

# Contents

Preface

Table of Cases

Table of Statutes

How to Use This Book i

How to Study Taxation iii

## **Section A Introduction ..... 1**

1. Introduction to the Hong Kong Taxation System 2

## **Section B Tax Administration ..... 19**

2. Compliance, Returns and Assessments 20

3. Objections, Holdover Claims and Revision of Errors 35

4. Back Duty and Investigation 46

5. Miscellaneous Items 60

Examination Questions on Tax Administration 68

Answers to Examination Questions on Tax Administration 68

## **Section C Property Tax ..... 71**

6. Scope of Charge and Sources of Income 72

7. Property Tax Computation 82

Examination Questions on Property Tax 90

Answers to Examination Questions on Property Tax 91

## **Section D Salaries Tax ..... 93**

8. Scope of Charge and Sources of Income 94

9. Chargeable Income 115

10. Allowable Deductions 144

11. Personal Allowances 156

12. Salaries Tax Computation 169

13. Salaries Tax Planning 180

Examination Questions on Salaries Tax 186

Answers to Examination Questions on Salaries Tax 189

## **Section E Profits Tax ..... 199**

14. Scope of Charge	200
15. Source of Profit	213
16. Chargeable Income and Deemed Trading Receipts	250
17. Deductible and Non-deductible Items	272
18. Deduction of Interest under Profits Tax	291
19. Specific Deductions	312
20. Profits Tax Computation	339
21. Unincorporated Business	346
22. Treatment of Loss	360
23. Basis Period	370
24. Profits Tax Planning	384
Examination Questions on Profits Tax	395
Answers to Examination Questions on Profits Tax	400

## **Section F Special Businesses ..... 407**

25. Insurance Businesses	408
26. Ship Owners, Aircraft Owners and Aircraft Lessors	413
27. Clubs and Trade Associations	427
28. Financial Institutions and Corporate Treasury Centres	434
Examination Questions on Special Businesses	446
Answers to Examination Questions on Special Businesses	447

## **Section G Depreciation Allowance ..... 451**

29. Plant and Machinery	452
30. Industrial Building	471
31. Commercial Building	484
Examination Questions on Depreciation Allowance	494
Answers to Examination Questions on Depreciation Allowance	495

## **Section H Personal Assessment ..... 497**

32. General Principles	498
33. Computation of Personal Assessment Tax	514
Examination Questions on Personal Assessment	522
Answers to Examination Questions on Personal Assessment	523

## **Section I Overseas Activities and Anti-Avoidance ..... 527**

34. Non-Residents and Overseas Activities	528
35. Anti-Avoidance	551
Examination Questions on Overseas Activities and Anti-Avoidance	570
Answers to Examination Questions on Overseas Activities and Anti-Avoidance	570

## **Section J Stamp Duty..... 573**

36. Stamp Duty – Scope of Charge	574
37. Immovable Properties Situated in Hong Kong	584
38. Hong Kong Stock	612
39. Relief and Exemption	621
40. Administration of the Stamp Duty Ordinance	630
41. Stamp Duty Planning	636
Examination Questions on Stamp Duty	640
Answers to Examination Questions on Stamp Duty	641

## **Section K Estate Planning and China Tax ..... 643**

42. Introduction to Trust	644
43. Estate Planning and Succession	650
44. Introduction to PRC Tax	661
45. Anti-Avoidance of Double Tax Arrangement with Mainland China	679
46. Transfer Pricing and Double Taxation Relief	698
Examination Questions on Estate Planning and China Tax	716
Answers to Examination Questions on Estate Planning and China Tax	716

## **Section L Mock Examination Questions and Answers..... 719**

47. Mock Examination Questions	720
48. Answers to Mock Examination Questions	732

## **Index ..... 752**