

HONG KONG: ACCOUNTING, AUDIT & TAX FILING CHECKLIST

KEEP OPERATING RECORDS

Gather the company's operating records which includes bank statements, invoices, vouchers, invoices and receipts, etc. Ideally, these records should be collected throughout the year and kept in an orderly fashion so that management accounts can be prepared for audit purposes at the appropriate time.

DECIDE FINANCIAL YEAR END

The first account closing of a company can be within 18 months from the incorporation date. However, it is common in Hong Kong to close accounts in December or March. It is important to note that, once it has been selected, the year-end date will remain the same in subsequent years unless a specific change is requested.

PREPARE MANAGEMENT ACCOUNTS

Management accounts consist of a Profit & Loss Account, Balance Sheet and General Ledger, and anyone with accounting knowledge can prepare them. Said that it is always advisable to use a professional to avoid delays and mistakes. Accounting can be made on a monthly, quarterly or yearly basis. The more transactions, the more frequent a company can consider preparing its accounts.

AUDIT THE MANAGEMENT ACCOUNTS

Hong Kong companies are required to have an annual audit done by a licensed Certified Public Accountant [CPA]. A company's management accounts and operating records must be presented to their chosen CPA for examination to prepare the audit report and documents. Note that the audit may take as long as 8-10 weeks to complete. Once the audit report has been approved and signed by relevant parties, it is ready to be submitted to the Inland Revenue Department [IRD] together with the Profits Tax Return [PTR], if any.





FILL IN AND FILE THE PROFITS TAX RETURN (A.K.A THE PTR)

A company can expect its first PTR from IRD around 18 months after its incorporation date, and then yearly thereafter. If the company has opened an e-tax account directly with the IRD, online filing may be possible, but the majority of local CPAs will handle filing in paper form. For paper filing, the original PTR form issued by the IRD [i.e. not a copy!] must be filled in, signed, and submitted together with audited accounts.



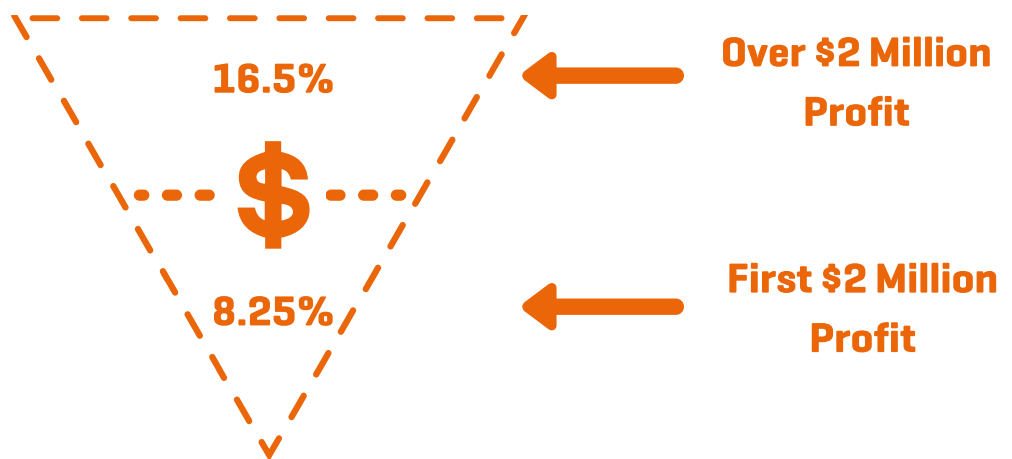
WAIT FOR IRD TO REVIEW AND CONDUCT TAX ASSESSMENT

Based on the completed audit and the filed PTR form submitted, the IRD will assess the amount of tax a company should pay, if any. If tax is payable, IRD will issue a tax assessment to the company, and there is no specific time frame for when it will arrive.

DID YOU KNOW?

HK HAS A TWO TIER TAX SYSTEM

Profits



Need Assistance?

iNCUBEE | LCCS can assist with accounting, audit & tax filing. With our professional expertise and experience, we can make the process as quick and easy as it can get, at an affordable price.

Feel free to contact [iNCUBEE | LCCS](#) and/or continue browsing our [blog](#) where you will find information about HK companies, regulations and practices, and our services and fees. You can reach us through email (info@lccs.com.hk), phone [+852 3100 0518], or through our website-chat, Monday – Friday; 9am – 7pm HK time.