

Hong Kong Tax Alert

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2021/22 profits tax filing season will soon commence

On 1 April 2022, the Inland Revenue Department (IRD) will issue bulk profits tax returns to taxpayers for the year of assessment 2021/22. Recognizing that the current pandemic situation has caused some disruptions to work arrangements, the earliest date due for filing such returns is extended to 30 June 2022.

This alert draws your attention to the filing due dates for the 2021/22 profits tax returns and the requirement to notify the IRD of chargeability.

In addition, this alert also explains (i) the tax concessions for carried interest; and (ii) the circumstances under which taxpayers that have engaged a service provider to furnish a tax return on their behalf need to sign on a new confirmation form.

Should you have any questions regarding the filing of your tax returns and the supplementary forms, or the filing bases to be adopted, please contact your tax executives.

2021/22 tax filing deadlines

The tax filing season for the fiscal year ending 31 March 2022 (i.e., year of assessment 2021/22) will commence with the IRD's bulk issuance of the relevant profits tax returns (i.e., Form BIR 51 or Form BIR 52) on 1 April 2022.

Returns are normally due for filing within one month of their date of issue. However, the IRD has for many years operated a block extension scheme whereby the filing deadline can be extended in instances where a taxpayer is professionally represented. Under the 2021/22 block extension scheme, the filing dates for the bulk returns issued on 1 April 2022 can be extended as follows:

For taxpayers with accounting dates falling between	Extended due date
1 April 2021 - 30 November 2021 (Accounting date code "N")	30 June 2022 (Thursday)
1 December 2021 - 31 December 2021 (Accounting date code "D")	31 August 2022 (Wednesday)
1 January 2022 - 31 March 2022 - with taxable profits for the year (Accounting date code "M")	15 November 2022 (Tuesday)
1 January 2022 - 31 March 2022 - with tax losses for the year	31 January 2023 (Tuesday)

Notification of chargeability where no tax return has been issued

Taxpayers who are not issued with a tax return but nonetheless have profits chargeable to tax for any year of assessment (before the set-off of losses brought forward) are required to notify the IRD of their chargeability. The notification is required to be in writing, addressed to the Commissioner of Inland Revenue and submitted within four months after the end of the basis period for the year of assessment concerned.

It should be noted that a taxpayer's basis period for a year of assessment depends on their accounting year-end date. As a result, the time limit for taxpayers to inform the IRD of chargeability will vary. For example, Company A (with an accounting year ended on 30 June 2021) and Company B (with an accounting year ended on 30 September 2021) were required to inform the IRD of their chargeability for the year of assessment 2021/22 on or before 31 October 2021 and 31 January 2022 respectively (i.e., within four months of their respective year-end dates).

Failure to inform the IRD of chargeability within the stipulated time frame, without reasonable excuse, will render a taxpayer liable to a fixed fine of up to HK\$10,000 and potentially a penalty of up to three times the tax involved for each offence.

However, there is no need for a taxpayer to inform the IRD of chargeability if the taxpayer has been filing tax returns annually and could reasonably expect that, in the normal course of events, the IRD would issue a return in the current year. Conversely, if a chargeable taxpayer has previously been advised by the IRD that a profits tax return will no longer be issued on an annual basis, or the taxpayer has recently commenced business, the Commissioner must be notified of chargeability within the stipulated period.

In addition to the above, we would also like to draw your attention to matters that you should be aware of when preparing and filing the 2021/22 profits tax returns.

Tax incentives for eligible carried interest

Taxpayers who wish to claim any carried interest derived from the provision of investment management services in Hong Kong to a qualifying payer (e.g., a certified investment fund) as being eligible for the tax concession would need to check box 9.6 as "Yes" of the 2021/22 profits tax return and provide the details in Supplementary Form S15¹.

Please also refer to our Hong Kong Tax alerts issued on 28 January 2021 (2021 Issue No. 1) and 28 April 2021 (2021 Issue No. 5) for details of the qualifying conditions.



1. Supplementary Form S15 can be downloaded from the following link:
www.ird.gov.hk/e_pfr

Confirmation for engagement of service provider to “furnish” tax returns

Under a new law enacted in June 2021 for enhancing the statutory framework for furnishing tax returns, a service provider engaged by a taxpayer to furnish a tax return for and on their behalf must obtain a confirmation from the taxpayer stating that the information contained in the return is correct and complete to the best of the taxpayer’s knowledge and belief.

The confirmation form IR 1476 will need to be downloaded from the IRD’s website². Form IR 1476 requires the taxpayer to make a declaration that the information contained in the return is correct and complete to the best of the taxpayer’s knowledge and belief and then hand-sign the form.

In this regard, the Government has clarified during the legislative process of the new law that it is only when a service provider signs a tax return for and on behalf of the taxpayer for submission to the IRD will such an act constitute “furnishing a return”³.

