



Topic: Ten puzzles of practitioners

Date : 22 March 2022

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Speakers: Mr Vincent Woo
Mr Clement Siu



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- ▶ Clement has over 20 years experiences in accounting and auditing industry acted as a Chief Accountant; Account & Admin Manager in Hong Kong main board listed company and Multi- National Corporations. His current practice specializes in auditing as a Certified Public Accountant (Practicing) and Arbitrator in domestic and cross-border arbitration, with a particular focus on shareholders disputes, as well as aspects of corporate tax planning.



Clement Siu

Partner of Global Vision CPA Limited

HKICPA, CPA(practicing), FCPAA, CPFA, FCI Arb, ATIHK, LLM,
M. of Acct.

- ▶ Vincent serviced in the accounting and financial advisory community for more 15 years, with the usual participation in listed company projects including IPO services, corporate financing, mergers and acquisitions, audits, due diligence and so on. Mr. Woo is familiar with the operational processes of difference projects, the Hong Kong and International Financial Reporting standards and the Listing Rules.
- ▶ Vincent has served in a wide range of industries, including property development, catering, leasing, telecommunications, intermediary betting, manufacturing and trade. There is a considerable degree of understanding of the accounting standards required by different industries.



Vincent Woo

Managing partner of Global Vision CPA Limited

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Ten puzzles of practitioners



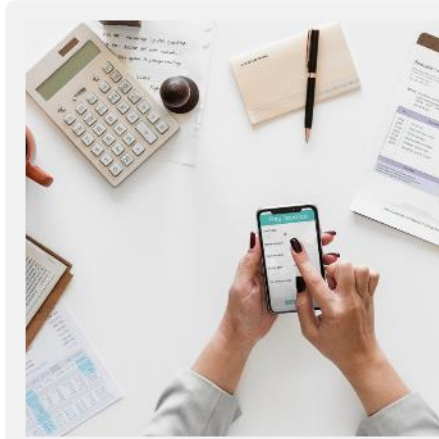
Directors quorum

Valid tax objection



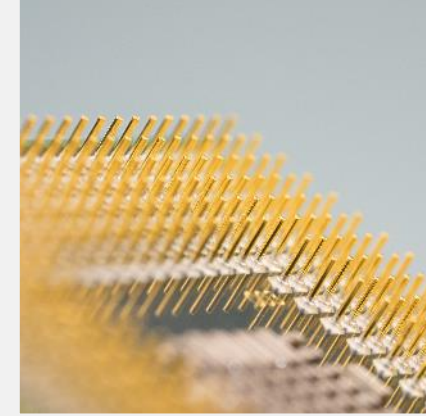
Entertainment

E record keeping



E signing

Dispute



Professional negligence

GM / AGM



WFH expenses

18 months audit



- ▶ 1. Which and how many director(s) shall sign on the audit report?
- ▶ 2. Electronic / digital signing of audit report
- ▶ 3. One audit report covering more than 18 months (tax computation issue)
- ▶ 4. Hybrid AGM (physical and Zoom)
- ▶ 5. shareholders dispute deadlock (meeting quorum)
- ▶ 6. Professional negligence
- ▶ 7. Accounting record keeping by soft copy
- ▶ 8. Director rent an apartment oversea by his own name, can book into company account as expense
- ▶ 9. Entertainment expense cannot exceed 3% of sales turnover?
- ▶ 10. A Valid objection to estimated tax assessment



1. Which and how many director(s) shall sign on the audit report?

s.387(1)(a)(b), Companies Ordinance

A statement of financial position must be approved by the directors; and must be signed—by 2 directors on the directors' behalf

HKSA 700 (Revised) December 2021, Section A69, Footnote 37a

In Hong Kong, the auditor would not date the auditor's report earlier than the date on which the financial statements are approved by the directors. In practice, the date of the auditor's report may be earlier than the date of physical signature of the auditor's report.





1. Which and how many director(s) shall sign on the audit report?

s.461.(1)(c), CO Validity of acts of director

The acts of a person acting as a director are invalid, if that person had ceased to hold office as a director

Companies Registry, Sample AA (A)

Article 6. A decision of the directors may only be taken by a majority of the directors at a meeting

Article 7. A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.



