

Reporting payments to non-incorporated local service providers

You have to report remuneration of your employees on IR56B. For reporting payments for service to local persons who are non-incorporated service providers, you have to use IR56M.

Reporting payments to non-incorporated local service providers

- ✧ In the course of the year, you may have engaged the service of local persons who are not your employees, such as
 - sub-contractors
 - consultants
 - agents
 - brokers
 - freelance artists/entertainers/sportsmen/writers/freelance guide.

You have to file **IR6036B** and **IR56M** to report your payments to them. In addition, you should provide the service provider with a copy of the IR56M so as to facilitate correct completion of his/her tax return.

- ✧ Many of these service providers operate on very small scale and their income is below their personal allowances. Hence, it is not cost-effective for the Inland Revenue Department (“IRD”) to request you to report for every service provider. In other cases, the amounts you paid may be relatively insignificant. For example, you may pay a cleaning contractor \$1,000 per month for office cleaning service. Hence, the IRD sets some guidelines for reporting.
- ✧ You must report if the amount of payment to
 - a sub-contractor exceeds \$200,000 per annum; or
 - a consultant, agent, broker, freelance artist, entertainer, sportsman, writer or freelance guide, etc. exceeds \$25,000 per annum.
- ✧ You should report amounts according to the year of assessment, namely, from 1 April to 31 March of the following year. If your annual accounting date is not ended on 31 March, you have to calculate the figure i.e. from 1 April to 31 March of the following year for reporting.
- ✧ You have to report if the service provider is
 - an individual
 - a partnership business
 - a sole proprietorship business

✧ **Disguised employment, using a service company as a shield**

You are not required to report if the service provider is a corporation. However, you should bear in mind that when you engage the personal service of an individual under a contract of service with a corporation controlled by that individual, you may have to report the remuneration paid in respect of that person's service, if section 9A of the Inland Revenue Ordinance is applicable. This is the case even if you have paid the corporation and received a receipt issued in the name of the corporation. Such remuneration should be reported by IR56B instead of IR56M – for criteria as to amount, you should refer to the requirements for IR56B.

How to report

- ✧ You should prepare an IR56M in respect of each individual service provider to cover the whole year's remuneration. If that provider was paid in foreign currency, report an equivalent amount in Hong Kong dollar.
- ✧ You should prepare a control list - IR6036B.
- ✧ The IR6036B and IR56Ms should be submitted together with your IR56Bs under cover of BIR56A.
- ✧ If there is no IR56B to submit, you should tick the Box "No" in the BIR56A. Then, attach IR6036B and IR56Ms to the BIR56A for filing.
- ✧ For recipients who carry on business, report
 - the name of the business
 - the Business Registration Number
 - business / postal address
- ✧ For recipients who are individuals, report
 - his name (as shown on his identity card)
 - Hong Kong Identity Card number
 - Sex
 - residential address / postal address
- ✧ IR6036B and IR56Ms should be signed by:-
 - the Proprietor for sole-proprietorship businesses
 - the Precedent Partner for partnership businesses
 - the Company Secretary / Manager / Director / Investment Manager (only applicable to open-ended fund companies) / Provisional Liquidator / Liquidator for corporations
 - the Principal Officer for bodies of persons
 - the Agents for non-resident persons

- ✧ You may use [Electronic Filing of Employer's Return](#) service.

Requesting IR6036B and IR56M

- ✧ IR6036B and IR56Ms will normally be sent together with forms BIR56A and IR56B in early April each year, if you have lodged these forms in previous years. If you require these forms to be sent to you, [click here](#).

Amendment of IR56M

- ✧ You may
 - furnish a revised IR56M, or
 - furnish a written notification of amendment

Please note that photocopies / fax copies / scanned copies are NOT acceptable.

You may also use [Electronic Filing of Employer's Return](#) service.

- ✧ At the top right hand corner of the form, you should tick the box "Replacement" and provide the date of submission and the sheet no. of the form if the form IR56M is a revised form; or tick the box "Additional" if the form includes only additional sum payable to the service provider.
- ✧ You should provide to the service provider a copy of the replacement/additional form IR56M so as to facilitate the correct completion of income in his/her own tax return.