

Subject Description Form

Subject Code	AF4229
Subject Title	Tax Planning and China Tax
Credit Value	3
Level	4
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Hong Kong Tax Framework (AF3210)
Role and Purposes	This subject contributes to the achievement of the BBA (Hons) Outcomes by enabling students to <u>communicate effectively in both verbal and written English</u> (Outcomes 1), <u>demonstrate a global outlook and an understanding of cultural diversity in the context of taxation environment</u> (Outcome 2), <u>apply creative thinking</u> (Outcome 3), and <u>established tax principles and practices to evaluate the processes and structures through which organization plan, decide, motivate and control their activities</u> (Outcome 9), In addition, it requires students to <u>identify and analyze taxation aspects of the domestic and global business environment</u> (Outcome 10).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. <u>apply advanced aspects of the corporate and individual tax laws, rules and practices</u> in the Hong Kong context for strategic tax planning opportunities and decisions on cross-border transactions and investment structures; b. <u>explain the impact of changes in tax laws, practices and tax cases</u> on business transactions, organizations and individuals with particular reference to Hong Kong situation; c. <u>analyze various types of structure of business transactions</u> for individual and foreign-invested entities operating business in the mainland China and <u>evaluate their tax implications</u>; and d. <u>formulate and carry out</u> basic China tax planning ideas and strategies in relation to individual and business transactions in order to minimize their explicit tax liabilities or enhance their tax efficiency and effectiveness.
Subject Synopsis/ Indicative Syllabus	<p>Taxation of Inbound and Outbound Investments</p> <p>Concept of permanent establishment. Forms of investments. Non-residents persons. Equity versus loan financing. Withholding taxes on investment income and profit repatriation. Double taxation reliefs. Tax treaty. Tax Sparing. Tax incentives. Exchange of information. Scope of charge, assessment, exemptions and tax planning opportunities of Hong Kong stamp duty.</p> <p>Strategic Corporate Tax Planning – Principles, Practices and Anti-avoidance Provisions</p> <p>Basic tax planning principles and mitigation strategies. Tax avoidance devices: re-invoicing, transfer pricing, tax haven companies, treaty shopping, use of trusts and holding companies. Thin capitalization rules. Controlled foreign corporation rules. Harmful tax practices. General and special anti-avoidance provisions.</p>

	<p>Overview of PRC Taxation System and Tax Administration Forms of business establishment in China. Current tax structure and types of tax. Structure of PRC tax laws and regulations. Structure of PRC tax administrative system. Tax collection and administration law and implementing rules. Individual income tax. Business tax. Value-added tax. Consumption tax.</p> <p>Corporate Income Tax and Anti-avoidance Provisions Forms of business presence of foreign investment in China. Scope of charge – foreign invested enterprises and domestic enterprises. Assessment and exemptions. Applicable tax rates. Preferential tax treatments. Tax incentives – location and industry. Tax holidays. High and new technology enterprises. Advanced technology service enterprises. Reforms of corporate income taxes. Special tax adjustments. Anti-avoidance provisions. Transfer pricing rules and defense pricing strategies. Mergers and acquisitions.</p> <p>Double Taxation Arrangement Application of Memorandum of Understanding between the Mainland China and Hong Kong for the Avoidance of Double Taxation. Comprehensive agreement and protocols. Implementation issues.</p>																																																																						
<p>Teaching/Learning Methodology</p>	<p>The three hours of seminar per week will be used flexibly by the lecturer for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their lecturers and other classmates.</p>																																																																						
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="459 987 1481 1509"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Continuous Assessment</td> <td>50%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Group presentation</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>2. Class participation</td> <td>5%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>3. Class Quizzes</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>4. Individual assignment</td> <td>25%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Final Examination</td> <td>50%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Final Examination components.</p>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			Continuous Assessment	50%							1. Group presentation	10%	√	√	√	√			2. Class participation	5%	√	√	√	√			3. Class Quizzes	10%	√	√	√	√			4. Individual assignment	25%	√	√	√	√			Final Examination	50%	√	√	√	√			Total	100 %						
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<p>Reading List and References</p>	<p><i>Textbook(s)</i></p> <p>Arnold, B.J. and M.J. McIntyre, <i>International Tax Primer</i>, latest edition, The Hague: The Netherlands, Kluwer Law International</p> <p>CCH, <i>Hong Kong Taxation – A Practical Guide</i>, latest edition, Hong Kong, Wolters Kluwer Hong Kong Ltd</p> <p>CCH, <i>China Master Tax Guide</i>, latest edition, Hong Kong, Wolters Kluwer Hong Kong Ltd</p> <p><i>Ordinance(s)</i></p> <p>Inland Revenue Ordinance (Chapter 112) and Inland Revenue Rules, Revised Edition and Amendments, Hong Kong Special Administrative Region Government</p> <p>Stamp Duty Ordinance (Chapter 117), Revised Edition and Amendments, Hong Kong Special Administrative Region Government</p> <p><i>Useful Websites:</i></p> <p>China Tax- State Administration of Taxation: http://www.chinatax.gov.cn</p> <p>Hong Kong Tax- Inland Revenue Department: http://www.ird.gov.hk</p> <p>International Tax- OECD: http://www.oecd.org/tax/</p>
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