MODULE 14: TAXATION

HKICPA PROFICIENCY LEVELS AND TAXONOMY

The proficiency level indicated in the table below reflects the level at which the topics covered in each particular learning outcome are tested. There are three levels of proficiency:

- Level 1 is the foundational level, covering the skills of knowledge and comprehension.
- Level 2 is the intermediate level, covering the skills of application and analysis.
- Level 3 is the advanced level, covering the skills of integration and evaluation

You are expected to understand which skill is exercised based on the taxonomy verbs with which it is associated.
Please note that the list of taxonomy verbs below is for reference only and does not represent an exhaustive list.

Level 1: Foundation	Level 2: Intermediate	Level 3: Advanced
Knowledge The remembering of previously learned material (recall of facts)	**Application** Using new knowledge. Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	**Integration** Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions
Comprehension Demonstrative understanding of facts and ideas by organising, comparing, translating, interpreting, giving descriptions and stating main ideas	**Analysis** Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalisation	**Evaluation** The ability to judge the value of material for a given purpose

The syllabus weighting table indicates the relative weightings of the syllabus areas encompassed in this module. It serves as a guide to the percentage of study time spent on each syllabus area. In the long run, the marks allocation in the module examinations would conform to the weightings as shown above. The exact range of marks allocation in each module examination may deviate from the weightings for suitably robust questions to be set.

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Demonstrate an understanding of the tax system and administration in Hong Kong	**State, describe and apply the following key aspects of the tax system in Hong Kong:**	
	Principles of taxation	2
	Types of tax	1
	Sources of Hong Kong tax law – statute, case law, Board of Review decisions	1
	Interpretation of tax statutes	1
	The Basic Law	1
	Departmental Interpretation and Practice Notes and Stamp Office Interpretation and Practice Notes	1
	Structure and administration of the Inland Revenue Department	1
	Duties and powers of officers of the Inland Revenue Department, and official secrecy	1
	Obligations and liabilities of a taxpayer, his agent, a trustee or an executor	1

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Demonstrate an understanding of the tax system and administration in Hong Kong (Cont'd)	**State, describe and apply the following key aspects of the tax system in Hong Kong:**	
	Returns, offences and penalties	2
	Assessments, additional assessments and provisional assessments	2
	Payment, recovery, holding over and refund of tax	1
	Objections, appeals and claims	2
	Board of Review	1
	Board of Inland Revenue	2
	Field audit and investigation	2
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	**Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:**	
	Property tax	
	Scope of property tax charge	2
	Chargeable property and owners of land and/ or buildings	2
	Salaries tax	
	Scope of salaries tax charge	2
	Time basis assessment	2
	Incomes	2

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong (Cont'd)	**Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:**	
	Salaries tax	
	Benefits in kind, housing benefits, share-based benefits and holiday journey benefits	2
	Lump sum receipts	2
	Expenses and deductions	2
	Losses	2
	Personal allowances	2
	Separate taxation on spouses and joint assessment	2
	Profits tax	
	Scope of profits tax charge	2
	Badges of trade	2
	Source of profits	2
	Deemed trading receipts	2
	Foreign-sourced income exemption	2
	Distinction between capital and revenue items	2
	General deductions and specific deductions	2
	Cessation and post-cessation receipts and payments	2
	Sharkey v Wernher principle	2
	Stock borrowing and lending transactions	2

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong (Cont'd)	**Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:**	
	Profits tax	
	Financial instruments and foreign exchange differences	2
	Exemption for funds	2
	Family-owned investment holding vehicles	2
	Alternative bond schemes	2
	Corporate treasury activities	2
	Regulatory capital securities	2
	Corporate amalgamation	2
	Company re-domiciliation	2
	Aircraft and ship leasing activities	2
	Intellectual property income	2
	Special classes of business	1
	Partnerships, joint ventures, and allocation of profit/ loss	2
	Losses	2
	Depreciation allowances: plant and machinery	2
	Depreciation allowances: industrial buildings and commercial buildings	2

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong (Cont'd)	**Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:**	
	Personal assessment	
	Election of personal assessment	2
	Stamp duty	
	Scope of stamp duty charge	1
	Conveyance on sale of immovable property	2
	Agreement for sale of immovable property	2
	Lease of immovable property	2
	Hong Kong stock	2
	Hong Kong bearer instrument, duplicate and counterpart	2
	Voluntary disposition inter vivos	2
	Alternative bond schemes	2
	Exemptions and reliefs	2
	Adjudication, assessment and administration	1
	Calculate the following tax liabilities for transactions, individuals and entities:	
	Property tax	
	Ascertainment of property tax liability	2
	Salaries tax	
	Ascertainment of salaries tax liability	2
	Profits tax	
	Ascertainment of profits tax liability	2

SYLLABUS AREA		
Principal Learning Outcomes	**Supporting Learning Outcomes**	**Proficiency Level**
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong (Cont'd)	**Calculate the following tax liabilities for transactions, individuals and entities:**	
	Personal assessment	
	Ascertainment of tax liability under personal assessment	2
	Stamp duty	
	Ascertainment of stamp duty liability	2
Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions	Explain and analyse the tax implications and calculate the tax liabilities for cross-border transactions and e-commerce business	2
Demonstrate an understanding of the tax system and administration in the Chinese Mainland	Describe and apply the key aspects of the tax system in the Chinese Mainland	2
Advise on Hong Kong tax planning ideas and strategies to enhance tax efficiency	Explain, apply and consider the anti-avoidance provisions in the Inland Revenue Ordinance	3
	Explain and apply the Ramsay principle	2
	Explain and apply the provisions on offences and penalties	2
	Explain and apply the advance ruling system	2
	Advise on Hong Kong tax planning opportunities	3
	Advise on transfer pricing	3
	Explain and advise on the use of double taxation agreements/ arrangements for tax planning	3
	Advise on the professional, ethical and legal considerations in relation to tax compliance engagements and tax planning	3

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