephone Enquiry Service" exercise.
 - ♦ Acting as Unit Liaison Officer with CIR Unit – Double Taxation Section for issuance of Certificate of Hong Kong Resident Status and request for information under Comprehensive Double Taxation Agreement.
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**Proposed Job Description after the Redeployment
Chief Assessor 2(2)**

Rank : Chief Assessor (D1)

Responsible to : Assistant Commissioner 2 [AC(2)]

Main Duties and Responsibilities –

1. Overseeing the supervision and control of the Special Assignment Group, the Planning & Management Support Group, Assessing Groups D and M to ensure that all work programmes are carried out, maintaining a high standard of staff discipline and providing training to staff under his/her supervision. Giving advice and instructions to Senior Assessors under his/her supervision on management and technical matters, reviewing objection and informer cases, vetting replies to complaint cases, Advance Rulings and recommending s.82A penalty to DCIR(T) and other penalty actions.
2. Overseeing file maintenance and the assessing programme including production target, output and Programme Management Structure. Suggesting enhancements to file maintenance and assessment functions when required. Planning and initiating desk audit programmes and other post-assessment reviews. Acting as Unit Liaison Officer in matters in connection with the Internal Audit Section. Overseeing the penalty actions taken by all groups.
3. Overseeing the electronic services provided to taxpayers, including E-filing and other e-services, specification of all BIR forms for both paper form and electronic filing and publicity matters. Acting as Unit Liaison Officer with the Computer Section. Overseeing all system enhancements required by Unit 2, approving user requirements on new computer functions and enhancements to existing functions, monitoring and overseeing the implementation of Information System Strategy Plan projects in Unit 2.
4. Overseeing the control of data and IT security in Unit 2 to ensure their compliance with the laid down policies and standards.

5. Acting as Unit Liaison Officer with the Document Processing Centre. Designing schedules for issue, follow up and processing of CTRs and employer's returns. Suggesting enhancement of software and computer functions when required.
6. Special assignments and committee work:
 - ♦ Issuing Annual Exercise Instructions and updating Staff Handbook relating to 2 and 5 above and those arising from the implementation of computer functions.
 - ♦ Overseeing the Unit training programmes.
 - ♦ Following up on Director of Audit Reports as assigned by AC2.
 - ♦ Approving and reviewing forms and standard letters used in Unit 2.

**Proposed Job Description after the Redeployment
Chief Assessor 2(3)**

Rank : Chief Assessor (D1)

Responsible to : Assistant Commissioner 2 [AC(2)]

Main Duties and Responsibilities –

1. Overseeing the supervision and control of Assessing Groups B, C, K, L and N to ensure that all work programmes are carried out, maintaining a high standard of staff discipline and providing training to staff under his/her supervision.
2. Giving advice and instructions to Senior Assessors under his/her supervision on management and technical matters, reviewing objection and informer cases, vetting replies to compliant cases, Advance Rulings and recommending s.82A penalty to DCIR(T) and other penalty actions.
3. Acting as Unit Liaison Officer on complaints received through the Ombudsman and Complaint Officer, reviewing complaints, vetting replies to Ombudsman complaints for all groups, proposing remedial measures and providing training on handling complaints.
4. Preparing staff posting of assessing officers and assisting AC2 in miscellaneous Unit administration and staff matters.
5. Acting as Unit Liaison officer on requests for taxpayer information, including requests made under the Code on Access to Information, the Personal Data (Privacy) Ordinance, and requests from other Government Departments etc., and ensuring that a Unit Register of requests is properly maintained.
6. Taking up other special assignments and committee work:
 - ♦ Handling written enquiries from the press.
 - ♦ Reviewing organizational structure as required.
