



Notifying the IRD that you are chargeable to tax (for individual taxpayers)

PART I : General Information

Notification of chargeability

If you are liable to tax for any year of assessment but have not received a tax return, you have to write to the Inland Revenue Department (“IRD”) for a tax return within 4 months after the end of the basis period for that year (i.e. on or before 31 July for Salaries Tax and Property Tax). Failure to notify chargeability could result in a heavy penalty.

What income is chargeable to tax?

The Hong Kong tax system is based on the territorial concept. If you derive rental income (Property Tax), employment income (Salaries Tax) or business profits (Profits Tax) from Hong Kong, you may be liable to tax here whether you are a Hong Kong resident or not.

Rental income (Property Tax)

Rental income receivable from a property let out is subject to Property Tax. The rates paid by the owner, irrecoverable rent and a standard allowance of 20% for repairs and outgoings are deductible. Election for Personal Assessment may reduce your tax liability.

Employment income (Salaries Tax)

Employment income includes directors’ fees, salaries, wages, commission, leave pay, bonus and perquisites, pensions and benefits in kind. Salaries Tax is charged when the employment income exceeds the total allowances and allowable deductions.

Business Profits (Profits Tax)

Profits Tax is charged if the business carried on has assessable profits [computed by adjusting the profit/loss per account in accordance with the Inland Revenue Ordinance (IRO)]. Election for Personal Assessment may reduce your tax liability.

Whether you can get tax relief under Personal Assessment? (for the year of assessment 2018/19 and subsequent years)

If you have rental income or business profits, you may pay less tax through electing Personal Assessment. Under Personal Assessment, you are liable to tax only if the aggregate of your / your and your spouse’s (if elected jointly) income / total income from employment, property letting and business exceeds your / your and your spouse’s (if elected jointly) total allowances and allowable deductions.

To be eligible to make an election, you must be of or above the age of 18 or under that age if both parents are dead; and you or your spouse (if elected jointly) is either ordinarily resident in Hong Kong or is a temporary resident. An individual will be regarded as “ordinarily resident in Hong Kong” if he / she resides in Hong Kong voluntarily and for a settled purpose (such as for education, business, employment or family etc.) with sufficient degree of continuity. Such person should habitually and normally reside in Hong Kong apart from temporary or occasional absences of long or short duration, and is living in Hong Kong as an ordinary member of the community for all the purposes of his / her daily life. “Temporary resident” means an individual who stays in Hong Kong for more than 180 days during the year of assessment in respect of which the election is made or for more than 300 days in 2 consecutive years of assessment, one of which is the year of assessment in respect of which the election is made.

If you and your spouse are jointly assessed under Salaries Tax, the election for personal assessment should be made by both of you jointly. (For years of assessment up to 2017/18, if the individual is married, the election for personal assessment must be jointly made with the spouse. You and your spouse’s income from all sources are aggregated to compute tax liability.)

How should you inform the IRD?

You can complete the lower portion of the enclosed letter (IRC6106) for the year of assessment 2022/23 and return the letter intact to the IRD. For other years, you can complete and return Part III of this leaflet, or write to the Commissioner of Inland Revenue.

Cessation of business or other income source

If you cease to carry on your business or cease to own any source of income (including rental and employment income) in respect of which tax is chargeable, you must inform the IRD within 1 month of such cessation. You can complete and return Part III of this leaflet, or write to the Commissioner of Inland Revenue.

Enquiries

You may obtain further information or assistance by: visiting our website <www.ird.gov.hk> and select “Tax Information – Individuals/Businesses”; obtaining a fax copy of related tax information (including Related Tax Rules for Individuals) by dialing 2598 6001; calling 187 8022 or visiting the Central Enquiry Counter at G/F, Inland Revenue Centre, 5 Concorde Road, Kai Tak, Kowloon, Hong Kong.

[You may retain this leaflet for future reference.]

PART II : Estimation of Annual Income

This part may assist you in computing the income / total income of you / you and your spouse (if applicable) for the year of assessment 2022/23. You are not required to return this part to the IRD.

Please tick the type(s) of income that you / you and your spouse had during the year and complete the details.

