

Hong Kong SAR Tax Alert

April 2026 | Issue 6



A quick guide to the 2025/26 Hong Kong Profits Tax filing

Summary



The month of April marks the commencement of the 2025/26 Profits Tax filing season.

This tax alert serves as a quick guide to the 2025/26 Profits Tax filing and covers (1) the due dates for 2025/26 Profits Tax filing and other tax reporting obligations, (2) important updates on electronic filing (e-filing) of Profits Tax returns, (3) major changes in the 2025/26 Profits Tax returns and Supplementary Forms, and (4) key tax developments that may impact the 2025/26 Profits Tax filing.

1. Due dates for filing the 2025/26 Profits Tax returns

For taxpayers with a tax representative, the extended due dates for filing the 2025/26 Profits Tax returns under the Block Extension Scheme¹ are as follows:

Accounting date code	Extended due date	Further extended due date for e-filing cases ^{Note(ii)}
"N" code (1 April 2025 to 30 November 2025)	4 May 2026 ^{Note (i)} (No extension)	4 June 2026
"D" code (1 December to 31 December 2025)	17 August 2026	17 September 2026
"M" code profit cases (1 January 2026 to 31 March 2026)	16 November 2026	16 December 2026
"M" code loss cases (1 January 2026 to 31 March 2026)	1 February 2027	1 February 2027 (No further extension)

Notes:

- As 1 May 2026 is a public holiday, the due date is deferred to 4 May 2026.
- For taxpayers which have notified the Inland Revenue Department (IRD) that they are mandatorily required to e-file their 2025/26 Profits Tax returns prior to March 2026, the 1-month further extension will be granted to them automatically. For voluntary e-filing cases, the further extension will only be granted upon application.

¹ The Circular Letter on the Block Extension Scheme can be accessed via this link: <https://www.ird.gov.hk/eng/pdf/bel26e.pdf>

2. Important updates on e-filing of Profits Tax returns

Issuance of 2025/26 Profits Tax returns

Starting from the year of assessment (YOA) 2025/26, Hong Kong entities that are part of an in-scope multinational enterprise (MNE) group (i.e. MNE group with annual consolidated revenue of not less than EUR 750 million in at least two of the four preceding fiscal years from the fiscal year commencing on or after 1 January 2025) are subject to mandatory e-filing of Profits Tax return². These entities, as well as those that have opted to voluntarily e-file their 2025/26 Profits Tax returns (i.e. Form BIR 51/52), should have received a Notice to file Profits Tax Return (Form IRC 1952/1953) either:

- via the Business Tax Portal (BTP) message box if the entity has a registered BTP account (or by post if the paper notice option has been selected); or
- by post if the entity has not yet registered for a BTP account.

No Profits Tax return in paper form would be issued to these entities.

The mandatory e-filing requirement also applies to entities that were previously exempt from annual Profits Tax return filing (e.g. entities who previously received Form IRC 1812 - Notification of Non-Issue of Annual Return to Corporation). In other words, the IRD should have also issued a Notice to file Profits Tax Return to these entities if they are part of an in-scope MNE group that is subject to mandatory e-filing of Profits Tax return for the YOA 2025/26.

The filing of Profits Tax Return In Respect of Non-Resident Persons (Form BIR 54) remains unchanged – i.e. the return continues to be filed in paper form.

Tax portals

In July 2025, the IRD launched the BTP, Individual Tax Portal and Tax Representative Portal (TRP) to provide various digitalised tax reporting services to taxpayers and tax representatives, including enhanced e-filing services. The new arrangement for issuing Notices to File Profits Tax Return means that the IRD will increasingly communicate with taxpayers via the tax portals rather than by paper correspondence. This therefore requires taxpayers to have proper governance in place on how the portal accounts are operated to avoid missed notices or compliance obligations.

E-filing of the 2025/26 Profits Tax return can be done in a taxpayer's BTP account or through a tax representative by way of a Service Provider appointment as in prior years.

New versions of the IRD Taxonomy Package and Preparation Tools

New versions of the IRD Taxonomy Package (in both English and Traditional Chinese) and iXBRL Data Preparation Tools have been launched on 1 April 2026 with certain updates / enhancements.

As in prior years, when performing e-filing, the iXBRL data files to be submitted should be in conformance with the IRD Taxonomy Package and comply with the technical requirements of the iXBRL data files.

KPMG observations:

The YOA 2025/26 is the first year where e-filing of Profits Tax return is mandatory for Hong Kong entities within MNE groups meeting the BEPS 2.0 Pillar Two EUR750 million consolidated revenue threshold. Taxpayers who fall under this category could have a significant increase in their Profits Tax filing burden operationally as previously exempt entities would be required to file Profits Tax returns and may need to take into account prior years' tax positions. Taxpayers should also take note of the changes on how the Profits Tax returns will be issued and subsequently filed to ensure their obligations have been complied with.

As more tax-related matters are being mandated to be handled through the BTP, businesses are encouraged to familiarise themselves with the operational aspects of the BTP and interactions with the IRD in the portal. For those who have not yet registered for the BTP account, the requirements and benefits of registering one should also be evaluated further. Business groups are encouraged to review their own circumstances and seek advice and guidance on the registration if required.

