

Form IR56B

2. General Matters

- (a) Forms IR56B should be submitted in **alphabetical order of surnames and then other names**.
- (b) **Each Form IR56B should be marked in numerical order** starting from "1". **ONE** numbering sequence should be used.
- (c) **Fill in the H.K. Identity Card No. of the employee at item 3(a).** In the absence of H.K. Identity Card, provide his / her passport number and country of issue at item 3(b). **Inform the Department in writing once the employee's H.K. Identity Card No. is known.**
- (d) Provide a copy of the completed Form IR56B to each person in Note 1(a) above. Copies of the completed Forms IR56B should be retained for your own reference.

3. Income to be reported

- (a) Salaries Tax is charged on employment income arising in or derived from Hong Kong which includes income derived from services rendered in Hong Kong and remuneration paid to an employee under certain service company arrangements.
- (b) Complete item 13 for those employees assigned or seconded to you and **include the whole of income paid by the overseas company** in item 11.
- (c) The **gross income** before any deductions rather than the net sum should be reported. For example, recoupment from employees in respect of expenses paid by you on their behalf; portions of income considered attributable to services rendered outside Hong Kong, etc. should be included in the gross income.
- (d) **Contributions to Recognized Retirement Schemes by employer and employee**
Report the **GROSS income** before deduction of contributions to recognized retirement schemes by employee at item 11(a). Mandatory and voluntary contributions made by employer should **NOT** be reported. For example :-
 - (i) Monthly salary of employee = \$20,000
 - (ii) Employer's and employee's respective monthly contribution to a recognized retirement scheme = $\$20,000 \times 5\% = \$1,000$
 - (iii) The net monthly sum received by employee = $\$20,000 - \$1,000 = \$19,000$
 - (iv) The amount to be reported at item 11(a) = $\$20,000 \times 12 \text{ months} = \$240,000$
 - (v) Employer's contributions of \$12,000 (i.e. $\$1,000 \times 12 \text{ months}$) should **NOT** be reported at item 11.
- (e) Income received by owners and / or their spouses from their unincorporated businesses (such as sole proprietorship or partnership businesses) is not chargeable to Salaries Tax and thus should **NOT** be reported on the Form IR56B.

4. Item 11(d) Commission / Fees

The commission and fees to be reported are the amounts that the employee or former employee became entitled to claim during the year from 1 April 2012 to 31 March 2013.

5. Item 11(e) Bonus

If the employee is entitled to claim payment of a bonus in respect of the year from 1 April 2012 to 31 March 2013 under the terms of employment, the amount of bonus must be reported irrespective of when it was paid. In all other circumstances the amount of bonus actually paid to the employee during the year from 1 April 2012 to 31 March 2013 must be reported.

6. Item 11(f) Back Pay, Payment in Lieu of Notice, Terminal Awards or Gratuities

- (a) The amount to be reported here refers to the following sums accrued or paid during the period from 1 April 2012 to 31 March 2013 :-
 - (i) a lump sum payment or gratuity paid upon retirement or termination of any office or employment or any contract of employment;
 - (ii) payment in lieu of notice, whether paid under the term of an employment contract or the Employment Ordinance; and
 - (iii) deferred pay or arrears of pay resulting from a salaries or wages award.
- (b) However, severance payment or long service payment made in accordance with the Employment Ordinance should not be included. For example :-
 - (i) An employee working for 8 years with monthly salary of \$12,000 terminated the employment
 - (ii) Retirement scheme benefits (that part attributable to employer's contributions) or contract gratuity = \$50,000
 - (iii) Amount of severance payment actually made by employer = \$96,000
 - (iv) **The excess amount made to be reported at item 11(f)**
= $\$82,000$ (i.e. $\$96,000 - \$14,000^*$)
*Amount of severance payment required to be made under the Employment Ordinance
= $(\$12,000 \times 2/3 \times 8) - \$50,000$
= $\$14,000$

(Note: If an employee ceased to be employed during the year, Form IR56B should not be completed. Instead **Form IR56F** should be completed and filed for the employee not later than 1 month before the date of cessation. You may file **Form IR56F** electronically using GovHK (www.gov.hk/etax), download **Form IR56F** at www.ird.gov.hk or obtain it from the 'Fax-A-Form' Service at 2598 6001 (select the language and press keys (3)(2)(3)).

