

# Quick Guide to the 2023/24 Profits Tax Filing



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The Inland Revenue Department (“IRD”) issued bulk Profits Tax Returns for 2023/24 on 2 April 2024. Once issued with Profits Tax Returns, enterprises must prepare the necessary supporting documents for submission to the IRD along with the Returns within the specific time limit. Furthermore, enterprises should also pay attention to the enactment of the Foreign Source Income Exemption (“FSIE”) regime which came into effect on 1 January 2023.

In light of the above, we will provide a summary of the important due dates for the 2023/24 Profits Tax Returns, the new requirements in relation to the FSIE regime and the details of tax filing procedures under different filing modes in this article:

### Filing due date of the 2023/24 Profits Tax Return

In general, the Profits Tax Return is required to be filed within 1 month from the date of issue. For taxpayers who have engaged a tax representative, the filing due dates for the 2023/24 Profits Tax Return are extended under the Block Extension Scheme as follows:

Accounting Date	Extended Due Date
1 April 2023 to 30 November 2023 (“N” Code)	2 May 2024 (no extension)
1 December 2023 to 31 December 2023 (“D” Code)	15 August 2024
1 January 2024 to 31 March 2024 (“M” Code) – Profits cases	15 November 2024
1 January 2024 to 31 March 2024 (“M” Code) – Loss cases	31 January 2025

To encourage voluntary electronic filing, the IRD will provide an additional extension of one month to professionally represented taxpayers who file their 2023/24 Profits Tax Returns, including financial statements and tax computations, online. This extension can be obtained by submitting an application at least 7 working days before the original due date. The extension will be granted from the date immediately following the extended due date or the normal due date, whichever is later. It is important to note that the extended due date of 31 January 2025 for filing M-code cases with tax losses will not be further extended, even if electronic filing is used for such cases. This extension policy is similar to the one implemented in the previous year.

## New requirements in relation to the FSIE regime

Under the FSIE regime, certain specified foreign-sourced income (such as interest income, dividend income, disposal gains and intellectual property income arising in or derived from a jurisdiction outside Hong Kong) accrued to a member of a multinational enterprise group carrying on a trade, profession or business in Hong Kong will be considered as arising in or derived from Hong Kong and chargeable to profits tax when such income is received in Hong Kong. This applies even if such foreign-sourced incomes would have been qualified as offshore and non-taxable before the enactment of the FSIE regime. Taxpayers who have derived any of the above-mentioned specified foreign-sourced incomes during the year of assessment 2023/24 are required to complete a new Supplementary Form – IRI478 for the Profits Tax Return.

## Notification of chargeability to tax

Taxpayers who have derived profits chargeable to profits tax for any year of assessment (before the set-off of losses brought forward from previous years) but have not been issued with a Profits Tax Return are required to notify the IRD of their chargeability. The notification is required to be filed with the IRD in writing within four months after the end of the basis period for the year of assessment concerned. Failure to notify chargeability without reasonable excuses can result in a maximum fine of HK\$10,000 plus up to three times the amount of any tax undercharged.

## Tax filing procedures under different filing modes

Taxpayers could file their Profits Tax Return under three different filing modes (1) electronic, (2) semi-electronic and (3) paper. The modes of return filing and the corresponding data formats of Required Forms and supporting documents are set out in the table below:

Filing mode	Profits Tax Return	Required Supplementary Form	Supporting documents
Paper	Paper	XML	Paper
Electronic	Electronic	XML	iXBRL
Semi-electronic	Paper	XML	iXBRL

For the supplementary forms, it must be uploaded through the eTAX services provided by the IRD irrespective of the filing mode of Profits Tax Return. After completion of the supplementary forms, taxpayers must export the filled form to XML file and upload the XML file via the eTAX for submission.

In case the Profits Tax Return is submitted under paper filing mode, taxpayers need to print out a paper Control List (IRI477) containing details of the filled supplementary forms and then file the signed Control List together with the Profits Tax Return to the IRD. Please note that the paper Control List must be signed by the same person signing the Profits Tax Return.

For further enquiries, please feel free to contact your usual PKF tax executives or partners.

## Contact Us

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