

Profit Tax Return Guide - Hong Kong Limited Companies

This guide will help you better understand the tax filing process.

Time for filing

“NIL” Profit Tax Return

Offshore Tax Exemption Claim

All Hong Kong companies are required to file a Profit Tax Return (“PTR”) with the Inland Revenue Department.

Time for filing

The first Profit Tax Return is issued by Inland Revenue Department (“IRD”) Hong Kong Tax Authority within 1-2 months before the 2nd anniversary of the company’s date of incorporation. Once the PTR is issued, Startupr will send an email notification advising you to submit the PTR within 3 months. Profit tax returns must be filed no later than 18 months after the company’s incorporation date.

1. Determine the date for your company’s fiscal year end

2. If your company has commenced business you will need to prepare the following documents:

- All bank statements
- All invoices
- All expense receipts
- General ledger and management account (Balance sheet, trial balance, income statement)

3. Submit the PTR to IRD

The submission deadline of the annual PTR, together with the audited financial statements for your second PTR and thereafter, is shown in the following example:

Financial year end (example)	Tax filing date	Documents ready for audit
1) March 31, 2015	Nov. 15, 2015	No later than Sept. 1, 2015
2) December 31, 2014	August 15, 2015	No later than June 1, 2015
3) Dates other than (1) or (2) above; e.g. June 30, 2014	April 30, 2015	No later than mid-Feb., 2015

The profit tax rate is 16.5% for corporations.

“NIL” Profit Tax Return

If the company has not yet commenced business, a “NIL” PTR may be filed with the Inland Revenue Department. The company director or company secretary must submit a declaration that business has not yet commenced. Even if a business has not commenced, it must still provide annual audited financial statements.

Offshore Tax Exemption Claim

If all the company's income is from outside Hong Kong, you may claim offshore exemption, relieving your firm of Hong Kong tax.

- The company must submit the PTR and financial statements
- The company must file an offshore exemption claim
- IRD will issue an offshore claim query letter for the company to establish proof

- The company must provide IRD with passports of all company directors and/or all company sales representatives, company invoices, contracts, arrangements, shipping documents, etc.

- If verified, IRD will confirm your company's Hong Kong offshore tax exemption

- Offshore tax exemption is effective for approximately 5 years for offshore profits only.

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