

The Hong Kong University of Science and Technology
School of Business and Management

Department of Accounting
2024-25 Spring Semester
ACCT4410 – Taxation Course Outline

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| Instructor | Kelvin P. MAK (Dr.) | |
| Instructor's Contact | Rm. 6055, LSK Business Building e-mail: acmak@ust.hk , Tel. 2358 7571 | |
| Office Hours (by appointment) | Tuesday 09:30 a.m. – 10:30 a.m. Thursday 09:30 a.m. – 10:30 a.m. | |
| Lecture Time & Venue | L1 Monday 03:00pm – 04:20pm Friday 10:30am – 11:50am L2 Monday 04:30pm – 05:50pm Friday 12:00pm – 01:20pm L3 Monday 01:30pm – 02:50pm Friday 09:00am – 10:20am | LG 3008 Lift 10-12 |
| Instructional Assistant | Ms. Michelle YI, Room 6066, 6/F., LSK Building e-mail: michelleyi@ust.hk | |
| Course Web Site | Accessible via canvas portal: http://canvas.ust.hk | |

1. Course description

ACCT4410 Taxation provides students with an understanding of the relevant tax statutes; case law principles and tax practices concerning Hong Kong taxation. The course focuses on direct taxes as well as stamp duty in Hong Kong. Other essential topics that include tax administration procedures under the *Inland Revenue Ordinance Cap.112* and its subsidiary legislations; tax administrations; tax planning principles; income taxes; anti-tax avoidance and tax issues relating to cross-border transactions would also be covered. ACCT4410 is such a comprehensive taxation course that aims at giving students a solid foundation that enables them to address and deal with **tax issues** pertaining to **business transactions** effectively.

2. Objectives

The course aims at providing students with the essential principles and practices of Hong Kong taxation. Also, it develops students' generic skills in interpersonal interaction, working individually and in team situations; ethical issues and sense of professional integrity when dealing with tax related issues.

On successful completion of the course, students should be able to achieve the following Course Intended Learning Objectives (“CILO”) summarized as follows:

| No. | CILOs |
|-----|---|
| 1. | DESCRIBE the law and practice of Hong Kong tax, including source of tax law; Inland Revenue practices including those dealing with basic principles and practices relating to cross-border transactions between Hong Kong and the Mainland China. |
| 2. | DESCRIBE and EXPLAIN the law, principles and practices of Hong Kong property tax, salaries tax and profits tax, depreciation allowance, personal assessment, tax management, stamp duty and tax administration. |
| 3. | APPLY the tax principles to practical business situations and identify issues in income taxes and stamp duty planning. |
| 4. | EXPLAIN the law and practice of offence and penalty. |
| 5. | DESCRIBE the basic principles and ethical requirements of tax practice. |
| 6. | COMMUNICATE effectively in verbal, written and electronic formats. |

3. Textbook and references

- a) Ho, Patrick K.W. and Mak, Kelvin P.L., *Hong Kong Taxation and Tax Planning*, 22nd edition, Pilot Publishing Co. Ltd.
- b) Macpherson, A & Olesnick, M, *Hong Kong Taxation: Law and Practice*, 2018/2019 edition, The Chinese University Press
- c) *Inland Revenue Ordinance (Cap.112)* and *Inland Revenue Rules*, Hong Kong SAR Government
- d) *Departmental Interpretation & Practice Notes*, (selected), Inland Revenue Department
- e) *Board of Review decisions* (selected), Board of Review (Inland Revenue Ordinance)
- f) *Code of Ethics for Professional Accountants, Volume I Professional Accountants Ordinance & By-laws, Professional Ethics & Conduct*, Hong Kong Institute of Certified Public Accountants: Members’ Handbook
- g) *Code of Professional Conduct*, The Taxation Institute of Hong Kong. URL: [Code of Professional Conduct – The Taxation Institute of Hong Kong](#)
- h) *Code of Ethics for Professional Accountants*, HKICPA. URL: [318ncoe1224.pdf](#)
- i) Useful URLs: Database of the Laws of Hong Kong: <http://www.elegislation.gov.hk>; and Inland Revenue Department official website: [http:// www.ird.gov.hk](http://www.ird.gov.hk)

4. Learning approach

Taxation is an interesting subject that involves legal principles and practices. The best approach

to learn this subject requires **effort and involvement from the students**. This will be achieved through engaging activities in the lectures. They include discussions and participation in each class and submission of take-home exercises.

