

Subject Code	AF5206
Subject Title	Hong Kong Tax Framework
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	Co-requisite: Accounting for Corporations (AF5111)
Role and Purposes	This subject aims to provide students with sound knowledge of the Hong Kong taxation system and its operation. It contributes to the achievement of PgDPA / MPA Programme Outcomes by enabling students to <u>effectively interpret up-to-date tax statutes and case law principles</u> and <u>analyze practical tax issues, apply tax statutes and case law principles</u> to determine the tax liabilities for individuals and businesses in Hong Kong, and <u>advise on the effect of taxation</u> in management decision makings (Programme Outcomes 1 and 3) .
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> (a) <u>explain the principles and practice of taxation</u> relating to taxation of individuals and businesses under the Inland Revenue Ordinance in Hong Kong; (b) <u>effectively interpret tax statutes, analyze tax cases and practical tax issues;</u> (c) <u>apply tax statutes and case law</u> to determine the tax liabilities for individuals and businesses in Hong Kong; and (d) <u>advise managers on the effect of taxation</u> in their decision makings.

**Subject Synopsis/
Indicative Syllabus**

Overview of the Tax System and Administration of Taxes

Structure of Inland Revenue Department. Duties and powers of officers of Inland Revenue Department. Duties and liabilities of a taxpayer or his agent or an executor. Returns, offences and penalties. Assessments, additional assessments and provisional assessments. Payment, recovery, hold-over and refund of taxes. Official secrecy. General exemption granted to approved charitable bodies. Objections and appeals. Board of Review. Board of Inland Revenue. Sources of information - statute, case law, Board of Review decisions, departmental interpretation and practice notes.

Tax on Property Income

Scope of property tax charge. Ascertainment of assessable value. Exemptions and deductions. Property tax liability.

Salaries Tax on Employees and Directors

Scope of salaries tax charge. Exemptions and deductions. Time-basis assessments. Benefits in kind. Treatment of lump sum receipts and losses. Separate taxation on spouses and joint assessment. Salaries tax liability.

Personal Allowances

Kinds of allowances. Granting conditions.

Personal Assessment

Election for personal assessment. Calculation of total income, allowances and tax. Treatment of loss.

Taxation of Businesses

Scope of profits tax charge. Badges of trade. Source of business profits. Deduction rules. Basis period of assessment. Adjustments of trading profit (loss). Computation and treatment of losses. Distinction between capital and revenue items. Post cessation receipts and payments. Profits tax liability. Partnerships and allocation of profit (loss).

Depreciation Allowances

Plant and machinery. Industrial buildings. Commercial buildings.

Stamp Duty

Scope of charge. Exemptions and reliefs. Assessment. Administration. Planning opportunities.

Introduction to Tax Management

Tax avoidance and tax evasion. Offences and penalties. Application of anti-avoidance provisions. Double taxation relief. Overview of China tax system. Hong Kong tax planning. Ethics in tax practice.