2. Electronic / digital signing of audit report

Electronic signature (電子簽署) means any letters, characters, numbers or other symbols in digital form attached to or logically associated with an electronic record, and executed or adopted for the purpose of authenticating or approving the electronic record

Digital signature (數碼簽署) in relation to an electronic record, means an electronic signature of the signer generated by the transformation of the electronic record using an asymmetric cryptosystem and a hash function such that a person having the initial untransformed electronic record and the signer's public key can determine a) whether the transformation was generated using the private key that corresponds to the signer's public key and b) whether the initial electronic record has been altered since the transformation was generated





2. Electronic / digital signing of audit report

Listed in Schedule 1 of Electronic Transactions Ordinance, not applicable

Such as: Will, Trust, Power of attorney.....etc

s.6(c), ETO an electronic signature of a person satisfies the requirement of “rule of law requires the signature of a person” in writing, provided that **neither signer nor recipient is not government entity.**

The signer uses a method to attach the electronic signature to or logically associate the electronic signature with an electronic record for the purpose of identifying himself and indicating his authentication or approval of the information contained in the document in the form of the electronic record.



2. Electronic / digital signing of audit report

Having regard to all the relevant circumstances, the method used is reliable, and is appropriate, for the purpose for which the information contained in the document is communicated;

and

The recipient consents to the use of the method by the signer.

Do you think bankers, IRD will accept e-signed audit report ?





3. One audit report covering more than 18 months

s.369(6), CO Primary accounting reference date

The primary accounting reference date must fall within 18 months after the date of the company's incorporation.

s.371(5), CO Alteration of accounting reference date

The directors of a company must not specify a new accounting reference date in relation to an accounting reference period so as to extend the period to longer than 18 months.



3. One audit report covering more than 18 months

HKAS1.36 Frequency of reporting

An entity shall present a complete set of financial statements (including comparative information) at least annually.

When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:

- (a) the reason for using a longer or shorter period, and
- (b) the fact that amounts presented in the financial statements are not entirely comparable.



3. One audit report covering more than 18 months

HKAS1.38

Except when HKFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

SME-FRF & SME-FRS (Revised December 2021), 1.11

Unless the law requires otherwise or the SME-FRS permits or requires otherwise, comparative information with respect to the previous period should be disclosed for all numerical information in the financial statements. Comparative information should be included in narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.



3. One audit report covering more than 18 months

SME-FRF & SME-FRS (Revised December 2021), 1.13

Financial statements should be presented at least annually. When, in exceptional circumstances 5, an entity's accounting reference date changes and annual financial statements are presented for a period longer or shorter than one year, an entity should disclose, in addition to the period covered by the financial statements:

- (a) the reason why a period other than one year is being used; and
- (b) the fact that comparative amounts for the income statement and related notes are not comparable.



3. One audit report covering more than 18 months

HKSA710 December 2021, 6(c)

Comparative financial statements –Comparative information where amounts and other disclosures for the prior period are included for comparison with the financial statements of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in those comparative financial statements is comparable with that of the financial statements of the current period.

HKSA710 December 2021,15,

When comparative financial statements are presented, the auditor's opinion shall refer to each period for which financial statements are presented and on which an audit opinion is expressed.



3. One audit report covering more than 18 months

HKSA710 December 2021,A9

Because the auditor's report on comparative financial statements applies to the financial statements for each of the periods presented, the auditor may express a qualified opinion or an adverse opinion, disclaim an opinion, or include an Emphasis of Matter paragraph with respect to one or more periods, while expressing a different auditor's opinion on the financial statements of the other period.



3. One audit report covering more than 18 months

HKSA710.19 Prior Period Financial Statements Not Audited

If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph that the comparative financial statements are unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.



3. One audit report covering more than 18 months

Other considerations by auditor

Engagement procedure, fetter to the auditor ?

A scope limitation is a restriction on an audit that is caused by the client, issues beyond the control of the client, or other events that do not allow the auditor to complete all aspects of his or her audit procedures.

Examples of events causing a scope limitation are the disappearance of relevant evidentiary matter and the client's restriction on contact with customers to confirm the existence of accounts receivable.



3. One audit report covering more than 18 months

Possible audit opinion

First set audit report covering more than 18 months

Modified opinion for contravention of s.369(6)

Subsequent year audit report (12 months), Companies Ordinance issue being solved. Audit opinion shall be modified due to non-compliance to HKAS / SMEFRS

Third year audit report (12 months), “may be” an unmodified / clean report

It subject to the professional judgement of auditor



3. One audit report covering more than 18 months

Tax computation issue

Can we just prepare one tax computation report to cover two financial years or more ?

Tax rate in different financial year

Tax concession amount in in different financial year

Current year loss can offset future profit, however current profit cannot offset future loss.



4. Hybrid GM/AGM (physical and Zoom)

Holding an GM / AGM for private company by Zoom during the pandemic of COVID-19

Virtual GM / AGM

Stipulated by Companies Ordinance, all limited companies are required to hold an Annual General Meeting (“AGM”) within 9 months after financial year ended date for private companies and 6 months for public companies.