In other words, a person engaged by a taxpayer for undertaking only preparatory work such as preparing profits tax computations and other supporting documents, filling in the return form for the taxpayer’s review, is not a service provider engaged for “furnishing a return” under the new law if the person does not also sign the return for and on behalf of the taxpayer.

Where a service provider signs a tax return for and on behalf of a taxpayer, the service provider is required to declare in the second half of Part 13 of the 2012/22 profits tax return that the return is furnished in accordance with the information provided, or instructions given, by the taxpayer to the service provider. The completed Form IR 1476 must be submitted together with the 2021/22 profits tax return.

Clients who have any questions regarding the filing of their tax returns, the tax concession for eligible carried interest or the engagement of a service provider for furnishing a return should contact their tax executives.



2. “Confirmation for Engagement of Service Provider to Furnish Return” (Form IR1476) can be accessed from the following link:
<https://www.ird.gov.hk/eng/paf/for.htm>

3. The clarification was made in the Report of the Bills Committee on Inland Revenue (Amendment) (Miscellaneous Provisions) Bill 2021, which can be accessed from the following link:
<https://www.legco.gov.hk/yr20-21/english/bc/bc07/reports/bc0720210602cb1-934-e.pdf>

Hong Kong office
Agnes Chan, Managing Partner, Hong Kong & Macau
27/F One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Tel: +852 2846 9888 / Fax: +852 2868 4432

Non-financial Services				Financial Services	
David Chan Tax Leader for Hong Kong and Macau +852 2629 3228 david.chan@hk.ey.com				Paul Ho Tax Leader for Hong Kong +852 2849 9564 paul.ho@hk.ey.com	
Business Tax Services / Global Compliance and Reporting				Business Tax Services / Global Compliance and Reporting	
Hong Kong Tax Services				Hong Kong Tax Services	
Wilson Cheng +852 2846 9066 wilson.cheng@hk.ey.com		Tracy Ho +852 2846 9065 tracy.ho@hk.ey.com		May Leung +852 2629 3089 may.leung@hk.ey.com	
Ada Ma +852 2849 9391 ada.ma@hk.ey.com		Grace Tang +852 2846 9889 grace.tang@hk.ey.com		Karina Wong +852 2849 9175 karina.wong@hk.ey.com	
China Tax Services				Customer Tax Operations and Reporting Services	
Ivan Chan +852 2629 3828 ivan.chan@hk.ey.com				Anish Benara +852 2629 3293 anish.benara@hk.ey.com	
Becky Lai +852 2629 3188 becky.lai@hk.ey.com				US Tax Services	
Lorraine Cheung +852 2849 9356 lorraine.cheung@hk.ey.com				Michael Stenske +852 2629 3058 michael.stenske@hk.ey.com	
Sam Fan +852 2849 9278 sam.fan@hk.ey.com				International Tax and Transaction Services	
International Tax Services		Transfer Pricing Services		China Tax Services	
Jo An Yee +852 2846 9710 jo-an.yee@hk.ey.com		Sangeeth Aiyappa +852 26293989 sangeeth.aiyappa@hk.ey.com		Cindy Li +852 2629 3608 cindy.jy.li@hk.ey.com	
		Martin Richter +852 2629 3938 martin.richter@hk.ey.com		International Tax Services	
		Kenny Wei +852 2629 3941 kenny.wei@hk.ey.com		Rohit Narula +852 2629 3549 rohit.narula@hk.ey.com	
				Adam Williams +852 2849 9589 adam-b.williams@hk.ey.com	
Transaction Tax Services				Transfer Pricing Services	
David Chan +852 2629 3228 david.chan@hk.ey.com				Justin Kyte +852 2629 3880 justin.kyte@hk.ey.com	
Jane Hui +852 2629 3836 jane.hui@hk.ey.com				Transaction Tax Services	
Eric Lam +852 2846 9946 eric-yh.lam@hk.ey.com				Rohit Narula +852 2629 3549 rohit.narula@hk.ey.com	
Qiannan Lu +852 2675 2922 qiannan.lu@hk.ey.com					
People Advisory Services					
Ami Cheung +852 2629 3286 ami-km.cheung@hk.ey.com		Robin Choi +852 2629 3813 robin.choi@hk.ey.com		Jeff Tang +852 2515 4168 jeff.tk.tang@hk.ey.com	
				Paul Wen +852 2629 3876 paul.wen@hk.ey.com	
Asia-Pacific Tax Centre					
Tax Technology and Transformation Services		International Tax and Transaction Services		Indirect tax	
Albert Lee +852 2629 3318 albert.lee@hk.ey.com		US Tax Desk		Tracey Kuuskoski +852 26752842 tracey.kuuskoski@hk.ey.com	
Robert Hardesty +852 2629 3291 robert.hardesty@hk.ey.com		Jeremy Litton +852 3471 2783 jeremy.litton@hk.ey.com			
		Operating Model Effectiveness			
		Edvard Rinck +852 2675 2834 edvard.rinck@hk.ey.com			

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