

**How to tax
the provision of a place of
residence to the employee**

**“rental value”, types of accommodation,
treatment of rent paid by the employee**

and

whether the employer has exercised proper control

Foreword

This leaflet explains how the provision of a place of residence to the employee is assessed to Salaries Tax.

Under Salaries Tax, there are far too many kinds of benefits connected with housing to be described in one leaflet. If the Assessor accepts that what the employer provides to the employee is a place of residence, only the “Rental Value” (**RV**) will be computed and charged to tax. If not so acceptable, the benefit provided by the employer must be assessed as a **perquisite** at its cash value.

Examples of **perquisites** are –

- rent allowance,
- refunds of mortgage payments, and
- subsidies on mortgage interest payments.

Employee is provided with a place of residence

Housing benefits arising from employment are part of the employee’s income. If the employee is provided with a place of residence by the employer or an associated corporation of the employer, the **RV** of that place of residence should be included in his/her Assessable Income. The **RV** is calculated at 4%, 8% or 10% of his/her total net income from the employer and the associated corporation after deducting outgoings and expenses (excluding expenses of self-education), depending on the type of accommodation provided. See the table below and also **Example 3**.

Type of Accommodation	Percentage
A residential unit / serviced apartment	10%
2 rooms in a hotel, hostel or boarding house	8%
1 room in a hotel, hostel or boarding house	4%

Serviced apartments are popular nowadays. Typically they are fully furnished units or apartments with domestic facilities such as cooking and laundry available and a minimum period of stay is usually required. The Inland Revenue Department (“IRD”) generally does not regard serviced apartments as rooms in hotels, hostels or boarding houses, although individual cases may be examined in detail to determine the nature of the accommodation. Accordingly, where the place of residence is a serviced apartment, the rate of 10% will generally be applied in computing the **RV**.

To compute the **RV**, rent paid by the employee to the employer or the landlord can be deducted to arrive at the **RV**. Furthermore, if the place of residence is a residential property, the employee may elect to include the “Rateable Value” of the property instead of the **RV**, if that can reduce the amount of tax to be paid.

See analysis below.

Scenario	Adjustment
No rent paid	No adjustment
Rent paid	Deduct net rent paid from RV
If the employee’s tax liability can be reduced	The employee may elect to include the Rateable Value of the residential unit instead of the RV

Example 1

Mr. Chan earned \$600,000 in a year. His employer Success Co Ltd provided a flat to him as his place of residence. He claimed deductions for annual subscription to the Hong Kong Institution of Engineers \$2,000, contributions to Mandatory Provident Fund (MPF) \$18,000 and expenses of self-education \$27,500 in that year.

Mr. Chan's Assessable Income would be \$612,300, computed as follows -

		\$
Income		600,000
RV	$$(600,000 - 2,000) \times 10\%$	<u>59,800</u>
		659,800
Less: Outgoings and expenses		(2,000)
MPF contributions		(18,000)
Expenses of self-education		<u>(27,500)</u>
Assessable Income		<u>612,300</u>

Mr. Chan's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
 No ☐ → Go to Part 5 Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success Co Ltd.	Engineer	1.4.2022 - 31.3.2023	600,000
	Pension			
Grand total (Including the income items in boxes 30, 31 and 32 below) → \$				600000

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of ALL places of residence provided (must complete Section 5 of the Appendix) \$ 59800

4.3 DEDUCTIONS (Documentary evidence need NOT be submitted but should be retained for future examination.)

(1) Outgoings and expenses	Particulars		\$	
	Hong Kong Institution of Engineers		\$	2000
(2) Expenses of self-education paid for prescribed courses / examination fees paid to specified education providers or associations			\$	27500
(3) Approved charitable donations			\$	
(4) Mandatory contributions to recognized retirement schemes in the capacity of an employee			\$	18000

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence
Room 406, 5 Peaceful Street, Hong Kong	Flat	1.4.2022 - 31.3.2023	Success Co Ltd.
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)
			Rateable value, if elected (\$)

Mr. Chan's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Rm 406, 5 Peaceful Street, HK	Flat	1/4/2022	31/3/2023	0	0	0	0

Example 2

What would be the case if the Mr. Chan in Example 1 was required to pay monthly rent of \$3,000 to his employer?