During the pandemic of COVID-19, holding a physical AGM is challenging. Such meeting may violate the law Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G of the Laws of Hong Kong) (the “Prevention Regulation”)



4. Hybrid GM/AGM (physical and Zoom)

Virtual GM / AGM (continued)

From 10 March to 23 March 2022, (599G) physical AGMs and GMs are not permitted. However, virtual meetings held online in accordance with the respective company's Articles of Association among general management of the company, company secretary, shareholders and auditors are allowed.





4. Hybrid GM/AGM (physical and Zoom)

Physical meeting

To mitigate the risk of pandemic of COVID-19, a physically AGM is discouraged. In case a physical AGM is not avoidable, in light of paragraph 11 of Schedule 1 of the Prevention Regulation, if there are more than 20 persons attending the AGM, companies must ensure that there are measures in place to separate the shareholders in different rooms or partitioned areas and each accommodating not more than 20 persons.



4. Hybrid GM/AGM (physical and Zoom)

Virtual meeting

According to section 584(1) of the Companies Ordinance, A company may hold a general meeting at two or more places using any technology that enables the shareholders of the company who are not together at the same place to listen, speak and vote at the meeting. Provided that all attended shareholders are able to listen, speak and vote.



4. Hybrid GM/AGM (physical and Zoom)

Hybrid meeting

In case there are two or more places being used as AGM venue, the principal place of the AGM and the other places of the meeting must be specified in the notice of the meeting. The shareholders must be able to cast their vote even in different places. Simply as showing of hands via video conferencing or an oral response via WhatsApp / WeChat / Zoom conference will be sufficient to court as a vote.





4. Hybrid GM/AGM (physical and Zoom)

Written resolution

Instead of holding a physical or virtual GM / AGM, a written resolution can be a good alternative. Companies Ordinance allow company circulating written resolutions for the shareholders. A resolution is passed when all shareholders who eligible to vote have signed to it. Such alternative is not recommended to a company it has too many shareholders. Such arrangement increases the risk of dispute on administrative procedure, specially some dissenting views may arise during a physical meet.

One more important consideration before deciding to adopt written resolution. Removal of auditor or director before the end of their term of office is not allowed by written resolution.



4. Hybrid GM/AGM (physical and Zoom)

Other considerations

Company's Article of Association ("AA")

For some reason, a company may have their tailor-made Article of Association which stipulates that a physical AGM is a must. In such circumstance, virtual AGM is not feasible.

Take the most popular standard AA which designed by Companies Registry. An AGM is permitted to hold in 2 or more places.



4. Hybrid GM/AGM (physical and Zoom)

Shareholder agreement

A separate contract between members in a private company to govern how they will exercise their rights in the company. Which is enforceable between the members who are parties to such an agreement. Such agreement is a supplement the company's articles, but not form part of the company's constitution. A shareholder agreement may impose more stringent articles than Companies Ordinance or the companies AA stated. Under the circumstance, there is an article in the shareholders agreement prohibiting a virtual GM / AGM, and such agreement is signed by all shareholders, such agreement binding to all shareholders



5. shareholders dispute deadlock (meeting quorum)

Notice period and meeting quorum for directors meeting

Model AA (A), Article 8

Any director / instruct the Company Secretary, may call directors' meeting

Notice must indicate date, time, place; must give to each director

Article 9

It's irrelevant where a director is and how they communicate with each other; participating not in the same place, they may regard the meeting as taking place wherever any one of them is.



5. shareholders dispute deadlock (meeting quorum)

Article 10

Quorum for directors' meeting may be fixed from time to time by decision of the directors.

Unless otherwise fixed it is 2

Model AA (C), Article 8

The directors may make any rule that they think fit about, how they take decision; how communicate to directors.



5. shareholders dispute deadlock (meeting quorum)

Model AA (C), Article 12

Voting in directors meeting

By majority of votes of the participating directors.

In case of equal votes, the chairperson has a second or casting vote.



5. shareholders dispute deadlock (meeting quorum)

What is sufficient notice?

Broadview Commodities Pte Ltd v Broadview Finance Ltd (1983)

Regard to all relevant circumstances, whether notice has been given sufficiently early to enable a director to attend.

Toggenburger v Beauforte Investors Corp Ltd (2007)

The directors received 4 hours' notice of a board meeting by email. Two directors were abroad at the time, the date and the fact that the proposed business of the meeting was not urgent. It's concluded that meeting shall have been postponed.



5. shareholders dispute deadlock (meeting quorum)

Due notice of a directors' meeting is not given to one of the directors, resolutions passed at the meeting being valid ?

