

<b>Subject Code</b>	<b>AF5206</b>
<b>Subject Title</b>	<b>Hong Kong Tax Framework</b>
<b>Credit Value</b>	3
<b>Level</b>	5
<b>Normal Duration</b>	One Semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	Co-requisite: Accounting for Corporations (AF5111)
<b>Role and Purposes</b>	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 <b>(Programme Outcomes 1)</b> .
<b>Subject Learning Outcomes</b>	Upon completion of the subject, students will be able to: (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.
<b>Subject Synopsis/ Indicative Syllabus</b>	<b>Overview of the Tax System and Administration of Taxes</b> 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.

	<p><b>Tax on Property Income</b> Scope of property tax charge. Ascertainment of assessable value. Exemptions and deductions. Property tax liability.</p> <p><b>Salaries Tax on Employees and Directors</b> 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.</p> <p><b>Personal Allowances</b> Kinds of allowances. Granting conditions.</p> <p><b>Personal Assessment</b> Election for personal assessment. Calculation of total income, allowances and tax. Treatment of loss.</p> <p><b>Taxation of Businesses</b> 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).</p> <p><b>Depreciation Allowances</b> Plant and machinery. Industrial buildings. Commercial buildings.</p> <p><b>Stamp Duty</b> Scope of charge. Exemptions and reliefs. Assessment. Administration. Planning opportunities.</p> <p><b>Introduction to Tax Management</b> 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.</p>
<p><b>Teaching/Learning Methodology</b></p>	<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>

<b>Assessment Methods in Alignment with Intended Learning Outcomes</b>	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 %							
<p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>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>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>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> <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/advices.</p> <p><b>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.</b></p>									

<b>Student Study Effort Expected</b>	Class contact:	
	▪ 13 weeks of three-hour seminar	39 Hrs.
	Other student study effort:	
	▪ Class preparations, reading subject materials/textbook, assignments and group discussions	78 Hrs.
	Total student study effort	117 Hrs.
<b>Reading List and References</b>	<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>	