

# IRD issues tax returns for 2018-19

The Inland Revenue Department today (April 1) issued about 190 000 profits tax returns, 130 000 property tax returns and 310 000 employer's returns for the year of assessment 2018-19.

About 2.68 million tax returns for individuals will be issued on May 2.

In this year's Budget, the Financial Secretary proposed a one-off reduction of 75 per cent of profits tax, salaries tax and tax under personal assessment for 2018-19, subject to a ceiling of \$20,000. Upon enactment of the relevant legislation, the department will effect the tax reduction in this year's tax bills.

"Individuals with rental income, if eligible, can enjoy the reduction by electing personal assessment. They can make the choice when completing their 2018-19 tax returns for individuals," a spokesman for the department said.

Given the legislative amendments to the Inland Revenue Ordinance (Cap 112) in 2018 (including the implementation of a two-tiered profits tax rates regime, transfer pricing rules and concessionary tax deductions), and the obligation to monitor the preferential regimes pursuant to the requirements of the Organisation for Economic Co-operation and Development, certain taxpayers are required to file supplementary forms to profits tax returns from the year of assessment 2018/19 onwards.

The two-tiered profits tax rates regime is implemented from the year of assessment 2018-19. The profits tax rate for the first \$2 million of assessable profits of corporations and unincorporated businesses will be lowered to 8.25 per cent and 7.5 per cent respectively while profits above that amount will continue to be subject to the respective rates of 16.5 per cent and 15 per cent. For connected entities, the two-tiered rates will only be applicable to one entity nominated among them. Taxpayers are required to state whether they are chargeable at the two-tiered rates, and for taxpayers having any connected entities, they are required to provide a complete list of connected entities carrying on a trade, profession or business in Hong Kong in the specified supplementary form.

The department encourages taxpayers to use the convenient and easy-to-use services under eTAX. As in the past, an eTAX account holder can file through the Internet his property tax return in respect of a property owned by him and another person. Filers of employer's returns can sign through their own eTAX account and submit the annual employer's return with not more than 800 IR56B records. Employers with not more than 30 IR56B records may also choose to complete and submit IR56B directly online. Precedent partners of partnerships and directors, secretaries or managers of corporations holding eTAX accounts can also file profits tax returns for their businesses through their eTAX account.

"Using eTAX services is simple. Any registered taxpayer can log in to

eTAX with his Taxpayer Identification Number (TIN) designated for eTAX login and the eTAX password registered with the department or his digital certificate issued by a recognised certification authority," the spokesman said.

If a taxpayer/filer of an employer's return has not yet registered for eTAX or has forgotten the password, he can open an eTAX account or apply for a new password at [www.gov.hk/etax](http://www.gov.hk/etax). They can choose their own TIN and password for login when they open their eTAX account.

Starting from this year, employers may choose to upload the IR56B data file through the new Mixed Mode submission service of the employer's return e-filing services. The filer of an employer's return only needs to sign and submit the paper annual return together with the duly signed control list (with Transaction Reference Number and QR code) generated from the system to complete the submission process. To assist employers to prepare the IR56B records, a new web-based IR56 Forms Preparation Tool has also been introduced.

Taxpayers/filers of employer's returns can visit the department's website at [www.ird.gov.hk](http://www.ird.gov.hk) for common questions and answers on how to complete tax returns. Taxpayers/employers are reminded to file their properly completed tax returns on time. To facilitate the distribution and processing of returns received by the department, the employers can send the employer's returns back to the designated P0 Box printed on the top right hand corner of their returns (BIR56A). If tax returns are delivered to the department by post, sufficient postage should be paid to ensure timely and successful delivery. Please note that the current postage for local small letters weighing 30 grams or less is \$2. Taxpayers can visit Hongkong Post's website at [www.hongkongpost.hk](http://www.hongkongpost.hk) for the postage rates.

Underpaid mail items will not be accepted by the department. Mail items addressed to the department without sufficient postage will be returned by Hongkong Post to the sender, who will be charged with the deficiency plus a surcharge. Mail items without a return address will be disposed of by Hongkong Post in accordance with the established procedures for handling undeliverable mail. For proper delivery of tax documents to the department, please ensure the mail items bear sufficient postage before posting.