

**Procedural Guide for the
Taxation / Determination of Bills of
Provisional Liquidators or Liquidators
by Master**

Part I – Introduction

1.1 This Guide applies to the taxation/determination of the remuneration of the Provisional Liquidators or Liquidators. It is expected to be followed by the Provisional Liquidators or Liquidators. In cases of non-compliance, the Court may issue appropriate directions to the person lodging the bill requiring him to remedy the default before proceeding with the taxation/determination process further.

Part II – Procedure

2.1 All bills of costs of the Provisional Liquidators or Liquidators shall be **lodged** by the Provisional Liquidators or Liquidators with the High Court Registry (counter no. 8 at LG1) instead of sending it to the Judiciary Administrator.

2.2 The Registry shall open a separate file bearing the same High Court winding-up case number as the main proceeding to hold the bills. Each bill lodged shall be assigned a bill number in accordance with the time it is lodged.

Part III - Documents

3.1 A bill of costs for taxation/determination shall be lodged with the Court in duplicate or in two copies duly signed by the receiving party. They shall be accompanied with the following documents:

- (A) A Notice of Appointment in the form as set out in Attachment 1.
- (B) In case it is the **first** bill lodged for taxation/determination:

- (i) a copy of the Court Order for the appointment of the Provisional Liquidators or Liquidators together with any other order relating to their remuneration;
- (ii) a source document prepared by the Provisional Liquidators or Liquidators with the following information:
 - (a) a brief paragraph containing an introduction to the company in question, e.g. incorporation, activity, size;
 - (b) a brief paragraph stating the main business activities carried on by the company before liquidation;
 - (c) the ground for winding-up (e.g. insolvency, just & equitable, etc.);
 - (d) if provisional liquidators were appointed, the grounds given for seeking appointment of provisional liquidators;
 - (e) an "Assets Schedule" showing
 - the nature
 - location
 - estimated value and
 - likelihood of recoveryof each of the company's assets (other than those with minimal value) at the commencement of the liquidation.

Where the first bill lodged for taxation/determination was prior to the date when this procedural guide came into operation, the first subsequent bill lodged for taxation/determination after the operation of this guide shall be accompanied by the above documents.

Please note that the above is designed to provide the taxing officer with an overview of the liquidation administration. Actual documents (e.g. time sheets or documents proving assets and realizations) are not to be produced, in the interests of cost-effectiveness. The actual

documents will be called for only if the taxing master needs to query any points.

- (C) The following documents are required:
- (i) A written confirmation as to whether a Committee of Inspection has been appointed for the Liquidation, and if so, any agreement as to remuneration has been reached pursuant to s.196(2)(a) of the Companies Ordinance;
 - (ii) a brief running narrative of the work done covered by the bill together with the value of assets recovered and the costs incurred for recovery;
 - (iii) a list setting out the estimated value of the assets which forms the subject matter of the bill, the likelihood of recovery and explanation for pursuing or abandoning recovery effort, giving an update to the "Assets Schedule" in (B)(ii)(e) above. The "Assets Schedule update" should also include the following particulars:
 - a) the value of the assets recovered since the lodging of the last bill; and
 - b) the costs incurred for recovering the assets in (a);
 - (iv) a list of the items of work done divided into different categories with the time spent (chargeable/non-chargeable) by the fee earners concerned in each item, their hourly charged-out rates and the amount charged;
 - (v) a brief statement on whether there have been any write-offs, and whether disbursements have been charged at a mark-up, and if so, on which disbursements and at what rate of mark-up;
 - (vi) a schedule of the **total** amount charged by each fee earner with the time spent and their charged-out rates in respect of the different categories of work undertaken.

