
Statement of Practice (SP 7/10)

Computation of Environment Protection Fee

1. Under the Environment Protection Act, as from January 2015, a hotel, guest house or tourist residence (hereinafter referred to as “operator”) is required to pay Environment Protection Fee (EPF) on a monthly basis.
2. EPF in respect of a month is calculated at the rate of 0.85 per cent of the turnover for the month and should be paid within 20 days from the end of the month.
3. EPF in respect of period up to 31 December 2014 is payable by every operator whose profit before tax of the accounting year, after deduction of the fee, exceeds 5% of the turnover. The fee should be paid within 4 months after the end of the accounting year.
4. Where the accounting period of an operator ends on a date other than 31 December, the amount of EPF payable, if any, may be computed at the option of the operator, either under the “split accounts basis” or “apportionment basis”.
5. Under the “split accounts basis”, final accounts should be prepared for each period for which EPF is payable. For example, where an operator closes its accounts on 30 June, split accounts should be prepared for the period 1 July 2014 to 31 December 2014. If the profit for the 6 months period exceeds 5% of the turnover of that period, EPF should be computed on basis of the 6 months turnover to 31 December 2014.
6. Under the “apportionment basis”, EPF for the part of the accounting year falling before 31 December 2014 is payable only if the profit for the accounting period exceeds 5% of the turnover of that accounting period. Where the condition of 5% is met, EPF should be computed with reference to the turnover for the period ended 31 December 2014 and be paid within 4 months after the end of the accounting year.

18 January 2016