GUIDE

Accounts and audit in Hong Kong: bookkeeping once a year or every month

What a Hong Kong company must do after each financial year, what the deadlines are, and how to choose the way your books are kept.

Audit

every year: an active private company is audited even with no transactions — “nil” accounts are filed

1 month

to file the Profits Tax Return with the audited accounts — from the date the IRD sends it

7 years

to keep accounting records and source documents after the end of the financial year

Up to 18 months

the length of the first financial year from incorporation, then 12 months

The key point. The law does not say how often the books must be kept. But it does require accounting records for all transactions, financial statements once a year, an audit and a profits tax return filed with the IRD.

Two ways. The books can be rebuilt once — at the year-end closing, from bank statements. Or they can be kept every month, so the accounts are ready for audit by year-end.



What a company does every year

Four obligations. No way of keeping the books replaces them.

Accounting records

books of account

The records must show and explain all of the company's transactions, all its income and expenditure. Source documents are kept with them: bank statements, bills, invoices, receipts, contracts.

s. 373 Cap. 622 — the duty to keep such records; s. 377 Cap. 622 — to retain them for 7 years after the end of the financial year; s. 51C Cap. 112 — separately for tax: records of income and expenditure for at least 7 years.

Financial statements

prepared once a year

Prepared once a year under the Companies Ordinance (Cap. 622) and SME-FRS or HKFRS — from bank statements and source documents. The director reviews, approves and signs them.

By law, the completeness and accuracy of the books remain the directors' responsibility.

Audit

an independent audit firm

The accounts are reviewed by an independent audit firm (CPA Practising), which signs its report. An audit is needed every year, even with no transactions.

No audit only if the company has become dormant. The period before it becomes dormant is still closed with an audit.

Profits Tax Return

the profits tax return

The IRD sends it to the company's registered office address. It is filed together with the audited accounts and the tax computation. After its review the IRD sends a tax assessment.

Deadline — 1 month from the date sent. An extension is possible; the IRD decides.

The financial year and the first return

The first financial year lasts no more than 18 months from incorporation. The company chooses its year-end date — most often 31 March or 31 December.

The IRD does not send the first return straight away — usually 12–18 months after incorporation. As a rule, 3 months are given to file it. It is best to prepare the accounts right after the year-end, without waiting for the return.

Extended deadlines, 2025/26 returns

YEAR ENDED	FILING DEADLINE
31 December 2025	**17.08.2026**
1 January to 31 March 2026	**16.11.2026**
same, if in a loss	**01.02.2027**

The extension is requested by the company's tax representative.

Tax rate. 8.25% on the first HKD 2,000,000 of assessable profits and 16.5% on the rest. Hong Kong taxes only profits from a Hong Kong source. The exemption for profits from abroad does not apply automatically: a reasoned claim (offshore claim) is filed with the return. The IRD assesses each year separately and makes the decision itself.

Two ways to keep the books

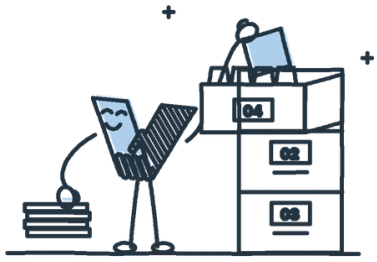
The obligations are the same. The difference is when the company sends documents and when the figures appear.

Once a year the books are rebuilt at the year-end closing	Every month monthly bookkeeping under HKFRS
HOW IT WORKS After the financial year-end, the accounts are prepared from bank statements and source documents for the whole year. Then come the audit, the tax computation and the Profits Tax Return.	**HOW IT WORKS** Transactions are posted every month from statements and documents and reconciled with the statements for all accounts. Source records are kept as Hong Kong rules and auditors require. You can start from any month.
WHAT THE COMPANY SENDS AND WHEN • Statements and source documents for the year — within 7 business days after it ends, without waiting for the return. • Review and signature of the accounts by the director — within 5 business days.	**WHAT THE COMPANY SENDS AND WHEN** • Statements and source documents — every month, online. • After the year-end — the director's signature on the accounts.
WHO IT SUITS Companies that do not need figures during the year. The law does not set a specific frequency for bookkeeping.	**WHO IT SUITS** Companies that need interim reports for a bank, partners or an investor, dividends on a set date, client invoices, payroll records (MPF, employer's return).
PROS • Documents are handed over once a year. • The law does not require monthly bookkeeping — provided records of all transactions and source documents exist and are kept for 7 years.	**PROS** • By year-end the accounts are ready for audit. • Up-to-date figures on any date. • No rush to rebuild the books before the filing deadline.
POINTS TO WATCH • After the year-end, documents are collected for all 12 months at once. • Accounts and audit take up to 35 business days after the full set of documents, while the return is due 1 month from the date sent. It is best to start right after the year-end.	**POINTS TO WATCH** • Monthly bookkeeping does not replace the audit and the Profits Tax Return — they take place at the year-end closing.

No books kept for several years? The accounts are rebuilt for each missed year from bank statements. The sooner you start, the lower the risk of a penalty and of tax on the IRD's estimate.

What to collect for the year-end closing

- Bank statements for the financial year — for all of the company's accounts
- Source documents: bills, invoices, receipts, contracts
- The Profits Tax Return, if the IRD has already sent it, and any IRD letters
- The employer's return, if the IRD has sent one
- Business registration renewed and the annual return filed — without this the auditor will not sign the report
- For an offshore claim — documents on buyers and suppliers, where contracts were concluded and the work done, and the movement of goods



What happens if a deadline is missed

Penalty
for not filing; the IRD may offer to settle out of court
s. 80(5) Cap. 112

Estimate
The IRD estimates the profits itself. Without an objection with the return within 1 month it becomes final
s. 59(3) Cap. 112

Up to ×3
additional tax of up to three times the tax undercharged
s. 82A Cap. 112

Court
a fine plus up to three times the tax
s. 80(2) Cap. 112

+5%, +10%
surcharges on unpaid tax, then recovery through the District Court

The return has arrived, but there are no accounts
Start preparing the accounts at once. Need more time? Request an extension; the IRD decides.

The accountant vanished before the deadline
Request the documents from the previous accountant and rebuild incomplete books from statements.

Once a year or every month?

We will tell you which option suits your company. Send us a bank statement — we will take a look and advise.

Message us on WhatsApp

Channels: Telegram · YouTube · Facebook · Instagram · Medium

Year-end closing page

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