Yip Peter v Asian Electronics Ltd (1998)

If there is no evidence that the decision of the meeting would have been different if the correct procedure had been observed, the lawfulness of a decision taken by a meeting of a board of directors cannot be questioned if the only fact alleged to make it unlawful is a mere informality or irregularity



5. shareholders dispute deadlock (meeting quorum)

Unclear intention of meeting can render the meeting invalid ?

Kwok Shum On v Wong Sai Wing (2001)

Court held that inadequate notice of the matters to be discussed did not render the resolution invalid. Because directors are meant to deal with all of the company's business whenever arising.



5. shareholders dispute deadlock (meeting quorum)

Shareholders' meeting (GM, AGM)

s.565, CO

Directors may call a GM

s.566. CO

5% voting rights may ask the directors call GM

s.569, CO

Does not have any director or does not have sufficient directors

Any director, or 2 more more members (at least representing 10% voting right) may call GM



5. shareholders dispute deadlock (meeting quorum)

Notice period

AGM 21 days

GM 14 days

s.585(3), CO Quorum at meeting

2 members presents in person or by proxy



5. shareholders dispute deadlock (meeting quorum)

Sample AA (A), Article 36

If a quorum is not present within half an hour

- a) if called on the request of members, be dissolved
- b) in any other case, be adjourned to same day in the next week, same time, same place or directors determine.

If the adjourned meeting, a quorum is not present, the member or members present in person or by proxy constitute a quorum.



6. Professional negligence

Who is professional person ?

Lawyer; CPA, CTA, Chartered Secretary ?

Meaning of negligence This is the Breach of a legal duty of care which results in foreseeable damage or harm to a foreseeable person.

Donoghue v Stevenson [1932] AC 562

Actionable Harm in Negligence----Economic loss

A representation professional is mere causal talk ?

A statement by a professional person, such as solicitor, will tend to be regarded as impliedly based on reasonable factual support, the implication is that the lawyer is aware of the background and has read the relevant documents

Brown v Raphael [1958]



6. Professional negligence

The Requirements for Negligence Liability, all the following elements must be present for liability to arise:

1. Duty of care (in law and fact) ----auditor has a contractual relationship to the company

Determining the existence of a duty of care

Caparo v Dickman (1990) AC 605, HL

foreseeability and proximity, it should be fair, just and reasonable to impose a duty of care on the defendant



6. Professional negligence

2. Breach of duty

Professional's act in a manner below the expected standard of care. The appropriate standard of care for professionals would be expected of the ordinary and reasonable practitioners in the given field

Bolam test (Bolam v Friern Hospital Management Committee [1957])

3. Factual Causation

Was the loss suffered by the company caused by the auditor's breach of duty ?

But for test / material contribution



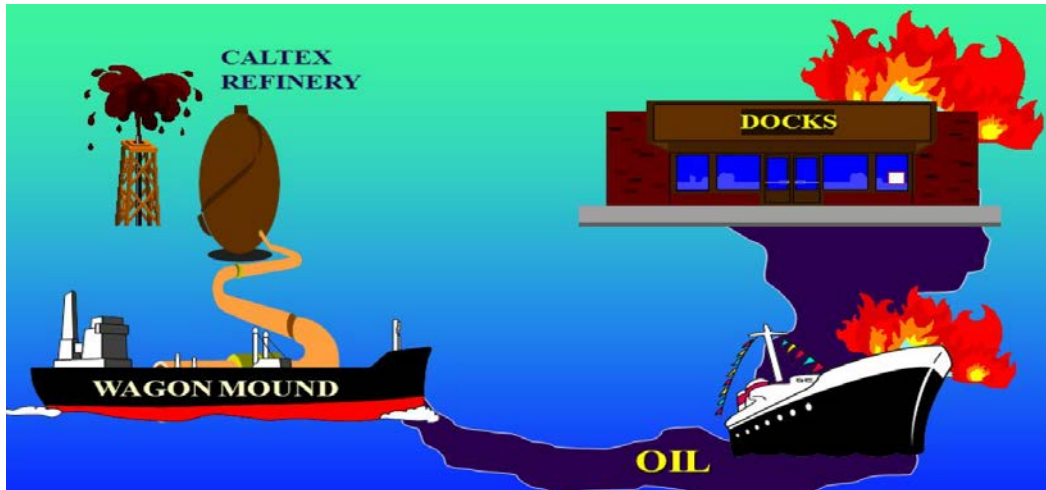
6. Professional negligence

4. Remoteness of damage

Wagon Mound principle

(Overseas Tankship (UK) Ltd v Morts Dock and Engineering Co Ltd is a landmark tort law case, which imposed a remoteness rule for causation in negligence. The Privy Council held that a party can be held liable only for loss that was reasonably foreseeable)

