

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

PRACTISING CERTIFICATE (“PC”) EXAMINATIONS Syllabus for the Paper PC-Taxation

Note:

1. The syllabus of this paper adopts that of the Module D (Taxation) paper of the Institute’s Qualification Programme.
2. Updated version of the Learning Pack designed for Module D will be available for sale around 3 months prior to the Examinations.
3. Candidates should refer to the Learning Outcomes in the Module D Learning Pack for more details on the topics that are listed below.

Competency level

1. Overview of the taxation system and administration of taxes

Describe the key aspects of the tax system in Hong Kong:

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| • Principles of taxation | 2 |
| • Types of tax | 2 |
| • Structure and procedures of the Inland Revenue Department | 2 |
| • Duties and powers of officers of the Inland Revenue Department; official secrecy | 2 |
| • Duties and liabilities of a taxpayer or his agent or an executor | 2 |
| • Sources of Hong Kong tax law – statute, case law, Board of Review decisions | 3 |
| • Interpretation of tax statutes | 3 |
| • The Basic Law | 2 |
| • Departmental interpretation and practice notes and stamp office interpretation and practice notes | 3 |
| • Returns, offences and penalties | 2 |
| • Assessments, additional assessments and provisional assessments | 3 |
| • Payment, recovery, hold-over and refund of taxes | 2 |
| • Objections and appeals | 3 |
| • Board of Review | 2 |
| • Board of Inland Revenue | 2 |
| • Field audit and tax investigation | 2 |

2. Taxes in Hong Kong

Interpret and apply rules of major taxes as they impact and interact on transactions, individuals and organizations and ascertain related tax liabilities:

Tax on Property Income:

- Scope of property tax charge 2
- Chargeable property and owners of land and/or buildings 2
- Ascertainment of assessable value and property tax liability 3

Salaries Tax on Employees and Directors:

- Scope of salaries tax charge 2
- Expenses and deductions 3
- Time basis assessment 3
- Personal allowances 2
- Benefits in kind, housing benefit, share options 3
- Treatment of lump sum receipts and losses 2
- Separate taxation on spouses and joint assessment 2
- Ascertainment of salaries tax liability 3

Personal Assessment:

- Election for personal assessment 2
- Computation of total income and tax payable 2

Taxation of Businesses:

- Scope of profits tax charge 3
- Badges of trade 3
- Source of business profits 3
- Deemed trading receipts 3
- General deductions and specific deductions 3
- Distinction between capital and revenue items 2
- Computation and treatment of losses 2
- Business cessation and post cessation receipts and payments 2
- Sharkey v. Wernher principle 2
- Financial instruments 3
- Exemption for offshore funds 3
- Ascertainment of profits tax liability 3
- Partnerships and allocation of profit/loss 2
- Depreciation allowances: plant and machinery 2
- Depreciation allowances: industrial buildings and commercial buildings 2
- Arrangement between the Mainland of China and the HKSAR 3

Stamp Duty:

• Scope of charge	2
• Conveyance on sale of immovable property	3
• Agreement for sale of residential immovable property	3
• Lease of immovable property	3
• Hong Kong stock	3
• Voluntary disposition inter vivos	3
• Exemptions and reliefs	3
• Adjudication, assessment and administration	2
• Stamp duty planning	3

Tax Planning:

• Anti-avoidance provisions in the Inland Revenue Ordinance	3
• Ramsay principle	3
• Offences and penalties	3
• Advance ruling	2
• Double taxation relief	1
• Hong Kong tax planning	3

3. Tax and the professional accountant

Describe the role of the Professional Accountant in tax management:

• Professional and ethical standards	3
• Relationship with tax authority and the law	2

4. Overview of China tax system

Understand the key aspects of the tax system in China:

• Overview of China tax system	1
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