



Hong Kong Tax Newsflash

Relief measure: waiver of surcharges for payment of tax by instalments



On 18 June 2021, the Inland Revenue Department (IRD) announced a further extension of relief measure for taxpayers who encounter financial difficulties in settling their tax bills on time for the year of assessment 2020/21. The relief measure was first introduced by the IRD in late 2019 to waive surcharges on tax payment by instalments for the year of assessment 2018/19 and extended to the year of assessment 2019/20 in August 2020.

Under the prevailing tax law, a surcharge of not exceeding 5% on the amount of tax not paid after the due date may be imposed and another surcharge of not exceeding 10% may additionally be imposed on the amount remaining unpaid after 6 months from the due date. With the relief measures, taxpayers who encounter financial difficulties in settling their taxes for the year of assessment 2020/21 on time may apply to the IRD for payment by instalments before the due dates stated in the demand notes. Provided the taxpayers pay their taxes according to the approved instalment plans, no surcharge will be imposed for a maximum period of one year counting from the respective due dates.

The measure is applicable for settlement of Salaries Tax, Profits Tax and Personal Assessment demand notes for the year of assessment 2020/21 issued between May 2021 and May 2022. It is further extended to demand notes issued for the year of assessment 2018/19 from

December 2019 to May 2022 and the year of assessment 2019/20 from August 2020 to May 2022.

The above support measure is not applicable to Property Tax demand notes and individuals who have to settle their tax liabilities before departing Hong Kong.

Taxpayers who need to apply for payment of tax by instalments, please refer to the [IRD's website](#) for the application details.

For details of the previous relief measures on waiver of surcharges for instalment settlement of demand notes, please refer to our [Hong Kong Tax Newsflash \(Issue 107\)](#) published on 5 December 2019 and [Hong Kong Tax Newsflash \(Issue 127\)](#) published on 31 August 2020.

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