The kind of damage must be foreseeable





6. Professional negligence

Auditor's duty

1. the audited company
2. shareholders of the company as a whole

Auditor does not own duty to

1. Individual shareholder
2. Potential investors
3. Director
4. Employee
5. Lender
6. Creditor



6. Professional negligence

Common allegations against the auditor by liquidator

1. Fail to identify red flags
2. Confirmations not returned, fail to take alternative procedure in audit evidence
3. Fail to identify Related Parties Transaction
4. Improperly rely on expert's report
5. Fictitious transaction / fraud
6. Dividend wrongfully paid out

Does auditor be responsible for the net deficiency of assets or trading losses?



6. Professional negligence

Auditor for “special audit project”

ADT v Binder Hamlyn

Client expressly inform the auditor the purpose such specified report

He will rely on the report for an acquisition decision

Client may claim damage of “difference between acquisition price and the true value of the target company”



6. Professional negligence

Auditor for Statutory Audit ”

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



6. Professional negligence

AssetCo[2020] UK court of Appeal

Prepare financial statements dishonestly

Auditor issue unmodified report

AssetCo entered into Scheme of Arrangement

Auditor admitted negligence

Grant Thornton UK LLP was ordered to pay damages totalling £23.36 million

Court ruled in this case

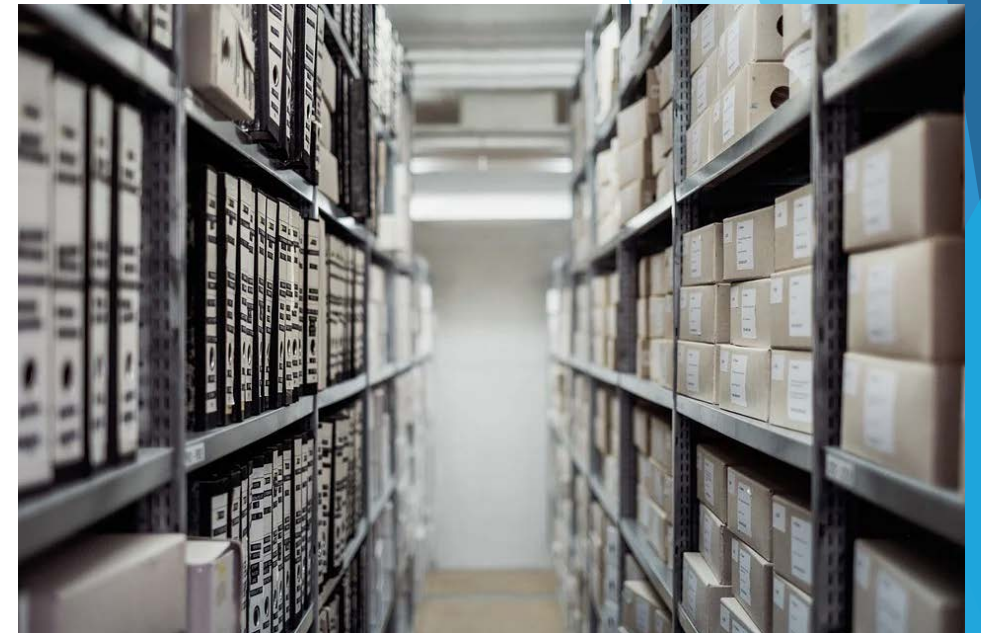
1. Auditor duty---- provide reliable information to enable the company to make decisions
2. Auditor fail to detect fraudulent behaviour
3. company suffer from continued trading to loss business



7. Accounting record keeping by soft copy

s.377(2), CO must preserve the records, or the accounts and returns, for 7 years after the end of the financial year

“ liable to a fine of \$300,000 and to imprisonment for 12 months”





7. Accounting record keeping by soft copy

s.376(2)(a)(b), CO accounting records can be kept in hard copy or electronic form that arranged in the manner that the directors think fit.

s.376(3), CO

If a company's accounting records are kept in electronic form, the company must ensure that those records are capable of being reproduced in hard copy form.

(→ details in scan copies must be clear, → properly back up)



7. Accounting record keeping by soft copy

Section 51C of the Inland Revenue Ordinance

requires every person carrying on a trade, profession or business in Hong Kong to keep sufficient records in the English or Chinese language of his income and expenditure to enable the assessable profits to be readily ascertained. Such records shall be retained for a period of not less than 7 years.