5. Assessment tasks

| Components | Assessment base | Loading |
|--|-----------------|---------|
| Take-home exercises (Best 5 submissions) | individually | 25% |
| Mid-term examination (19 March 2025 evening) | individually | 25% |
| Final examination | individually | 50% |
| Total | | 100% |

Take home exercises: Instructor will give out practice exercises on Canvas, where and when it is appropriate. The primary objective is to encourage students to apply what they have learnt from lecture materials and solve practical questions. Practice exercise questions are available on a Friday (which depends on the progress of the course) which the course instructor will make prior announcement before releasing a take-home exercise. Students will normally be given a week to complete the exercises.

The above assessment component requires a high degree of attention paid by students during online lectures and self-discipline. **This means that students are expected to devote sufficient time and energy to study course materials and genuinely attempt those take-home exercise questions by themselves.**

Any proven cheating behavior would cause zero mark for that particular take home exercise submission.

Mid-term examination: It will be held on Wednesday evening, i.e., on **March 19, 2025, from 19:15 p.m. to 20:45 p.m. (1.5 hours)**. It will be a **face-to-face proctored** midterm exam, **open book** approach is used. There are case based problems and questions that require students to apply what they have learnt to given fact pattern of hypothetical case scenarios. They require students' articulation and numerical skill, rather than, for example, the mere ability to perform simple calculations.

It is expected that all students will take the mid-term examination at the scheduled time. There will be no make-up examination for that. Details will be given in due course.

Final examination: A 3-hour final examination will be held during the Spring Term Examinations period, i.e., **May 17 – 29, 2025**. It will be a face-to-face proctored final exam. It is going to be an **open book** examination that includes **ALL the topics covered** in the course. You will be given more information about the format of the final examination tentatively in early May 2025.

Important note: Students should observe the rules and policies that are published on “Academic Integrity” website (URL: [Academic Integrity \(ust.hk\)](https://ust.hk/academic-integrity)) of the HKUST. Students need to commit to

the Academic Honor Code (URL: [Academic Honor Code](#)) published by the Academic Registry.

6. Course website

Please visit the course web regularly for lecture materials, extra readings and important announcements. The URL is <http://canvas.ust.hk>

7. Course policy

There will be no make-up examinations except for medical reasons supported by proper doctor's note. A student who is unable to attend an examination due to medical reasons must inform the course instructor before the examination. Absence from any examination without prior approval will result in zero score for that particular examination.

8. Academic conduct

The University Regulations on academic dishonesty will be strictly enforced. Please observe the academic honesty and responsibility properly. Please also see Section 5. above.

9. Course schedule

The following course schedule is tentative and subject to change. Students are advised to follow the teaching materials closely in all lectures.

| Week | Topics | Chapter Reference |
|------|--|-------------------|
| 1-2 | Introduction to Hong Kong tax administration, offence & penalty provisions | 1 – 3; 5 |
| 3 | Property tax: Scope of charge; computation & planning | 6 & 7 |
| 4-6 | Salaries tax: Scope of charge; Income & expenses; Personal allowances; Computation & Planning | 8 – 13 |
| 7-9 | Profits tax: Scope of charge; Source of Profits; Deemed trading receipts; Deductions and Computation | 14 – 20 |
| 10 | Tax depreciation allowances | 31 – 33 |
| 11 | Personal assessment | 34 & 35 |
| 12 | Stamp duty: Scope of charge; different Heads of charge; Relief and exemption; stamp duty administration; stamp duty planning | 38 – 43 |
| 13 | Ethical issues & Introduction to tax related to cross-border transactions | 46 & 47 |

