

(a) If I received a Property Tax Assessment and found that the net assessable value (“NAV”) and the tax charged are excessive, what should I do?

➤ **Object within one month**

First, you should check any assessor’s note printed on page 2 of the notice of assessment to find out why the NAV and the tax amount are excessive. If you still disagree with the assessment, you must lodge a written notice of objection or complete and file an IR831 with this Department within one month after the date of issue of the assessment, stating the grounds of objection clearly.

➤ **You must file a tax return before you may object against an estimated assessment issued under section 59(3)**

If the assessment was an estimated assessment raised under section 59(3) of the Inland Revenue Ordinance, you must submit a completed tax return together with your objection letter.

➤ **The tax demanded must be paid by the due date**

Pending the ultimate settlement of the objection, you should pay as indicated on the demand note or follow the Assessor’s advice as regards tax payment - whether you have to pay a lesser amount of tax or the full tax in the first instance.

(b) Holding over of payment of provisional tax

➤ **Rent reduction / Discontinuance or termination of lease after 31.3.2022**

You may apply for holding over of provisional tax if:

The estimated assessable value (“AV”) for the period 1.4.2022 – 31.3.2023 is likely to be less than 90% of the assessed AV for computing the provisional tax for the year of assessment 2022/23.

Please click [HERE](#) for example.

➤ **Property sold after 31.3.2022**

When you have sold or you will sell your property during the period 1.4.2022 – 31.3.2023; &

The estimated AV for the period 1.4.2022 – 31.3.2023, is likely to be less than the assessed AV for computing the provisional tax for the year of assessment 2022/23.

You may also apply for holding over of payment of provisional tax.

- **You have elected for Personal Assessment for the year of assessment for which provisional tax was charged, and the election is likely to reduce your tax liability.**

- **You have objected to your property tax assessment for the year preceding the year of assessment for which provisional tax was charged.**

- **Time limit for application**

Send in your application (by post or by fax), not later than:

- (a) 28 days before the due date of provisional tax, or
Please click [HERE](#) for example.

- (b) 14 days after the issue date of the demand note.
Please click [HERE](#) for example.

whichever is the later.

Example 1

Mr. & Mrs. Lee let out a jointly owned property to Miss Ho at monthly rent \$8,000 for the period 1.4.2021 to 31.3.2023. On 15.5.2022, they agreed to reduce the monthly rent to \$6,800 per month starting from 1.6.2022.

On 14.9.2022, they received a Property Tax Assessment as follows:

	\$
Rent for 12 months (\$8,000 x 12)	96,000
Less: 20% statutory allowance for repairs and outgoings	<u>19,200</u>
Net assessable value	<u>76,800</u>
Property Tax for 2021/22 @ 15%	<u>11,520</u>
Provisional Property Tax for 2022/23 @ 15%	<u>11,520</u>
Total tax payable	<u>23,040</u>

Due date for first payment : 2.11.2022

Due date for second payment : 3.4.2023

If Mr. & Mrs. Lee want to apply for holdover of provisional tax, they have to:

(1) Calculate the estimated AV for 2022/23

Rental income for 2022/23	\$
1.4.2022 to 31.5.2022 (\$8,000 x 2)	16,000
1.6.2022 to 31.3.2023 (\$6,800 x 10)	<u>68,000</u>
Total estimated AV	<u>84,000</u>

(2) Compare with the assessable value for 2022/23 as shown in the demand note

$$\frac{84,000}{96,000} = 87.5\% \text{ (If } < 90\%, \text{ Mr. \& Mrs. Lee can apply for holdover)}$$

(3) Apply for holdover of provisional tax.

The application must be lodged on or before 5.10.2022. They have to write in to apply for holdover of provisional tax on the ground that the estimated rental income will be less than 90% of the assessed AV for computing the provisional tax for the year 2022/23. Details of the estimated rental income for the period 1.4.2022 to 31.3.2023 should also be provided.

- (4) According to the information provided, the assessor will re-calculate the provisional tax payable.

	\$
Estimated AV for 2022/23	84,000
Less: 20% statutory allowance	<u>16,800</u>
NAV for 2022/23	<u>67,200</u>
Provisional tax for 2022/23 @ 15%	<u>10,080</u>

- (5) A notice will be issued to Mr. & Mrs. Lee informing the amount of revised tax payable. The due dates for payment will remain unchanged.

Example 2

Issue date of the notice for payment : 14.9.2022

Due date for payment : 2.11.2022

Application for holding over the payment of provisional tax should be made before 5.10.2022 (i.e. 28 days before due date).

Example 3

Issue date of the notice for payment : 16.11.2022

Due date for payment : 13.12.2022

Application for holding over the payment of provisional tax should be made before 30.11.2022 (i.e. 14 days after demand note issue date).