A Guide to Keeping Business Records issued by IRD

Paper based method. Make sure you keep all your records in a legible and well organised manner

(taxi fair, entertainment bills...etc)

Computer method



ADMISSIBILITY OF
BUSINESS RECORDS KEPT IN ELECTRONIC
FORM FOR TAX PURPOSES



7. Accounting record keeping by soft copy

Information can be produced by the computer, provided it has been recorded correctly in the first instance. IRD may audit your records by using computer-stored information.

Admissibility of Business Records Kept In Electronic Form For Tax Purposes

Information Leaflet issued by IRD.





7. Accounting record keeping by soft copy

Paragraph 3. keeping business records by using a computer is acceptable. However, the original source documents such as cheque butts, invoices, bank deposit slips and bank statements must still be kept to substantiate the income and expenditure of a taxpayer.

Paragraph 4. keeping images of the original documents in CD-Roms are acceptable as an alternative to the keeping of the original documents themselves.

Paragraph 7. Where the source document is in the electronic form when it is created, it is already an electronic record. It needs not be transformed into paper form for scanning into a CD-Rom



7. Accounting record keeping by soft copy

s.8 Electronic Transactions Ordinance

the requirement is satisfied by retaining electronic records, if-

- (a) the information contained in the electronic record remains accessible so as to be usable for subsequent reference;
- (b) the relevant electronic record is retained in the format in which it was originally generated, sent or received, or in a format which can be demonstrated to present accurately the information originally generated, sent or received; and
- (c) the information which enables the identification of the original destination of the electronic record and the date and time when it was sent or received, is retained.



8. Director rent an apartment overseas by his own name, can book into company account as expense

Basic rule S16 of IRO: outgoings and expenses of a company, which they have been incurred by the taxpayer in the **production of chargeable profits**, are tax deductible.

In most cases, these expenses tend to be incurred by the director in the first place and later reimbursed by the company. If the expenses were incurred wholly, exclusively for the production of chargeable profits, there will be no problem.

The company can simply claim the cost of the reimbursed expenses for Corporation Tax purposes.

Problems arise, however, where the expenses are reimbursed but do not meet the 'wholly, exclusively. These reimbursements now become either a benefit-in-kind or possibly even additional remuneration.



8. Director rent an apartment oversea by his own name, can book into company account as expense

Tenancy agreement signed by director in person name

Legal prospect

Who is the legal party ? company / director himself ?

Did director expressly told the landlord, who is acting as an agent for the company ?

IRD point of view

Substance over form

Example. An oversea residential apartment is rent by the company as branch office.

Is it fully deductible ?

During pandemic of COVID-19, you are work from home. Would you claim some of the domestic expense as your company deductible expense ?



8. Director rent an apartment oversea by his own name, can book into company account as expense

Rent and Rates

Please note that under Sections 16(1) and 18F of the Inland Revenue Ordinance (“IRO”), outgoings and expenses shall be deducted to the extent to which they are incurred in the production of profits and the amount of assessable profits shall be decreased by the allowance to the extent to which the relevant assets are used in the production of the assessable profits. Full records and documentary evidence should be adduced to substantiate such claim and detailed explanations on the circumstances under which the expenses were incurred have to be supplied.

In the present case, it was noted that the Company, without any employees, rented a premises at London and claimed deduction for rental expense during the captioned year of assessment.

Having examined your reply, I am of the view that the premises might not be wholly used in the production of assessable profits and thus, the relevant rental expense could not be fully allowed for deductions.

In this regard, it is proposed to disallow 2/3 of the rental expense for the captioned year of assessment. If you agree, please submit revised profits tax computation to the Department to reflect the above adjustment.



9. Entertainment expense cannot exceed 3% of sales turnover ?

No specific fixed ratio!

Basic rule S16 of IRO: outgoings and expenses of a company, which they have been incurred by the taxpayer in the **production of chargeable profits**, are tax deductible.

Section 17(1) restricts the deduction of 'domestic or private expenses For the purpose of ascertaining profits in respect of which a person is chargeable to tax under this Part no deduction shall be allowed in respect of domestic or private expenses.



9. Entertainment expense cannot exceed 3% of sales turnover ?

DIPN 9 – para 15 Entertainment expenses

The claimant is expected to be able to show that any expenditure claimed was **necessarily** incurred and that it would not have been possible to have produced the income from the employment without incurring such expenditure.

Mere social entertaining would be debarred as not being “**wholly and exclusively incurred**”. Any entertaining must be shown to have been **necessarily** incurred directly as part of business negotiations and records kept should not only give details of the cost and the names of the persons entertained but the **nature of the business** in question.

It goes without saying that the excess of any round sum entertainment allowance over admissible entertainment expenses incurred is assessable as income from an office or employment.