10. Grading rubric

| | Excellent (A+, A, A-) | Good (B+, B, B-) | Adequate (C+, C, C-) | Marginal (D) |
|-------|--|--|---|---|
| CILO1 | Demonstrate an excellent understanding to identify the different sources of law and practices affecting the levy of tax in Hong Kong; including those relating to cross-border transactions between Hong Kong and China; and describe the characteristics of Hong Kong taxation system. | Demonstrate a good understanding to identify the different sources of law and practices affecting the levy of tax in Hong Kong; including those relating to cross-border transactions between Hong Kong and China; and describe the characteristics of Hong Kong taxation system. | Demonstrate an adequate understanding to identify the different sources of law and practices affecting the levy of tax in Hong Kong; including those relating to cross-border transactions between Hong Kong and China; and describe the characteristics of Hong Kong taxation system. | Demonstrate basic understanding to identify the different sources of law and practices affecting the levy of tax in Hong Kong; including those relating to cross-border transactions between Hong Kong and China; and describe the characteristics of Hong Kong taxation system. |
| CILO2 | Demonstrate an excellent understanding to identify and explain the relevant tax issues based upon the law, principles and practices of Hong Kong property tax, salaries tax, profits tax, depreciation allowances, personal assessment, tax management, stamp duty and tax administration. | Demonstrate a good understanding to identify and explain the relevant tax issues based upon the law, principles and practices of Hong Kong property tax, salaries tax, profits tax, depreciation allowances, personal assessment, tax management, stamp duty and tax administration. | Demonstrate an adequate understanding to identify and explain the relevant tax issues based upon the law, principles and practices of Hong Kong property tax, salaries tax, profits tax, depreciation allowances, personal assessment, tax management, stamp duty and tax administration. | Demonstrate basic understanding to identify and explain the relevant tax issues based upon the law, principles and practices of Hong Kong property tax, salaries tax, profits tax, depreciation allowances, personal assessment, tax management, stamp duty and tax administration. |
| CILO3 | Identify and analyse all types of business information relevant for forming solutions and/or tax advice; explain and apply various tax principles to business situations. | Identify and analyse most types of business information relevant for forming solutions and/or tax advice; explain and apply various tax principles to business situations. | Identify and analyse some types of business information relevant for forming solutions and/or tax advice; explain and apply various tax principles to business situations. | Identify a few types of business information relevant for forming solutions and/or tax advice; explain and apply various tax principles to business situations. |

| | Excellent (A+, A, A-) | Good (B+, B, B-) | Adequate (C+, C, C-) | Marginal (D) |
|-------|--|--|--|--|
| CILO4 | Demonstrate an excellent practical knowledge of interpreting and analysing income, expenditure and other relevant information to form solutions and/or make constructive tax advice with regard to income taxes and tax administrative matters in Hong Kong. | Demonstrate a good practical knowledge of interpreting and analysing income, expenditure and other relevant information to form solutions and/or make constructive tax advice with regard to income taxes and tax administrative matters in Hong Kong. | Demonstrate an adequate practical knowledge of analysing income, expenditure and other relevant information to form solutions and/or make constructive tax advice with regard to income taxes and tax administrative matters in Hong Kong. | Demonstrate basic practical knowledge of analysing income, expenditure and other relevant information to form solutions and/or make constructive tax advice with regard to income taxes and tax administrative matters in Hong Kong. |
| CILO5 | Demonstrate an excellent understanding of the ethical principles and requirements pertaining to tax practice. | Demonstrate a good understanding of the ethical principles and requirements pertaining to tax practice. | Demonstrate an adequate understanding of the ethical principles and requirements pertaining to tax practice. | Demonstrate basic understanding of the ethical principles and requirements pertaining to tax practice. |
| CILO6 | Demonstrate an excellent understanding of the subject and all the arguments are well articulated and well organized in terms of verbal presentation and report writing skills. | Demonstrate a good understanding of the subject and most of the arguments are sufficiently explained and properly organized in terms of verbal presentation and report writing skills. | Demonstrate an adequate understanding of the subject and the main arguments are explained and organized in terms of verbal presentation and report writing skills. | Demonstrate basic understanding of the subject and there was an attempt shown to explain and organize the relevant arguments in terms of verbal presentation and report writing skills. |