(If the income of your spouse is unknown, please compute your own income.)

	<u>Self's</u> <u>Annual Income</u>	<u>Spouse's</u> <u>Annual Income</u>
<input type="checkbox"/> Rental Income		
Taxable income - from properties solely owned [rental income x 80%]		
from properties partly owned [rental income x share of ownership of that property x 80%]		
Total	(1)	
<input type="checkbox"/> Employment Income	(2)	
<input type="checkbox"/> Business Profits : Sole Proprietorship Business / Partnership Business		
Net Profit / (Loss) per accounts	(a)	
<u>Additions</u> : Non-deductible expenses charged in the accounts (e.g. Depreciation not calculated in accordance with the IRO, salary and benefits to you and / or your spouse, expenses or losses of a capital nature, domestic or private expenses, etc.)	(b)	
<u>Deductions</u> : Allowable expenses or non-assessable income (e.g. Depreciation allowance, gains on disposal of capital / fixed assets, etc.)	(c)	
Assessable Profits / Adjusted Loss [(a) + (b) - (c)]	(d)	
Total Assessable Profits / Adjusted Loss of all your businesses (If you have more than 1 sole proprietorship business, compute the Assessable Profits / Adjusted Loss [as per (d)] for each business and add up all such profits / losses. If you have partnership business, add the share of Assessable Profits / Adjusted Loss allocated to you.)	(3)	
Sum of above items [(1)+(2)+(3)]	(A)	(i) (ii)
Total Income (Sum of your and your spouse's income) [(i) + (ii)]	(B)	<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto;"></div> <div style="text-align: center; font-size: small;">(See Note below)</div>

Note :

From the year of assessment 2018/19, if you satisfy either one of the following conditions, you are required to complete the lower portion of the enclosed letter and return the letter intact to the IRD:

(A) You are single or married but your spouse has income assessable to tax. You elect for Personal Assessment individually, and your total income has exceeded \$132,000.

(B) You are married but your spouse does not have income assessable to tax. You elect for Personal Assessment individually, and your total income has exceeded \$264,000.

(Note: Married Person's Allowance will be granted if your spouse did not have any assessable income during the year and has not elected for Personal Assessment separately)

(C) You are married but you and your spouse have income assessable to tax. You elect for Personal Assessment jointly with your spouse, and your joint total income has exceeded \$264,000. If you and your spouse are jointly assessed under Salaries Tax, the election for Personal Assessment should be made by both of you jointly.

For years of assessment up to 2017/18, if the individual is married, the election for Personal Assessment must be jointly made with the spouse. You and your spouse's income from all sources are aggregated to compute tax liability.

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PART III : Notification of Chargeability or Cessation of Business / Other Income Source

To: The Commissioner of Inland Revenue

Inland Revenue Department
G.P.O. Box 132, Hong Kong
Fax No. : 2877 1232

I with HK Identity Card No. ()

Please quote your IRD File No.:

would like to advise the following as marked with a "✓" in the box(es):

- ☐ I may be chargeable to tax for the Year(s) of Assessment _____, please send me the Tax Return(s) – Individuals for completion.
- ☐ My sole proprietorship business: _____ (Business Registration No. : _____) ceased on _____. Please send me an appropriate form for completion if necessary.
- ☐ I ceased to be employed on _____.
- ☐ The property, wholly owned by me, at _____ was sold on _____.

Signature :	Day-time Contact Tel. No. :	
	Date :	
Postal Address :		

It is obligatory for you to supply the personal data as required by this form. Breach of the statutory requirement may render you liable to penalty or other actions as provided under the Ordinances administered by the Department. Moreover, if you fail to supply the required information, your notification will not be accepted for processing. The Department will use the information provided by you for the purposes of the Ordinances administered by it and may disclose/transfer any or all of such information to any other parties provided that the disclosure/transfer is authorized or permitted by law. Except where there is an exemption provided under the Personal Data (Privacy) Ordinance, you have the right to request access to and correction of your personal data. You should send such request in writing to the Assessor at GPO Box 132, Hong Kong and quote your file number in this Department.