

Statement of Practice (SP 7/10)

Computation of Environment Protection Fee

Under the Environment Protection Act, a hotel, guest house or tourist residence, (hereinafter referred to as “operator”) is required to pay in respect of the period 1 January 2009 to 31 December 2010 the Environment Protection Fee (EPF) within 4 months after the end of its accounting period on condition that its profit exceeds 5% of its turnover in respect of that accounting period.

2. 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** the “apportionment basis”.

3. Under the “split accounts basis”, final accounts should be prepared for each period for which EPF is payable, as stated in paragraph 1 above. For example, where an operator closes its accounts on 30 June, split accounts should be prepared for the period 1 January to 30 June 2009. If the profit for the 6-month period exceeds 5% of the turnover of that period, EPF should be computed on basis of the 6-month turnover to 30 June 2009.

4. Under the “apportionment basis”, EPF 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 of the period for which EPF is payable. Where any part of the accounting period falls outside the scope of EPF, the turnover of that part of the period should be calculated on an apportionment basis and excluded for the purpose of computing EPF.