2. There could be exceptions to the mandatory e-filing requirement if the Hong Kong entity and ultimate parent entity of the MNE group have different accounting periods within a fiscal year or under the following circumstances:

- i. the entity is being wound-up pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or is being amalgamated pursuant to the Companies Ordinance (Cap. 622);
- ii. the entity has no record in the Business Register;
- iii. the entity has notified the Companies Registry or Business Registration Office of its date of cessation;
- iv. the accounting period of the entity's financial statement to be submitted with the profits tax return exceeds 12 months;
- v. the Profits Tax return for the YOA 2025/26 is issued on or before 31 March 2026; or
- vi. the submission is re-filing of the profits tax return which had been previously e-filed but subsequently found invalid.

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For other business groups that have or will voluntarily opt-in for e-filing, they should continue to be aware of the latest taxonomy development and ensure the iXBRL data files generated from the tagging tool used comply with latest IRD technical requirements.

The IRD's ultimate goal continues to be implementing full-scale mandatory e-filing of Profits Tax returns by 2030. The next phase of mandatory e-filing is expected to be implemented in 2028 covering businesses with turnover above a threshold to be determined by the IRD. Business groups can consider applying internal revenue thresholds and early adopt e-filing in preparation of the next phase of mandatory e-filing.

3. Modes of Profits Tax filing

Same as last year, the following three profits tax filing modes are available for the YOA 2025/26 for those entities that are not subject to the mandatory e-filing requirement:

Filing mode	Profits Tax return	Supplementary forms	Supporting documents
Paper	4-page Paper	XML	Paper
Electronic	Electronic	XML	iXBRL
Semi-Electronic	1-page Paper ^{Note}	XML	iXBRL

Notes: Same as last year, a simplified Profits Tax return is required to be printed for signature and submitted in paper form.

4. Major changes in the 2025/26 Profits Tax returns and Supplementary Forms

Key changes in the Profits Tax returns

We summarise in the table below the major changes in the 2025/26 Profits Tax returns³.

Items in the return	Major changes
Item 3.9 in BIR 51 / Item 2.8 in BIR 52	A new checkbox for taxpayers to indicate whether they are persons who are mandated to e-file the Profits Tax returns (i.e. specified persons).
Item 3.9.1 in BIR 51 / Item 2.8.1 in BIR 52	A new checkbox for taxpayers that are specified persons to indicate whether they fall within the exception cases ² for e-filing of Profits Tax returns and thus are qualified to file the return in paper form.
Item 10.20 in BIR 51 and BIR 52	A new checkbox for taxpayers to state the amount of unilateral foreign tax credit claimed under the foreign-sourced income exemption (FSIE) regime.
Section B of the Notes and Instructions	Item 3 has been added to require taxpayers who prepare their financial statements in accordance with the IFRS or the accounting standards prescribed by the HKICPA to use such financial statements in determining their Profits Tax liability.

Key changes in Supplementary Form S2

As the global minimum tax (GMT) and Hong Kong minimum top-up tax (HKMTT) apply to fiscal years beginning on or after 1 January 2025 in the Hong Kong SAR (Hong Kong), section 4 of Supplementary Form S2 (Form S2) has been updated to collect information from in-scope MNE groups on their GMT/HKMTT filing obligations in Hong Kong.

A Hong Kong entity which is part of an in-scope MNE group has to indicate in section 4 whether it or another Hong Kong entity within the group has filed a top-up tax notice in Hong Kong. If a top-up tax notice has not been filed, the section requests information about the MNE group's ultimate parent entity, as well as details of any designated filing entity and/or designated local entity within the group (if such details are known to the Hong Kong entity). If the Hong Kong entity is a Hong Kong standalone joint venture (JV) or a Hong Kong member of a JV group of an in-scope MNE group, note 20 to Form S2 further sets out the additional information to be provided in its profits tax computation (instead of in section 4 of the form).

3. The sample 2025/26 Profits Tax returns can be accessed via this link: https://www.ird.gov.hk/eng/tax/bus_returnspecimen.htm

KPMG observations:

MNE groups that are in-scope of GMT/HKMTT are required to file a top-up tax notice to the IRD within six months after the end of a reporting fiscal year. For MNE groups with a December or March financial year-end, the due dates for filing the top-up tax notice for fiscal year 2025 are 30 June 2026 and 30 September 2026 respectively. This means that by the time the 2025/26 Profits Tax return and Form S2 are filed, these MNE groups should have already filed the 2025 top-up tax notice and therefore do not need to complete most of the parts in section 4 of Form S2. In any event, MNE groups should note that reporting the requested information in section 4 of Form S2 does not relieve them of their obligation to file a top-up tax notice.

5. Key Profits Tax developments relevant to return filing

Developments under the FSIE regime

- Under the foreign-sourced income exemption (FSIE) regime, foreign-sourced dividends, interest, royalties and asset disposal gains derived by MNE groups are taxable when received or deemed to be received in Hong Kong, unless one of the applicable tax exemption conditions is met.