Teaching/Learning Methodology	<p>The three hours of seminar per week will be used flexibly by the lecturer for discussing the core principles and concepts of the subject syllabus and their applications with students and carrying out other learning activities with them. Students are expected to play an active role to interact with their lecturer and other classmates.</p>																																																												
Assessment Methods in Alignment with Intended Learning Outcomes	<p>Assessment components include written tax problems/cases in coursework and final examination. These assessment components require students to demonstrate their ability to interpret <u>up-to-date tax statutes and case law principles</u> and <u>analyze practical tax issues, apply tax statutes and case law principles</u> to provide tax solutions/explanations of tax implications and tax advices (Programme Outcomes 1 and 3). Also, students' ability to identify ethical issues in tax management will be assessed in their explanations/advices given through assessment components and interaction.</p> <table border="1" data-bbox="529 726 1469 1297"> <thead> <tr> <th data-bbox="529 726 834 926" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="834 726 989 926" rowspan="2">% weighting</th> <th colspan="6" data-bbox="989 726 1469 863">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="989 863 1070 926">a</th> <th data-bbox="1070 863 1151 926">b</th> <th data-bbox="1151 863 1232 926">c</th> <th data-bbox="1232 863 1313 926">d</th> <th data-bbox="1313 863 1395 926"></th> <th data-bbox="1395 863 1469 926"></th> </tr> </thead> <tbody> <tr> <td data-bbox="529 926 834 993">Term test</td> <td data-bbox="834 926 989 993">25%</td> <td data-bbox="989 926 1070 993">√</td> <td data-bbox="1070 926 1151 993">√</td> <td data-bbox="1151 926 1232 993">√</td> <td data-bbox="1232 926 1313 993">√</td> <td data-bbox="1313 926 1395 993"></td> <td data-bbox="1395 926 1469 993"></td> </tr> <tr> <td data-bbox="529 993 834 1060">Assignment</td> <td data-bbox="834 993 989 1060">15%</td> <td data-bbox="989 993 1070 1060">√</td> <td data-bbox="1070 993 1151 1060">√</td> <td data-bbox="1151 993 1232 1060">√</td> <td data-bbox="1232 993 1313 1060">√</td> <td data-bbox="1313 993 1395 1060"></td> <td data-bbox="1395 993 1469 1060"></td> </tr> <tr> <td data-bbox="529 1060 834 1161">Discussion and participation</td> <td data-bbox="834 1060 989 1161">10%</td> <td data-bbox="989 1060 1070 1161">√</td> <td data-bbox="1070 1060 1151 1161">√</td> <td data-bbox="1151 1060 1232 1161">√</td> <td data-bbox="1232 1060 1313 1161">√</td> <td data-bbox="1313 1060 1395 1161"></td> <td data-bbox="1395 1060 1469 1161"></td> </tr> <tr> <td data-bbox="529 1161 834 1228">Final examination</td> <td data-bbox="834 1161 989 1228">50%</td> <td data-bbox="989 1161 1070 1228">√</td> <td data-bbox="1070 1161 1151 1228">√</td> <td data-bbox="1151 1161 1232 1228">√</td> <td data-bbox="1232 1161 1313 1228">√</td> <td data-bbox="1313 1161 1395 1228"></td> <td data-bbox="1395 1161 1469 1228"></td> </tr> <tr> <td data-bbox="529 1228 834 1297">Total</td> <td data-bbox="834 1228 989 1297">100 %</td> <td colspan="6" data-bbox="989 1228 1469 1297"></td> </tr> </tbody> </table> <p data-bbox="529 1318 1469 1381">Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p data-bbox="529 1402 1469 1539">Term test – Tax cases on individual income tax / property tax / tax administration that students are required to analyze the facts/tax issues and apply tax concepts/principles to provide tax solutions/explanations of tax implications/advices.</p> <p data-bbox="529 1560 1469 1696">Assignment – A tax problem on business and/or individual taxation that students are required to analyze the facts/tax issues and apply tax concepts/principles to provide tax solutions/explanations of tax implications/advices.</p> <p data-bbox="529 1717 1469 1845">Discussion and Participation – Students are required to participate actively in analyzing the facts/tax issues of problems/cases and applying tax concepts/principles to discuss tax implications both in the classroom and/or through subject Blackboard.</p>							Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			Term test	25%	√	√	√	√			Assignment	15%	√	√	√	√			Discussion and participation	10%	√	√	√	√			Final examination	50%	√	√	√	√			Total	100 %						
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	<p>Final examination – 3 hours examination with tax problems/cases that students are required to analyze the facts/tax issues and apply tax concepts/principles to provide tax solutions/explanations of tax implications/advises.</p> <p>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</p>	
<p>Student Study Effort Expected</p>	<p>Class contact:</p>	
	<ul style="list-style-type: none"> ▪ 13 weeks of three-hour seminar 	<p>39 Hrs.</p>
	<p>Other student study effort:</p>	
	<ul style="list-style-type: none"> ▪ Class preparations, reading subject materials/textbook, assignments and group discussions 	<p>78 Hrs.</p>
	<p>Total student study effort</p>	<p>117 Hrs.</p>
<p>Reading List and References</p>	<p><i>Taxation in Hong Kong: A Practical Guide</i>, latest edition, Wolters Kluwer Hong Kong Ltd.</p> <p>Ayesha Macpherson and Pearce, <i>Hong Kong Taxation: Law and Practice</i>, latest edition, The Chinese University Press.</p> <p>Dora Lee, <i>Advanced Taxation in Hong Kong</i>, latest edition, Pearson Education.</p> <p>Patrick Ho, <i>Hong Kong Taxation and Tax Planning</i>, latest edition, Pilot Publishing Co Ltd.</p> <p>Halkyard, A., VanderWolk, J. and Chow, W., <i>Hong Kong Tax Law: Cases and Materials</i>, latest edition, LexisNexis Hong Kong.</p> <p><i>Inland Revenue Ordinance (Chapter 112) and Inland Revenue Rules</i>, with amendments, Hong Kong Government.</p> <p><i>Stamp Duty Ordinance (Chapter 117)</i>, with amendments, Hong Kong Government.</p> <p><i>Hong Kong Inland Revenue Board of Review Decisions</i>, Hong Kong Government.</p> <p><i>Hong Kong Tax Cases</i>, Hong Kong Government.</p> <p>Willoughby, P. and A.J. Halkyard, <i>Encyclopaedia of Hong Kong Taxation</i>, LexisNexis Hong Kong .</p> <p><i>Hong Kong Revenue Legislation</i>, Wolters Kluwer Hong Kong Ltd.</p>	