



Our Ref.: C/TXP(1), M/NC

26 October 2004

To: All Member Practices

Dear Member Practice,

### **Annual Meeting with the Commissioner of Inland Revenue**

Representatives of the Institute's Taxation Committee will be holding the regular annual meeting with the Commissioner of Inland Revenue in January 2005.

The annual meeting provides a good opportunity to discuss issues of common concern and to resolve any practical and procedural problems that have arisen in dealings between practitioners and the Inland Revenue Department (IRD).

The Taxation Committee is compiling a list of agenda items to be raised at the meeting. In this connection, we invite you to bring to our attention any general problems of an administrative or procedural nature, or relating to the practical operation of the taxation system, which you consider could usefully be raised with the Commissioner at the meeting. Any suggestions for improving tax compliance and assessment procedures would also be welcome.

The annual meeting is not generally a suitable forum for discussing or making representations in relation to individual cases, and the Institute's representatives are not in a position to go into the details of specific cases with the Commissioner, unless these reflect a more general problem or trend. However, in this regard, the Taxation Committee is interested to find out whether practitioners have observed any change in the trend regarding the number and/or nature of unresolved cases relating to, for example:

- (a) Time-apportionment claims (and the application of the IRD Departmental Interpretation and Practice Notes (DIPN) No.10 (*The charge to salaries tax*));
- (b) 50:50 apportionment claims or offshore profits claims generally (and the application of DIPN 21 (*Locality of profits*)); or
- (c) the re-opening of prior year assessments by the IRD.

If you have noted any change in the number and/or nature of disputed cases in relation to (a) to (c) above, or any other matters, you are invited to reflect your views to the Institute, providing sufficient statistical or other details to illustrate how the situation has been changing. If, for example, you consider that there is a change in the types of cases that are being disputed, it may be necessary to provide the Institute with case details and references of typical cases to support that view. Similarly, if you believe that there is a trend change in the number of disputed cases, particularly in respect of cases where the relevant clients' circumstances have not altered to any material extent, please provide statistics to support this.

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Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

Please forward any suggestions for agenda items, and/or your observations on the specific points raised above, to the Institute **before 22 November 2004**, for the attention of John Tang, Assistant Director (Business Members & Specialist Practices).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Winnie Cheung'. The signature is fluid and cursive, with a large initial 'W' and a long, sweeping tail.

WINNIE C.W. CHEUNG  
CHIEF EXECUTIVE & REGISTRAR

WCC/PMT/ay