Mr. Chan's Assessable Income would be \$576,300, computed as follows –

		\$
Income		600,000
RV	$$(600,000 - 2,000) \times 10\% - ($3,000 \times 12)$	<u>23,800</u>
		623,800
Less:	Sum of deductions in Example 1	<u>(47,500)</u>
Assessable Income		<u>576,300</u>

Mr. Chan's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
☐ No ☒ Yes ☒ Go to Part 5 ☒ Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success Co Ltd.	Engineer	1.4.2022 - 31.3.2023	600,000
	Pension			
Grand total (Including the income items in boxes 30, 31 and 32 below)				\$ 600,000 29

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of ALL places of residence provided (must complete Section 5 of the Appendix) \$ 238,000 36

4.3 DEDUCTIONS (Documentary evidence need NOT be submitted but should be retained for future examination.)

(1) Outgoings and expenses	Particulars		\$ 200,000 37
	Hong Kong Institution of Engineers		
(2) Expenses of self-education paid for prescribed courses / examination fees paid to specified education providers or associations		\$ 27,500 38	
(3) Approved charitable donations		\$ 39	
(4) Mandatory contributions to recognized retirement schemes in the capacity of an employee		\$ 18,000 40	

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year				
Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence	
Room 406, 5 Peaceful Street, Hong Kong	Flat	1.4.2022 - 31.3.2023	Success Co Ltd.	
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rateable value, if elected (\$)
			36,000	

Mr. Chan's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Rm 406, 5 Peaceful Street, HK	Flat	1/4/2022	31/3/2023	0	0	0	36,000

Example 3

Mr. Lee came to work in Hong Kong on 1 April 2022. He was remunerated at salaries of \$50,000 per month, plus a place of residence. During his first month in Hong Kong, he occupied one room in a hotel and the monthly rent was \$8,000. On 1 May 2022, his wife and children arrived and the family moved into a 2-bedroom suite in the hotel and the monthly rent is \$16,000. On 1 July 2022, he and his family moved into a flat owned by the employer.

The **RV** should be computed as follows –

		\$
1 April 2022 - 30 April 2022	(\$50,000 x 1 x 4%)	2,000
1 May 2022 - 30 June 2022	(\$50,000 x 2 x 8%)	8,000
1 July 2022 - 31 March 2023	(\$50,000 x 9 x 10%)	<u>45,000</u>
RV		<u>55,000</u>

Mr. Lee's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
 No ☐ → Go to Part 5 Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success Co Ltd.	Engineer	1.4.2022 - 31.3.2023	600,000
	Pension			
Grand total (Including the income items in boxes 30, 31 and 32 below) → \$				600,000

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of **ALL** places of residence provided (must complete Section 5 of the Appendix) \$ 55,000

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year				
Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence	
Hong Kong Beautiful Hotel	1 Hotel Room	1.4.2022 - 30.4.2022	Success Co Ltd.	
••	2 Hotel Room	1.5.2022 - 30.6.2022	••	
Room 409, 5 Peaceful Street, Hong Kong	Flat	1.7.2022 - 31.3.2023	••	
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rateable value, if elected (\$)

Mr. Lee's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Hong Kong Beautiful Hotel	1 Hotel Room	1/4/2022	30/4/2022	8,000	0	0	0
Hong Kong Beautiful Hotel	2 Hotel Room	1/5/2022	30/6/2022	32,000	0	0	0
Room 409, 5 Peaceful Street, HK	Flat	1/7/2022	31/3/2023	0	0	0	0

Example 4

Mr. Cheung was a waiter of a restaurant and his annual income is \$120,000. He and 5 other colleagues lived in a 3-bedroom flat provided by the employer, Good Taste Restaurant. He and his colleague, Mr. Ng, occupied one of the bedrooms. How should his **RV** be computed?

This form of housing benefit is rather common in Hong Kong. This would be regarded as similar to occupying a room in a boarding house and Mr. Cheung's **RV** would be computed at 4% of his income i.e. $4\% \times \$120,000 = \$4,800$.

Mr. Cheung's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
 No ☐ → Go to Part 5 Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Good Taste Restaurant	Waiter	1.4.2022 - 31.3.2023	120,000
	Pension			

Grand total (Including the income items in boxes 30, 31 and 32 below) → \$ 1 2 0 0 0 0 29

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of **ALL** places of residence provided (must complete Section 5 of the Appendix) \$ 4 8 0 0 36

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence
Room 801, 5 Food Street, Hong Kong	Staff Quarter – One Room	1.4.2022 - 31.3.2023	Good Taste Restaurant
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)
			Rateable value, if elected (\$)

Mr. Cheung's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Rm 801, 5 Food Street, HK	Staff Quarter - One Room	1/4/2022	31/3/2023	0	0	0	0

Example 5

Ms Lam was employed by a foreign company, Success (Overseas) Co Ltd. During the year of assessment 2022/23, her annual income was \$600,000 and she stayed in Hong Kong for 250 days. Whilst in Hong Kong she lived in a flat provided by the employer throughout the year. Rent at \$1,000 per month was deducted from her salary.

