Issue and submission of PTRs

# Bulk issue of PTRs

For active taxpayers (paragraph 4) : 3 April 2018

For inactive taxpayers (paragraph 10) : 4 April 2018

PTRs may not be issued to inactive taxpayers (those newly incorporated or had no chargeability in previous years). If inactive taxpayers have tax chargeability and do not receive PTRs, they are required to notify tax department within four months after the account closing date. (paragraph 24)

# Periodic issue of PTRs

Periodic issue of PTRs referred to those issued on a date other than 3 April 2018 and 4 April 2018. (paragraph 12)

# Block extension available to tax representative

(paragraphs 5 and 16)

Accounting closing date Extended due date

April 2017 - November 2017 (N code) 2 May 2018

In December 2017 (D code) 15 August 2018

January 2018 to March 2018 (M code) 15 November 2018

M code taxpayers with assessable loss 31 January 2019

Block extension is not available for those under periodic issue of PTR. Any application for extension of submission due date of the PTR on the same basis as above must be received by the tax department within 1 month form the date of issue of these PTR. (paragraph 12).

For taxpayers who receive their first PTRs (usually some 18 months after the date of commencement of a new business), they are required to submit the PTR within 3 months from the date of issue of the PTRs. (paragraph 13 and 23)

# Failure to lodge PTRs by the extended due date

Estimated assessments or penalty proceedings will be initiated if taxpayers fail to lodged the PTRs on time. Late filing of PTRs will face penalty action under section 80 or 82A of the Inland Revenue Ordinance. (paragraph 21)

Validity of PTRs

# Input to PTRs

(paragraph 25)

* The assessable profits/adjusted loss stated on the PTRs must match that of the tax computation without taking into account of any losses brought forward.
* All figures must be expressed in Hong Kong dollars.
* Answers on transactions for or with Non-residents (Part 8 of PTRs)
* Offshore profits and capital gain excluded from the assessable profits/adjusted loss must be reported (Items 9.1, 9.3 & 9.4) and
* The PTRs must be signed by a secretary, manager, director or liquidator.

# Introduction of two-tiered profits tax rates

(paragraph 26)

If taxpayers have no connected entity or no other connected entity elects to be charged under the two-tiered profits tax rates, declaring such in the 2018/19 provisional tax are required to be made in the PRTs (item 2.3 of BIR51 and item 1.5 of BIR52).

# Supporting schedules to PTRs

(paragraph 27)

At the time of lodgment, PTRs must be accompanied by schedules and explanations in respect of the following items, among others:

* Bad debts provisions and write-offs
* Charitable donations
* Cost of sales
* Interest expenses
* Legal and professional fees (name of recipients and nature of services)
* Repairs and improvement

The name and address of recipients and amounts paid to each in respect of:

* Commission payments
* Management, service or consultancy fees paid to a related company
* Sub-contractors’ fee

Natures / particulars of the additions or deductions in properties, leasehold improvement, other capital assets and movements in reserves and provisions.

The audited financial statements must also be submitted together with the PTRs.