

## Preamble

The focus of the workshops under the Enhanced Qualification Programme is on formative development of skills, i.e. to train students to become future CPAs.

Many of the cases and issues discussed during the workshops were designed to encourage different points of view which may result in different conclusions being drawn by the students during the workshops.

The main topics covered during the workshops are listed below. They are not intended for any purpose other than for review purpose.

## Workshop Two – Tax Avoidance Cases

(Group Discussion Exercise)

### Reason for activity

CPAs need to be familiar with anti-avoidance provisions in order to identify and manage the risk of possible challenges by the IRD on transactions or arrangements.

### Main topics discussed

- Stamp duty implications of the restructuring of a group of companies (transfer of shares, issuance of new shares) in relation to establishing a joint venture to develop a residential property project in Hong Kong.
- Deductibility of interest on loan secured by a sub-participation arrangement and deductibility of interest on loan secured by shares of a company and a deposit placed with a bank in Hong Kong.
- Transfer pricing issues on relocation of a subsidiary to a lower tax jurisdiction with more capital invested and more functions and risks undertaken, and the increase in the mark-up on prices of goods sold to the parent company in Hong Kong.
- Deductibility of acquisition costs of trademarks and taxability of the royalty incomes in different scenarios.

## Workshop 2 – Cross Border Tax Issues

(Group Discussion Exercise)

### Reason for activity

CPAs should have an awareness of the tax issues arising from cross-border transactions, especially due to the increase in cross border transactions between Hong Kong and the Mainland.

### Main topics discussed

- Chargeability to China Value Added Tax (VAT) in respect of different types of transactions entered into by a China company (Learning Pack (LP) chapter 13, section 9)
- Impact of the VAT Reform Pilot Program on a China company carrying on a transportation business in China (LP chapter 13, section 14)

## Workshop 2 – Tax Planning for Individuals

(Group Discussion Exercise)

### Reason for activity

CPAs should be able to apply up-to-date tax knowledge together with innovative and critical thinking to minimise the tax exposure of an individual in a legal and commercially realistic manner.

### Main topics discussed

- Difference between contract of service and contract for service
- Difference between being assessed under salaries tax and profits tax with consideration of personal assessment

## Workshop 2 – Tax Planning for Corporations

(Group Discussion Exercise)

### Reason for activity

CPAs should be able to apply up-to-date tax knowledge together with innovative and critical thinking to minimise the tax exposure of a company or a group of companies in a legal and commercially realistic manner.

### Main topics discussed

- Calculation of assessable profits of a shipping company (LP chapter 3, section 14.5)
- Taxability of different kinds of investment income and deductibility of the associated expenses
- Possible strategies to improve the company's tax efficiency, supported by sensitivity analysis.