

CASE SUMMARY

Complaint against the Inland Revenue Department for over-assessment on tax liabilities and repeated problems of lack of internal communication and co-ordination

The Complaint

Mr and Mrs A complained against the Inland Revenue Department (IRD) for over-assessment on their tax liabilities and that there were repeated problems of lack of internal communication and co-ordination within the department in handling their tax assessments.

Opinions and Conclusion

2. Mr and Mrs A submitted their tax returns for the year 1996/97 separately and requested the IRD to make joint tax assessment on their incomes. However, the tax assessments they subsequently received were incorrect and represented several times the correct taxation. They also noticed that the assessor did not act as requested to assess their incomes jointly. In fact, they had lodged a similar complaint with this Office against the IRD in February 1997. On that occasion, the matter was resolved through our referral to the department under the Internal Complaint Handling (INCH) Programme. Feeling aggrieved, Mr and Mrs A lodged a complaint again with this Office against the department.

3. Upon investigation, this Office noted that tax returns for the year 1996/97 were issued to both Mr and Mrs A in May 1997. Mrs A' s tax return was received in June 1997 but input of the information into the computer was held in abeyance pending Mr A' s return as the couple had elected for joint assessment. Upon receipt of Mr A' s tax return in July 1997, the Assistant Assessor made an erroneous judgement and wrongly assessed Mr A' s part-time income twice under Profits Tax and Salaries Tax. As a result, two notices of assessment under Profits Tax and Salaries Tax were issued to Mr A, and another Salaries Tax assessment was issued to Mrs A in which no married person' s allowance was granted to her. Upon receipt of the objection from the couple, the department took prompt action to rectify the mistake and the tax assessments were suitably revised.

4. The IRD admitted that the assessing officer had overlooked the fact that it had been agreed in the previous year that Mr A' s part-time income would be assessed under Profits Tax. The department considered that it was a judgement error on the part of the officer concerned but there was no apparent lack of internal communication and co-ordination.

5. This Office considers that the repeated mistakes on the tax assessments on Mr and Mrs A had caused much inconvenience to them. Had the necessary degree of care and attention been exercised in the course of assessment, such mistake would not have been repeated. The Ombudsman considers that the complaint is substantiated. Nevertheless, The Ombudsman is pleased to note that the IRD had extended an apology to the couple and had placed a forward note in the relevant file to draw the attention of assessing officers to the special circumstances of this case, and that the officer concerned had been advised to exercise due care in future.

The IRD' s Response

6. The IRD did not have any comment on the investigation report.

Office of The Ombudsman

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