If the Assessor accepted Ms Lam's offshore claim and would assess her income on a day-in-day-out basis, Ms Lam's Assessable Income would be computed as follows –

		\$
Income computed on the day-in-day-out basis	$\$(600,000 \times 250/365)$	410,958
RV	$\$(410,958 \times 10\% - 1,000 \times 12)$	<u>29,095</u>
Assessable Income		<u>440,053</u>

Ms Lam's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
 No ☐ → Go to Part 5 Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success (Overseas) Co Ltd.	Marketing Manager	1.4.2022 - 31.3.2023	600,000
	Pension			

Grand total (Including the income items in boxes 30, 31 and 32 below) → \$ 600,000 29

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of ALL places of residence provided (must complete Section 5 of the Appendix) \$ 29,095 36

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence
Room 808, 5 Peaceful Street, Hong Kong	Flat	1.4.2022 - 31.3.2023	Success (Overseas) Co Ltd.
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)
0	0	0	12,000

Ms Lam's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Rm 808, 5 Peaceful Street, HK	Flat	1/4/2022	31/3/2023	0	0	0	12,000

Employer refunds all or part of the rent paid by employee

Provided that the employer has established clear guidelines to control and has exercised proper supervision over the reimbursements of either the whole or a part of the rent paid by the employee as tenant to the landlord, the Assessor will accept such arrangement as if the employer directly providing a place of residence to the employee. **RV** will be calculated and included in the employee's Assessable Income and the reimbursements of rent will not be treated as income.

However, if the employer does not control how the employee would spend the money or has not exercised proper control over the expenditures, the Assessor will regard the reimbursements as cash allowance and include the full amount as income in the Assessable Income.

Proper control means –

- a clearly defined system is in place, under which the ranks of those officers who are entitled to rental reimbursements and the limit of their respective entitlements are clearly laid down;
- the mode of housing benefit entitled by the employee and the limit of rental reimbursement are clearly specified in the contract of employment; and
- the employer will examine the tenancy agreement and rental receipts and verify the actual payment of rent against the tenancy agreement at regular intervals, and also retain the relevant documents for record purpose.

Example 6

Apart from paying salary of \$50,000 every month, Ms Wong's employer would also grant a full refund of the rent that she had paid for her flat, \$10,000, upon inspection of the rental receipts.

Ms Wong's Assessable Income would be computed as follows –

		\$
Income	$\$(50,000 \times 12)$	600,000
RV	$\$600,000 \times 10\%$	60,000
Assessable Income		<u>660,000</u>

Ms Wong's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
☐ No ☐ → Go to Part 5 ☒ Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success Co Ltd.	Financial Controller	1.4.2022 - 31.3.2023	600,000
	Pension			
Grand total (Including the income items in boxes 30, 31 and 32 below) → \$				600,000

29

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of ALL places of residence provided (must complete Section 5 of the Appendix) \$ 600,000

36

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence
Flat 8, 8 Beautiful Road, Hong Kong	Flat	1.4.2022 - 31.3.2023	Success Co Ltd.
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)
0	120,000	120,000	0

Ms Wong's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Flat 8, 8 Beautiful Road, HK	Flat	1/4/2022	31/3/2023	0	120,000	120,000	0

Example 7

If Ms Wong in Example 6 was granted a partial refund of rent of \$8,000 per month, how should her Assessable Income be computed?

The rent “suffered” by Ms Wong (i.e., \$10,000 - \$8,000 = \$2,000 per month) can be deducted from the **RV**. Computation is as follows –

		\$
Income		600,000
RV	$\$600,000 \times 10\% - \$ (2,000 \times 12)$	<u>36,000</u>
Assessable Income		<u>636,000</u>

Ms Wong's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
☐ No ☐ → Go to Part 5 ☒ Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success Co Ltd.	Financial Controller	1.4.2022 - 31.3.2023	600,000
	Pension			

Grand total (Including the income items in boxes 30, 31 and 32 below) → \$ 600,000 29

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of **ALL** places of residence provided (must complete Section 5 of the Appendix) \$ 360,000 36

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Address		Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence
Flat 8, 8 Beautiful Road, Hong Kong		Flat	1.4.2022 - 31.3.2023	Success Co Ltd.
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rateable value, if elected (\$)
0	120,000	96,000	0	

Ms Wong's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → 1

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Flat 8, 8 Beautiful Road, HK	Flat	1/4/2022	31/3/2023	0	120,000	96,000	0

Example 8

Ms Ho was remunerated at salary of \$50,000 and accommodation benefit of \$10,000 per month. She occupied a flat for which she had paid \$8,000 per month. How should her Assessable Income be computed?

