

Subject Code	AF5220
Subject Title	Strategic China Tax Planning and Management
Credit Value	3
Level	5
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	This subject aims to impart students with sound knowledge of China tax framework, principles and practices for planning and decision making in corporate governance. It contributes to the achievement of MCG Programme Outcomes by enabling students to <u>explain current tax laws, and apply established tax principles and practices to analyze business situations and problems</u> in the specific business setting of the mainland China, <u>develop a critical insight and appreciation through effectively interpret up-to-date tax legislations, rules, and guidelines and analyze practical tax issues relating to their business operation</u> , and <u>apply the current tax law and practices on taxation implications in corporate governance and corporate management decision making</u> .
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> (a) <u>explain the current laws and apply the principles and practices</u> relating to taxation for individual and foreign-invested entities operating business in the mainland China; (b) <u>effectively interpret tax legislations, rules, and guidelines and analyse practical tax issues</u> through critically evaluate the tax consequences of various types of structure of business transactions and provide professional advices on the China tax system and its operation as well as tax implications on individuals and business entities; and (c) <u>apply the tax knowledge in corporate governance and management decision making</u> through strategically formulate and carry out China tax planning ideas and policies in relation to individual and business transactions in order to minimize their explicit tax liabilities or enhance their tax efficiency and effectiveness.
Subject Synopsis/ Indicative Syllabus	Overview of China Taxation System and Tax Administration Forms of business establishment in the mainland China. Current tax structure and types of tax. Structure of China tax laws and regulations. Structure of China tax administrative system. Tax collection and administration law and implementing rules. Turnover Tax System Scope of taxation – value added tax, business tax and consumption tax. Exemption and reliefs. Determination of taxable amount. Calculation of

	<p>tax liabilities. Applicable tax rates. Turnover tax administration. Tax refunds on export. B2V reform and its implementing issues.</p> <p>Corporate Income Tax Planning and Management <u>Corporate Income Tax and Tax Incentives</u> Forms of business presence of foreign investment in China. Scope of charge – foreign invested enterprises and domestic enterprises. Assessment and exemptions. Applicable tax rates. Preferential tax treatments. Tax incentives – location and industry. Tax holidays. R&D super deduction. Cross-border transactions. Double taxation arrangement. Mergers and acquisitions. Reforms of corporate income taxes.</p> <p><u>Anti-avoidance Provisions</u> Rules and regulations. General and specific provisions. Special tax adjustments. Taxation of indirect transfer of assets.</p> <p><u>Transfer Pricing Rules</u> Transfer pricing audits. Rules and regulations. Target transactions and target enterprises. Audit adjustments and methods. Contemporaneous documentation. Corresponding adjustments. Defense pricing strategy. Advance pricing arrangement. BEPS, common reporting standards and recent developments.</p> <p><u>Double Taxation Arrangement</u> Application of Memorandum of Understanding between the Mainland China and Hong Kong for the Avoidance of Double Taxation. Comprehensive agreement and subsequent protocols. Treaty benefits. Treaty Shopping. Beneficial ownership. Taxation of capital gains. Automatic exchange of information. Implementation issues.</p> <p><u>Other Special Forms of Investment</u> Representative offices. Contract manufacturing vs. import processing. Chinese holding companies. Investment headquarters. Investments in free trade zones and bonded areas. Export processing zones.</p> <p><u>Tax Planning</u> Tax minimization and tax avoidance. Tax audits and penalty. Trade-off between tax factors and non-tax factors. Planning opportunities for foreign invested enterprises. Anti-treaty shopping.</p> <p>Individual Income Tax Planning and Management Scope of charge. Types of income. Non-taxable benefits. Deductions. Applicable tax rates. Cross-border transactions. Double taxation arrangement. Tax reforms. Planning opportunities for expatriates.</p> <p>Other Types of Taxes and Issues Land value appreciation tax. Real estate tax. Urban land and house tax. Vehicle and vessel license tax. Stamp tax. Deed tax. Motor vehicle acquisition tax. Resource tax. New proposed taxes and their feasibility – fuel tax, Real property tax, social security tax, share transaction tax and estate duty. New taxes such as environmental protection tax and tobacco leaf tax.</p>
Teaching/Learning	Lectures cover the core principles and concepts of the subject syllabus.

