

<b>Subject Code</b>	AF5208
<b>Subject Title</b>	Taxation Management in Hong Kong and China
<b>Credit Value</b>	3
<b>Level</b>	5
<b>Normal Duration</b>	1-semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	<p><b>Pre-requisite:</b> None</p> <p>(Recommended Background Knowledge: To register this subject, students should have basic knowledge of Hong Kong taxation or equivalent. Some basic knowledge of taxation system of the mainland China is also preferred.)</p> <p>Exclusion: Strategic Tax Management in Hong Kong and China (AF5222)</p>
<b>Role and Purposes</b>	<p>This subject aims to provide students with knowledge about taxation management in the context of both Hong Kong and China. This subject mainly contributes to the achievement of the following Programme Outcomes by enabling students to acquire updated academic and professional knowledge, and understand the current state of development and contemporary issues relevant to doing business and investment decisions, advanced concepts, principles and practices of taxation in Hong Kong and the mainland China and their impact on both domestic and foreign business organizations. It also helps them to identify and analyze ethical issues relating to tax practices. In addition, students are able <u>to apply and communicate tax knowledge and practice to form sound judgments for business operation and investment decisions in real-life setting of Hong Kong and the mainland China, with particular emphasis in foreign investment enterprises (Programme Outcome 3).</u></p>
<b>Subject Learning Outcomes</b>	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> <li><u>analyze the tax framework for business transactions</u> carried out in Hong Kong and for foreign-invested entities operating businesses in the mainland China;</li> <li><u>evaluate the tax consequences of various types of structure of business transactions</u> as well as the tax factors and problems for investment decisions in Hong Kong and the mainland China;</li> <li><u>identify tax planning ideas and strategies for business transactions</u> in order to minimize their explicit tax liabilities or enhance their tax efficiency and effectiveness; and</li> <li><u>explain and analyze the contemporary tax issues</u> in respect of law, practices, guidelines and case decisions, with due consideration on ethical issues.</li> </ol>

<p><b>Subject Synopsis/ Indicative Syllabus</b></p>	<p><b>Tax Policy and Tax Framework</b> Fiscal policy and principles of taxation. Overview of Hong Kong tax framework. Overview of China tax framework.</p> <p><b>Tax and Investment Decisions in Hong Kong</b> Source principles and deduction principles. Tax incentives and anti-avoidance rules. Inbound and outbound investments in and from Hong Kong. Strategic tax planning opportunities.</p> <p><b>Tax and Investment Decisions in the Mainland China</b> Corporate income tax. Individual income tax. Turnover tax. Transfer pricing. Double taxation arrangement and relief. Tax incentives and tax concessions. Tax administration and collection. Tax reforms. Strategic tax planning opportunities.</p> <p><b>Contemporary Issues in Taxation</b> Selective topical issues on: government finance budgets, new taxes and tax reforms, indirect taxation, environmental tax, anti-avoidance legislation development, permanent establishment, arm's length principle, transfer pricing, mergers and acquisitions, tax treaties, exchange of information, exemption of off-shore funds, taxation of intellectual properties, and various tax policy researches in taxation.</p>																																																						
<p><b>Teaching/Learning Methodology</b></p>	<p>The three hours of seminar per week will be used flexibly by the lecturer for discussing key concepts, techniques 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><b>Assessment Methods in Alignment with Intended Learning Outcomes</b></p>	<table border="1" data-bbox="527 1182 1437 1791"> <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>Group Project Report</td> <td>25%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Individual Strategic Case</td> <td>15%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Tutorial Participation</td> <td>10%</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 colspan="6"></td> </tr> </tbody> </table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			Group Project Report	25%	√	√	√	√			Individual Strategic Case	15%	√	√	√	√			Tutorial Participation	10%	√	√	√				Final Examination	50%	√	√	√	√			Total	100 %						
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	<p>Group Project Report – The objectives of the project are: (i) To enable students to develop a better understanding of some important issues in Hong Kong tax and China tax which they are interested in; (ii) To widen students’ perspective on issues in Hong Kong tax and China tax; and (iii) To stimulate students’ interest in searching and reading articles/ materials of related tax issues.</p> <p>Individual Strategic Case – The objectives of the case study write-up are: (i) To enable students to analyze the China tax framework of the case; (ii) To apply the related tax knowledge to solve the issues; (iii) To identify the China tax planning ideas and their constraints in the real-life business situation; and (iv) To formulate the sound judgment on the business decision.</p> <p>Tutorial Participation – Students are required to present tax problems/cases (on group basis) by analyzing the facts/tax issues and apply tax concepts/principles to provide tax solutions/explanations of tax implications.</p> <p>Final Examination – 3 hours open book examination with four to five tax problems/cases that students are required to analyze the facts/tax issues and apply tax concepts/principles to provide tax solutions/explanations of tax implications/advices in respect of any chosen problems/cases.</p> <p><b>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</b></p>	
<p><b>Student Study Effort Expected</b></p>	<p>Class contact:</p>	
	<ul style="list-style-type: none"> <li>▪ 13 weeks of 3 hours seminar each</li> </ul>	<p>39 Hrs.</p>
	<p>Other student study effort:</p>	
	<ul style="list-style-type: none"> <li>▪ Depends on their backgrounds, on average students are expected to spend around 2 more hours for each contact hour for reading subject materials/textbook, preparing tutorial participation and doing discussion questions and assignments.</li> </ul>	<p>78 Hrs.</p>
	<p>Total student study effort</p>	<p>117 Hrs.</p>
<p><b>Reading List and References</b></p>	<p><i>Weekly reading materials recommended/supplied in the subject.</i></p> <p><i>Textbooks:</i></p>	

CCH, *China Master Tax Guide 2017/18 (or latest edition)*, Wolters Kluwer Hong Kong Limited.

CCH, *Taxation in Hong Kong: A Practical Guide 2017/18*, Wolters Kluwer Hong Kong Limited

*References:*

Ho, Patrick Kin-wai, *Hong Kong Taxation and Tax Planning*, 16<sup>th</sup> edition, Hong Kong, Pilot Publishing Company Limited.

Hong Kong Special Administrative Region Government, *Inland Revenue Ordinance (Chapter 112)* and *Inland Revenue Rules*, most recent edition, Hong Kong, Hong Kong Special Administrative Region Government.