In the past year, we have seen enquiry letters issued by the IRD requesting for information and documentary evidence on the fulfilment of the economic substance or participation requirement. In some other cases, the IRD asked for documentary evidence that the foreign-sourced income was “not received in Hong Kong” and the rationale of keeping the funds outside of Hong Kong. Taxpayers making a tax exemption claim under the FSIE regime should get prepared for the potential increased scrutiny from the IRD and maintain proper documentary evidence to support their claims. Proper cash flow management is also required if they intend to retain the foreign-sourced income overseas.

- Taxpayers should take note of the new FAQs on the FSIE regime posted by the IRD in July 2025 on its webpage. For more details, please refer to our [Hong Kong \(SAR\) Tax Alert – Issue 6, July 2025](#) and our [FSIE webpage](#).
- In addition, the IRD provided certain clarifications relating to the definition of “equity interest disposal gains” and interpretation of “received in Hong Kong” at the 2024 annual meeting between the IRD and the HKICPA. For more details, please refer to our [Hong Kong \(SAR\) Tax Alert – Issue 3, May 2025](#).

Key Profits Tax issues discussed in the 2024 and 2025 annual meetings between the IRD and the HKICPA

In addition to the clarifications on the FSIE regime mentioned above, other key points to note from the 2024 and 2025 annual meetings for the 2025/26 Profits Tax filing purposes include:

- For taxpayers adopting the realisation basis of taxation, any unrealised gains or losses from revaluation of equity interests that are excluded for Profits Tax filing purposes would not be regarded as “brought into account for tax purposes” under the tax certainty scheme for onshore equity disposal gains.
- The IRD’s clarifications on the deductibility of reinstatement costs for leased premises in various scenarios, including (1) utilisation of provision of reinstatement costs charged to the profits and loss account prior to the YOA 2024/25 and (2) lease reinstatement costs recharged by a group holding company.
- The interaction between the FSIE regime and other tax rules – i.e. the source rule for interest income and the withholding tax obligations for royalties paid to non-residents.

For detailed discussion of the above issues, please refer to our [Hong Kong \(SAR\) Tax Alert – Issue 3, May 2025](#) and [Hong Kong \(SAR\) Tax Alert – Issue 5, May 2026](#).

The re-domiciliation regime in Hong Kong

The HKSAR government implemented an inward company re-domiciliation regime in Hong Kong in May 2025 to allow non-Hong Kong incorporated companies to re-domicile to Hong Kong while maintaining their legal identities and business continuity.

Companies that have re-domiciled to Hong Kong should take note of the special Profits Tax treatments for re-domiciled companies contained in the Companies (Amendment) Ordinance 2025⁴. For instance, the tax bases of certain assets of a re-domiciled company that have not been used in a trade or business carried on in Hong Kong before the re-domiciliation date need to be marked down to the market value as at the re-domiciliation date.

4. The Companies (Amendment) Ordinance 2025 can be accessed via this link: <https://www.legco.gov.hk/yr2025/english/ord/2025ord001-e.pdf>

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For more details of the special Profits Tax treatments and the regime, please refer to our [Hong Kong \(SAR\) Tax Alert – Issue 18, December 2024](#) and [Hong Kong \(SAR\) Tax Alert – Issue 2, May 2025](#).

6. Hong Kong profits tax case relevant to return filing

As previously reported, the Board held in Board of Review Case No. D12/22⁵ that interest income derived by a property developer from funds placed in stakeholder accounts for pre-sale of uncompleted residential units does not qualify for the Profits Tax exemption for bank interest income. For a more detailed discussion of the case, please refer to our [Hong Kong \(SAR\) Tax Alert – Issue 20, November 2023](#).

The taxpayer has lodged an appeal against the Board's decision to a higher court. However, the court's judgement remains pending at the time of writing.

Taxpayers with similar stakeholder account arrangements should closely monitor the development of this case and carefully consider the position to be taken in their 2025/26 Profits Tax filings.

7. Other tax reporting requirements

We summarise below the due dates of other tax reporting obligations that may be applicable to business groups in Hong Kong:

Tax reporting obligation	Due Date
Notification of chargeability	Within 4 months after the end of the basis period for the YOA in which the taxpayer (1) became chargeable to tax or (2) received in Hong Kong specified foreign-sourced income that is chargeable to tax
Filing of country-by-country (CbC) reporting notification	Within 3 months after the end of the accounting period of the ultimate parent entity of the reporting group
Filing of CbC return	Within 12 months from the end of the reporting group's accounting period
Filing of top-up tax notice	Within 6 months after the end of the MNE group's reporting fiscal year
Filing of top-up tax return	Within 15 months (18 months for the Transition Year) after the end of the MNE group's reporting fiscal year

If you have any questions or require assistance regarding the above content, please feel free to contact us via taxservicesenquiry@kpmg.com.

5. The Board of Review Case No. D12/22 can be accessed via this link: <https://www.info.gov.hk/bor/en/decisions/D1222.pdf>

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