If Ms Ho's employer has implemented proper controlling procedures over how employees' housing benefits were actually utilized, the Assessor would accept that Ms Ho was provided with a place of residence by her employer. However, as Ms Ho only used \$8,000 on payment of rent, the remaining \$2,000 would be regarded as cash allowance. Her Assessable Income would be computed as follows –

		\$
Salary	\$(50,000 x 12)	600,000
Cash allowance	\$(2,000 x 12)	<u>24,000</u>
		624,000
RV	\$(624,000 x 10%)	<u>62,400</u>
Assessable Income		<u>686,400</u>

Ms Ho's Tax Return – Individuals (BIR60)

IF SPACE IS INSUFFICIENT, PROVIDE PARTICULARS ON A SEPARATE SHEET.

EXCLUDE CENTS WHEN STATING AMOUNTS.

PART 4 SALARIES TAX Did you have any income chargeable to Salaries Tax during the year? ('✓' in the appropriate boxes in this part)
 No ☐ → Go to Part 5 Yes ☒ → Complete this part as appropriate. Box 29 must be completed.

4.1 INCOME accrued to me during the year (report amount before deducting your mandatory contributions to recognized retirement schemes and exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Success Co Ltd.	Human Resources Controller	1.4.2022 - 31.3.2023	624,000
	Pension			

Grand total (Including the income items in boxes 30, 31 and 32 below) → \$ 29

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year

Total value of ALL places of residence provided (must complete Section 5 of the Appendix) \$ 36

Appendix to BIR60

Section 5 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year				
Address	Nature (e.g. house, flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence	
Flat 10, 8 Beautiful Road, Hong Kong	Flat	1.4.2022 - 31.3.2023	Success Co Ltd.	
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rateable value, if elected (\$)
0	96,000	96,000	0	

Ms Ho's Employer's Return of Remuneration and Pensions (IR56B)

12. Particulars of Place of Residence provided (See Note 12) (0=Not provided, 1=Provided) (This box must be completed) → **1**

Address	Nature (e.g. House, Flat, Serviced Apartment, No. of Rooms in Hotel, etc.)	Period Provided		Rent Paid to Landlord by Employer (HK\$)	Rent Paid to Landlord by Employee (HK\$)	Rent Refunded to Employee by Employer (HK\$)	Rent Paid to Employer by Employee (HK\$)
		From	To				
Flat 10, 8 Beautiful Road, HK	Flat	1/4/2022	31/3/2023	0	96,000	96,000	0

On the contrary, if the employer has not implemented proper controlling procedures over housing benefits, the Assessor will treat the full amount of \$10,000 as cash allowance. Ms Ho's assessable income would then be computed as follows –

		\$
Salary	\$(50,000 x 12)	600,000
Cash allowance	\$(10,000 x 12)	<u>120,000</u>
Assessable Income		<u>720,000</u>

Special Cases

In the following types of cases, the Assessor will examine the cases critically before accepting/rejecting the arrangement as a place of residence provided by the employer –

1. the employee lets his own property to himself or rents the property from some connected persons (such as spouse) and then claims rental reimbursements from his employer; or
2. the employee lets his own property or connected person's property to his employer and the employer provides that property to him for use as his place of residence.

The Assessor will request the employee and/or the employer to provide information and evidence to show that there exists a genuine landlord and tenant relationship between the contracting parties. The Assessor will take into account the following factors before making his decision:

- whether the rent is above the market rent;
- whether the normal letting formalities (such as stamping of tenancy agreement and periodic issue of rental receipts) have been executed; and
- whether the rights and obligations between ordinary landlord and tenant have been observed.

Retention of documents

When filing the Tax Return, there is no need to attach the tenancy agreement, rental receipts, or other documents evidencing payments of rent. Such documents, however, should be retained so that they can be produced to the Assessor for review upon request.

Further Information and Assistance

You may

- (a) visit our website at www.ird.gov.hk; or
- (b) telephone 187 8022.

[The contents of this leaflet are for guidance only.]

PAM 44 (e)
April 2023