9. Entertainment expense cannot exceed 3% of sales turnover ?

Private or domestic?

- (1) 應酬費 \$201,199 81245
- 就每項開支，提供明細表，列明：
- (a) 有關應酬的性質；
 - (b) 日期、地點及款額，並提供收據副本；
 - (c) 所應酬的人士的姓名和地址及與保險代理人的關係（如有的話）；
 - (d) 在有關場合討論／磋商的實際業務交易及所得結果。

- (2) 禮物 \$439,277.5 178977.9
- 就每次購物，提交詳盡明細表，列明：
- (a) 購物日期；
 - (b) 所購物品；
 - (c) 所付款額，並提交收據副本；
 - (d) 受禮人的姓名，地址及聯絡電話；
 - (e) 受禮人與保險代理人的關係；
 - (f) 如受禮人是客戶，註明經保險代理人購買的保單的號碼、該項保險的性質、投保金額和每年應付保險費；
 - (g) 截至會計日期終結前止，所有庫存禮物及紀念品的清單。



北區云業
92500112MA5U0G-H2P
發票專用章



9. Entertainment expense cannot exceed 3% of sales turnover ?

Expenses that were not incurred in the production of profits?

e.g.

Jockey to claim sauna, gym, personal trainer fee

→ Partial claim of 20%

Key point:

Reasonableness!!!



10. A Valid objection to estimated tax (“EA”) assessment

What is EA?

For an estimated assessment, made in the absence of a tax return, you are also reminded to file a timely objection against the assessment and submit a tax return.

利得稅 PROFITS TAX		COPY FOR TAX REPRESENTATIVE	
2020/21年度估計評稅及2021/22年度暫繳稅繳納通知書			
Estimated Assessment Demanding Final Tax for 2020/21 and Notice for Payment of Provisional Tax for 2021/22			
因你仍未提交報稅表，本局現對你作出估計評稅。倘若你反對此項估計評稅，請參閱下列「你的權利」。你的反對通知書必須連同填妥的報稅表一併交回本局。即使你不對此估計評稅提出反對，亦必須盡快把報稅表填妥並交回本局。			
2020/21年度應繳稅款（見背頁的計算表）		\$	
減：2020/21年度暫繳稅實額			29,600
			27,225
應繳稅餘額			2,375
加：2021/22年度暫繳稅			39,600
應繳稅總額			41,975
應繳稅總額應於2021年11月1日或之前繳付。			
本局亦可接受以下列辦法分兩期繳稅：			
第一期稅款於2021年11月1日或之前繳付			32,075
第二期稅款於2022年1月3日或之前繳付			9,900
			41,975

請使用附上的繳款單付款。

你的權利：

- 對這評稅提出反對 — 你必須於本評稅通知書發出日期後 1 個月內（以本局收信日為準）以書面形式向本局提出反對、詳細列明反對理由。除非本局批准你可暫緩繳付有關稅款，否則，即使你已提出反對，也必須於繳稅限期前繳付稅款。
- 申請暫緩繳付暫繳稅 — 倘若你想申請，你必須於 2021 年 10 月 04 日或之前以書面形式向本局提出。詳情請參閱背頁。

附註：

- 倘若你未能在指定日期或之前全數繳清第一期稅款，所有未付的應繳稅總額（包括第二期稅款）會立即被視為欠款。若第一期稅款如期清繳，但第二期稅款逾期未繳，剩餘未付的應繳稅款亦將被視為欠款。在上述情況下，本局初步會加徵不超過欠款 5% 的附加費。若在該日的六個月後稅款或初期附加費仍未全數繳清，本局會再加徵不超過總欠款數額 10% 的附加費。
- 請參閱背頁的評稅主任附註。



10. A Valid objection to estimated tax (“EA”) assessment

Could payment of EA reducing your tax liabilities?

No!

How to object?

- i. Within one month
- ii. by black and white
- iii. completed tax return
- iv. with audited account

Any other consequence?



