

## Obligations of An Employer

### Statutory obligations of an employer to report remuneration paid to an employee

Employment Condition	Form to Complete	Statutory Period for Notification	Reference in Inland Revenue Ordinance	Remarks
Commencement of employment	IR56E	Within 3 months	section 52(4)	Both IR56E & IR56B are required for the commencement year
Still under employment as at 31 March	IR56B	Within 1 month	section 52(2)	Must be submitted annually together with a BIR56A
Cessation of employment	IR56F	Not later than 1 month before cessation	section 52(5)	IR56B for the cessation year is not required
Departure from Hong Kong	IR56G	Not later than 1 month before departure and withhold money for tax clearance	sections 52(6) & 52(7)	IR56B for the cessation year is not required
<u>Other obligation</u> IR56B should be filed for former employees who, after cessation of employment, exercised share options previously granted by the employer. (For details, please refer to Notes and Instructions for Forms BIR56A and IR56B)				

Failure to comply with the above requirements is a serious offence which carries penalty of a **fine of \$10,000**.

### Reporting remuneration paid to persons other than an employee

#### (1) Local persons (Form IR56M)

If a company pays commission, fees or other remuneration to the following local individuals who are not the company's employees or to unincorporated businesses : —

- Sub-contractors exceeding \$200,000 per annum
- Consultants, agents, brokers, freelance artistes, entertainers, sportsmen or writers etc. in excess of \$25,000 per annum

IR56M should be filed for each of these recipients together with the declaration form IR6036B.

#### (2) Non-resident persons (Form IR623)

Where payments are made to non-residents with a brief period of service in Hong Kong, the sponsor or agent has to comply with the following requirements : —

- notify this Department via IR623 immediately when the non-resident arrives in Hong Kong; and
- withhold an amount from payments made to the non-resident sufficient to produce the amount of tax due in accordance with sections 20A and 20B of the Inland Revenue Ordinance and inform this Department accordingly.

#### **If you need further information or assistance, you may : —**

- visit the Department's web site at [www.ird.gov.hk](http://www.ird.gov.hk) and get the related information under "Tax Information : Employers" ;
- obtain specimens of completed Employer's returns and notifications through the Department's web site at [www.ird.gov.hk/eng/tax/ere.htm#02\\_2](http://www.ird.gov.hk/eng/tax/ere.htm#02_2) or the 'Fax-A-Form' Service (2598 6001) ;
- download forms IR56B/E/F/M, IR6036B and IR623 through the Department's web site at [www.ird.gov.hk/eng/paf/for.htm#er](http://www.ird.gov.hk/eng/paf/for.htm#er) or obtain from the 'Fax-A-Form' Service (2598 6001) ;
- write (G.P.O. Box 132, Hong Kong) or fax (2877 1232) to the Assessor, quoting your file number and day-time contact telephone number;
- telephone (187 8022) ; or
- visit our Central Enquiry Counter at 1/F of the Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong.