

# Hong Kong Institute of Certified Public Accountants Practising Certificate ("PC") – Taxation

## Syllabus

This document contains the syllabus and the required level of competence for PC – Taxation examination. Candidates should note that PC – Taxation examination adopts the same syllabus of Qualification Programme ("QP") Module D – Taxation. A learning pack is available for QP Module D to assist students to prepare for their examination.

To better understand the scope of PC – Taxation examination, candidates should be aware of the following:

### 1. Learning pack and learning outcomes

The learning pack is published on a bi-annual basis. It is the study materials written for the syllabus topics. Candidates should understand that it is not the only study materials for examination and they should read extensively to equip themselves for their examinations. The latest edition of the learning pack is the 5<sup>th</sup> edition, released in September 2015. In the learning pack, candidates can find the syllabus and the updated prescribed learning outcomes for the syllabus topics.

### 2. Supplement to learning pack

The purpose of the supplement is to provide an update of the learning pack to candidates before a new edition is released. The supplement usually includes update to the chapter content affected by new release or pronouncement of legislation.

### 3. Cut-off on legislation

For the December session and the next June session, candidates will only be examined on the legislation that has been released on or before 31 May of that year and has been effective / will be effective within 13 months from 1 December of the same year.

Candidates may purchase the latest edition of Module D learning pack from the Institute and visit the [Downloads](#) page in the Institute's website for the supplement.

**Overview of the taxation system and administration of taxes**

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

• Principles of taxation	1
• Types of tax	1
• Structure and procedures of Inland Revenue Department	1
• Duties and powers of officers of Inland Revenue Department; official secrecy	1
• Duties and liabilities of a taxpayer or his agent or an executor	1
• Sources of Hong Kong tax law – statute, case law, Board of Review decisions	1
• Interpretation of tax statutes	3
• The Basic Law	2
• Departmental Interpretation and Practice Notes and Stamp Office Interpretation and Practice Notes	1
• 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	3

**Taxes in Hong Kong**

Interpret and apply rules of major taxes as they impact and interact on transactions, individuals and organisations 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	3
• 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	3
• Separate taxation on spouses and joint assessment	2
• Ascertainment of salaries tax liability	3

Personal assessment:

• Election for personal assessment	3
• Computation of total income and tax payable	3

## 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	3
• 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
• Alternative bond schemes	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 <i>inter vivos</i>	3
• Alternative bond schemes	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
• <i>Ramsay</i> principle	3
• Offences and penalties	3
• Advance ruling	2
• Double taxation relief	2
• Hong Kong tax planning	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

## **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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