Methodology	Seminars are for case studies, presentation and discussion. Students are expected to play an active role in seminars and are required to present tax problems/cases and articles. They are expected to apply subject knowledge to the discussion of the current tax issues faced by a corporate administrator in their working environment. A fair portion of guided reading will also be provided.																																																																				
Assessment Methods in Alignment with Subject Learning Outcomes	<table border="1" data-bbox="486 452 1449 1093"> <thead> <tr> <th data-bbox="486 452 801 654" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="801 452 960 654" rowspan="2">% weighting</th> <th colspan="6" data-bbox="960 452 1449 586">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="960 586 1040 654">a</th> <th data-bbox="1040 586 1120 654">b</th> <th data-bbox="1120 586 1200 654">c</th> <th data-bbox="1200 586 1279 654"></th> <th data-bbox="1279 586 1359 654"></th> <th data-bbox="1359 586 1449 654"></th> </tr> </thead> <tbody> <tr> <td data-bbox="486 654 801 721">Group Project Report</td> <td data-bbox="801 654 960 721">25%</td> <td data-bbox="960 654 1040 721">√</td> <td data-bbox="1040 654 1120 721">√</td> <td data-bbox="1120 654 1200 721">√</td> <td data-bbox="1200 654 1279 721"></td> <td data-bbox="1279 654 1359 721"></td> <td data-bbox="1359 654 1449 721"></td> </tr> <tr> <td data-bbox="486 721 801 824">Individual Strategic Case</td> <td data-bbox="801 721 960 824">15%</td> <td data-bbox="960 721 1040 824">√</td> <td data-bbox="1040 721 1120 824">√</td> <td data-bbox="1120 721 1200 824">√</td> <td data-bbox="1200 721 1279 824"></td> <td data-bbox="1279 721 1359 824"></td> <td data-bbox="1359 721 1449 824"></td> </tr> <tr> <td data-bbox="486 824 801 891">Tutorial Participation</td> <td data-bbox="801 824 960 891">5%</td> <td data-bbox="960 824 1040 891">√</td> <td data-bbox="1040 824 1120 891">√</td> <td data-bbox="1120 824 1200 891">√</td> <td data-bbox="1200 824 1279 891"></td> <td data-bbox="1279 824 1359 891"></td> <td data-bbox="1359 824 1449 891"></td> </tr> <tr> <td data-bbox="486 891 801 958">Class Participation</td> <td data-bbox="801 891 960 958">5%</td> <td data-bbox="960 891 1040 958">√</td> <td data-bbox="1040 891 1120 958">√</td> <td data-bbox="1120 891 1200 958">√</td> <td data-bbox="1200 891 1279 958"></td> <td data-bbox="1279 891 1359 958"></td> <td data-bbox="1359 891 1449 958"></td> </tr> <tr> <td data-bbox="486 958 801 1025">Final Examination</td> <td data-bbox="801 958 960 1025">50%</td> <td data-bbox="960 958 1040 1025">√</td> <td data-bbox="1040 958 1120 1025">√</td> <td data-bbox="1120 958 1200 1025">√</td> <td data-bbox="1200 958 1279 1025"></td> <td data-bbox="1279 958 1359 1025"></td> <td data-bbox="1359 958 1449 1025"></td> </tr> <tr> <td data-bbox="486 1025 801 1093">Total</td> <td data-bbox="801 1025 960 1093">100 %</td> <td colspan="6" data-bbox="960 1025 1449 1093"></td> </tr> </tbody> </table> <p data-bbox="486 1115 1449 1182">Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p data-bbox="486 1193 1449 1361">Group Project Report – The objectives of the project are: (i) To enable students to develop a better understanding of some important issues in China tax which they are interested in; (ii) To widen students’ perspective on issues in China tax; and (iii) To stimulate students’ interest in searching and reading articles/ materials of related tax issues.</p> <p data-bbox="486 1373 1449 1574">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 data-bbox="486 1585 1449 1731">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 data-bbox="486 1742 1449 1809">Class Participation – Students are encouraged to speak and active in class discussion for various issues in the subject.</p> <p data-bbox="486 1821 1449 1966">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 data-bbox="486 1977 1449 2042">Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination</p>							Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c				Group Project Report	25%	√	√	√				Individual Strategic Case	15%	√	√	√				Tutorial Participation	5%	√	√	√				Class Participation	5%	√	√	√				Final Examination	50%	√	√	√				Total	100 %						
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	components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturer(s).	
Student Study Effort Required	Class contact:	
	<ul style="list-style-type: none"> ▪ 13 weeks of 3 hours seminar each 	39 Hrs.
	Other student study effort:	
	<ul style="list-style-type: none"> ▪ 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. 	78 Hrs.
	Total student study effort	117 Hrs.
Reading List and References	<p><i>Weekly reading materials recommended/supplied in the subject.</i></p> <p><i>Textbooks and References</i></p> <p>CCH, <i>China Master Tax Guide</i>, latest edition, Hong Kong, Wolters Kluwer Hong Kong Limited</p> <p>OECD, <i>Model Tax Convention on Income and on Capital</i>, condensed version, Paris, Organization for Economic Co-operation and Development</p> <p>《中華人民共和國稅法基本法規》（最新版） 出版社：中國稅務出版社</p> <p>《稅法》(Taxation Laws)（CICPA教材最新版） 作者：中國註冊會計師協會 出版社：經濟科學出版社</p> <p>國家稅務總局網頁：www.chinatax.gov.cn/n8136506/index.html</p>	