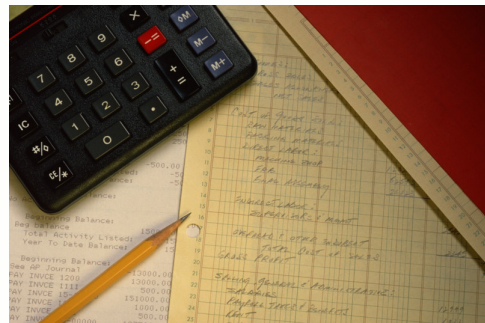


Newsletter - Hong Kong



Filing Deadlines for Hong Kong Taxpayers – late filers at risk of penalties

The Commissioner of Inland Revenue has the power to impose significant penalties for late filing of tax returns and, in recent years, has used this power more often to penalise taxpayers and impose penalties under Section 82A of the Inland Revenue Ordinance (“IRO”). Taxpayers with a history of late filing are especially at risk.



The Commissioner of Inland Revenue always indicates that extensions of time for lodgement of tax returns will not be given other than in “exceptional circumstances”. As in previous years the definition of “exceptional circumstances” will be extremely limited and the Commissioner has restated the obligation of taxpayers to meet the filing deadlines imposed by the Inland Revenue Department (“IRD”).

The year of assessment 2007/08 ended on 31 March 2008. The tax filing season commenced on 1 April 2008 with the bulk issue of profits tax returns and employer’s returns of remuneration and pensions. This is followed on 2 May 2008 by a bulk issue of individual tax returns.

Tax returns normally have to be submitted within one month from the date of issue. However, in recognition of the fact that such a filing requirement would place an almost impossible manpower burden upon taxpayers, their representatives and the IRD staff, the Commissioner has continued her practice of granting extensions of filing dates for certain categories of taxpayers.

The important filing dates for 2007/08 returns are set out on the page attached to this bulletin.

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The Commissioner may impose penalties or issue an estimated assessment if there is a delay in filing the 2007/08 return. The Commissioner may also impose **penalties up to 300% of the tax undercharged under Section 82A of the IRO**. In practice, penalties under Section 82A of the IRO are normally imposed in the range of 10% to 50% of the tax undercharged. We therefore urge our clients to take all possible steps to meet the relevant filing deadlines, particularly if they have been late in previous years. Such clients are particularly at risk.

For corporations, it should be noted that a valid profits tax return must be accompanied by **signed audited accounts** for the accounting period in question (except for “small companies” as defined by the IRD who are not required to submit the audited accounts until so request by the IRD). The Commissioner will reject the profits tax returns which are not accompanied by audited accounts properly signed by the directors. Our clients should therefore liaise with their relevant accounting and auditing contacts to ensure that their accounts are prepared on a timely basis and the audit completed to allow ample time for the profits tax return to be finalised and submitted to the IRD prior to the relevant filing date.

Filing Deadlines

2 May 2008

Salaries Tax

Employer's Annual Returns of Remuneration and Pensions for the year ended 31 March 2008.

Profits Tax- Group N

The filing deadline for profits tax returns with supporting computation and **audited** accounts for all companies whose fiscal year end is between 1 April 2007 and 30 November 2007 (Group N companies). This deadline also applies to Group N partnerships but not sole proprietors (see below).

2 June 2008

Individual Tax Returns

The filing deadline for individuals who do not have a tax representative and do not operate a sole proprietorship.

2 July 2008

Individual Tax Returns

The extended filing deadline for individuals who are currently engaging Fortis Intertax to prepare their returns and who do not operate a sole proprietorship business.

2 August 2008

Individual Tax Returns

The extended filing deadline for individuals who operate a sole proprietorship but do not have an authorised tax representative.

15 August 2008

Profits Tax – Group D

The extended filing deadline for profits tax returns and supporting computation and **audited** accounts for companies with fiscal years which ended in December 2007 who engage Fortis Intertax to submit their profits tax returns (Group D companies). This also applies to Group D partnerships but not sole proprietors (see below).

2 October 2008

Individual Tax Returns

The extended filing deadline for individuals engaging Fortis Intertax to prepare their returns and operating a sole proprietorship business.

15 November 2008

Profits Tax – Group M

The extended filing deadline for profits tax returns with supporting computation and **audited** accounts for companies with fiscal years which ended during the period 1 January 2008 to 31 March 2008 who engage Fortis Intertax to submit their Profits Tax Returns (Group M companies). This also applies to Group M partnerships but not sole proprietors (see above).

13 February 2009

Profits Tax – Group M Loss Cases

Final extended deadline for filing of the 2007/08 profits tax return for those Group M companies with current year losses. However, application for such extended deadline should be made before 31 October 2008.

All other returns have to be submitted within one month from the date of issue (or such shorter period as may be indicated on the return).

The above deadlines will not apply to our clients for whom we have obtained an exemption from filing profits tax returns on an annual basis.

The content of this publication is intended to give general information on the subject matter. It does not constitute professional advice and should not be relied on as such. Specific advice should be sought about your specific circumstances. Accordingly, we do not accept any liability for any loss that may arise from your reliance on this publication, or the information contained herein.