



## FILE CORRECT RETURN TO AVOID PENALTY

Taxpayers have the obligation to file their tax returns correctly. For salaries tax purposes, they have to report their income from any employment and office in the relevant period specified in their tax returns for individuals. Complication may arise in cases of multi-employment or multi-income. To assist taxpayers in completing their returns correctly, we have drawn up the following examples for general reference. Heavy penalties may be incurred for making an incorrect return without reasonable excuse.

### Case 1: Change of employment during the year

	Correct	Incorrect
<u>Actions taken</u>		
(a) Report <b>all</b> income from previous and current employment in the year	✓	
(b) Any action other than (a), e.g. report only income from previous or current employment		✓

### Case 2: Income from employment includes salary and other types of income

	Correct	Incorrect
<u>Actions taken</u>		
(a) Report <b>all</b> types of income	✓	
(b) Any action other than (a), e.g. report only salary but not bonus, commission, tips from third parties or quarters provided		✓

### Case 3: Income from employment includes special taxable items

	Correct	Incorrect
<u>Actions taken</u>		
(a) Report <b>all</b> taxable special items in the grand total	✓	
(b) Any action other than (a), e.g. fail to report special taxable items such as income from overseas company in connection with the Hong Kong employment, taxable termination payments or share option gains		✓

#### Case 4: Employment income figures need adjustment after the return is filed

	Correct	Incorrect
<u>Actions taken</u>		
(a) Inform Inland Revenue Department (IRD) <b>in writing</b> of any adjustments to income reported in the return as soon as practicable	✓	
(b) Any action other than (a)		✓

#### Case 5: Multiple employments and/or offices cases

	Correct	Incorrect
<u>Actions taken</u>		
(a) Report <b>all</b> full time and part-time income from <b>all</b> employments and offices	✓	
(b) Any action other than (a), e.g. report only income from employment but not from offices		✓

#### Case 6: Providing employment income details

	Correct	Incorrect
<u>Actions taken</u>		
(a) Providing the income details of <b>all</b> employments and offices, including the amounts of each in the return	✓	
(b) Not providing the income details in the return but simply attaching a copy of the Employer's Return		✓
(c) Not providing the income details in the return but simply requesting IRD to refer to employer's information		✓

#### Excuses for under-reporting of taxable income that are not normally acceptable by IRD -

- (1) Oversight, ignorance, illiteracy or inability to comprehend one's obligation.
- (2) Current/previous employer should have filed the income details with IRD.
- (3) The assessment subsequently raised by IRD has already included the under-reported income.
- (4) Income was received at irregular intervals and under different labels and it is difficult to provide the details and work out the total.
- (5) Return completed on the basis of monthly salary statements, which are not comprehensive.
- (6) Return completed on the basis of Employer's Return, which is incorrect.

- (7) Disagreeing or not knowing that the omitted income items are taxable.
- (8) The employer has or should have filed an amended employer's return with IRD, and that should relieve the taxpayer from the obligation of rectifying the error or omission in his return.

Please [click here](#) for the penalty policy of IRD.

### **Further information and assistance**

You may

- (a) visit our website at [www.ird.gov.hk](http://www.ird.gov.hk) ; or
- (b) telephone 187 8022.

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*(The contents of this leaflet are for general guidance only)*