10. A Valid objection to estimated tax (“EA”) assessment

先生 / 女士

Dear Sir / Madam,

利得稅

Profits Tax

根據《稅務條例》第82A(4)條發出的擬評定補加稅的通知書

Notice of intention to assess additional tax given under section 82A(4) of the Inland Revenue Ordinance

本局資料顯示你未在指定限期前遞交2017/18課稅年度報稅表。你亦未有在2015/16課稅年度的評稅基期結束後4個月內，以書面通知本局你須就下列課稅年度課稅。若本局未曾發現此違規行為，會導致少徵收以下稅款：

According to our information, you have failed to file your tax return for the year of assessment 2017/18 by the due date. Moreover, you have also failed to inform me in writing that you are chargeable to tax within 4 months after the end of the basis period for the year of assessment 2015/16. If the Department had not detected the failures, tax would have been undercharged. The details are as follows:

課稅年度 Year of Assessment	涉及的利潤 Profits involved	稅款 Amount of tax
	\$	\$
2015/16	2,205,790	343,955
2017/18	19,735,247	<u>2,054,207</u>
	總數Total	<u>2,398,162</u>

若你對上述違規行為未能作出合理的解釋，本人可按稅例向你徵收罰款（即「補加稅」），最高罰款額為上述稅款的三倍。

The law allows me to impose a penalty (known as “additional tax”), if you do not have a reasonable excuse for the failures. This penalty may be up to 3 times the amount of tax that would have been undercharged.

你有權向本人提交書面申述，列明你的解釋。該書面解釋須於本通知書發出日期的一個月內送抵本局。本人會考慮你的解釋（如有的話）以決定是否徵收罰款及其金額。

You have the right to submit written representations to me, stating your reasons. I must receive them **within one month** from the date of this notice. I will take your reasons, if any, into account when deciding whether to impose the penalty, and if so, the amount.

你可透過表格傳真服務（2598 6001）取得有關罰款政策的資料。你亦可從本局網頁<www.ird.gov.hk>下載。請在選擇語言後，在「政策」目錄下揀選「罰款政策」。

You can obtain a copy of our Penalty Policy Statement through the Fax-A-Form Service (2598 6001). You can also download the statement from the Department's web site <www.ird.gov.hk>. After selecting your preferred language, please click on “Penalty Policy” under the “Policies” menu.

稅務局局長 譚大鵬

TAM TAI-PANG
Commissioner of Inland Revenue



10. A Valid objection to estimated tax (“EA”) assessment

Good result

先生／女士：

Dear Sir / Madam,

利得稅
2015/16 課稅年度

PROFITS TAX
Year of Assessment 2015/16

本人曾根據《稅務條例》第 82A(4) 條，就上述課稅年度的利得稅報稅表向你發出通知書，並已考慮你就該通知書作出的申述。

I have considered your representations in response to my notice to you under section 82A(4) of the Inland Revenue Ordinance in respect of the Profits Tax Return for the year of assessment mentioned above.

經研究有關情況後，本人決定這次不向你採取行動，但日後再有類似的違規情形，則本人將不會如此從寬辦理。

In view of the circumstances, I have decided that no action will be taken against you on this occasion. However you are advised that any further failures of this nature will not be treated so leniently.

Yours faithfully,

TAM TAI-PANG

稅務局局長譚大鵬

Commissioner of Inland Revenue



10. A Valid objection to estimated tax (“EA”) assessment

Sad

先生／女士：

評定及繳納補加稅通知書
《稅務條例》第82A條

有關 2017/18 課稅年度的利得稅

就本局於 2021 年 2 月 8 日根據《稅務條例》(第112章)第82A(4)條所發出的通知書一事，本人經考慮你或由代表所提出的申述後，現根據《稅務條例》第82A條評定你應付的補加稅為 100,000 元作為罰款，你必須於 2021 年 10 月 29 日或該日前將此款項清繳。

請注意：按照《稅務條例》第82B條的規定，倘若你打算對此項評定提出上訴，則必須於本評稅通知書發給你後1個月內以書面通知稅務上訴委員會書記(請參閱背頁的聯絡資料)；該上訴通知書必須附有以下資料，否則不獲受理－

- (a) 此評稅通知書的副本一份；
- (b) 對此項評稅提出上訴的理由的陳述；
- (c) 如曾接獲根據《稅務條例》第82A(4)條發出的擬評定補加稅通知書，請提交該通知書的副本一份；
- (d) 根據第82A(4)條作出的任何書面申述的副本一份。

同時，你必須將上訴通知書及上訴理由陳述書副本各一份送達局長。

如上訴委員會信納你有合理的理由(包括患病、不在香港)使你未能在指定日期前提出上訴，上訴委員會可考慮延長提出上訴通知的期限。

即使已提出上訴，應繳的稅款仍必須於上述指定日期或之前清繳。

如有欠繳稅款，稅務局局長初步可加徵不超過欠稅款額 5% 的附加費，並連同欠稅一併追討。如在指定繳款日期過後 6 個月仍未清繳，則欠款額(連同 5% 的附加費)須再加徵不超過 10% 的附加費。(請參閱背頁「追收欠繳稅款」)

稅務局局長 譚大鵬




Global Vision CPA Limited

Thank You

 Vincent Woo / Clement Siu

 3707 3150

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