

Advanced Taxation (P6) China (CHN) December 2009

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows where any direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other, such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blue print for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be potentially assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what examinations may require students to demonstrate and the broad intellectual level at which these may need to be demonstrated (*See intellectual levels below).

Reading lists

ACCA examiners will recommend study texts and text books where these are available, which students may read as part of their preparation for the examination. Relevant articles will also be published in *Student Accountant*.

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification. The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis

Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript denoting intellectual level marked at the end of each relevant line. This gives an indication to what intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS

The ACCA qualification does not prescribe or recommend any particular number of learning hours because increasingly study and learning patterns and styles vary greatly between people and organisations and in different personal, professional and educational circumstances.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down in those particular papers.

GUIDE TO EXAMINATION STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations are all paper based three-hour papers. The structure of papers varies from ten questions in the Corporate and Business Law (F4) paper to four 25 mark questions in Performance Management (F5) and Financial Management (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and examination requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of each of the Options papers contains 50-70 compulsory marks from two questions, each attracting between 25 and 40 marks. Section B will

offer a choice of two from three questions totalling 30-50 marks, with each question attracting between 15 and 25 marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation **issued** or legislation **passed** on or before 30th September annually, will be assessed from June 1st of the following year to May 31st of the year after. Therefore, paper based examinations in June 2009, December 2009 (and March 2010 where applicable) will be assessed on regulations issued and legislation passed on or before 30 September 2008.

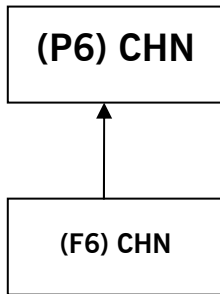
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the **effective** date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

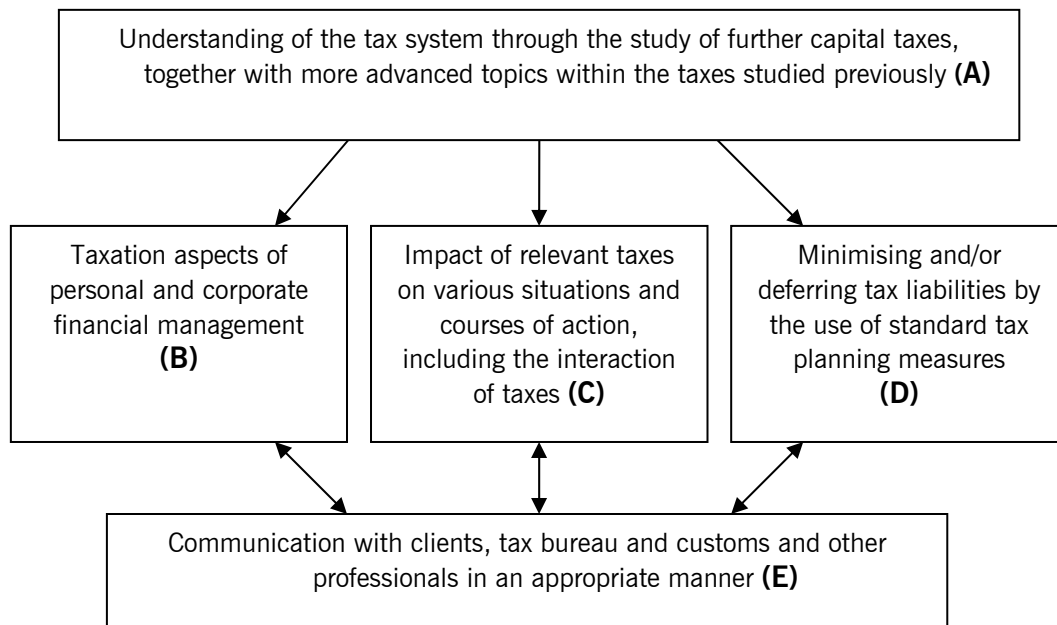
To apply relevant knowledge and skills and exercise professional judgment in providing relevant information and advice to individuals and businesses on the impact of the major taxes on financial decisions and situations.

MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

- A** Apply further knowledge and understanding of the PRC tax system through the study of further taxes, together with more advanced topics within the taxes studied previously.
- B** Evaluate and explain the importance of taxation to personal and corporate financial management.
- C** Identify and evaluate the impact of relevant taxes on various situations and courses of action, including the interaction of taxes.
- D** Provide advice on minimising and/or deferring tax liabilities by the use of standard tax planning measures.
- E** Communicate with clients, tax bureau and customs and other professionals in an appropriate manner.

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The *Advanced Taxation* syllabus further develops the key aspects of taxation introduced in the compulsory Taxation syllabus within the Skills module and extends the candidates' knowledge of the tax system, together with their ability to apply that knowledge to the issues commonly encountered by individuals and businesses, such that successful candidates should have the ability to interpret and analyse the information provided and communicate the outcomes in a manner appropriate to the intended audience.

The syllabus builds on the basic knowledge of core taxes from the earlier taxation paper and introduces candidates to additional different type of taxes in the relation to additional transaction and property-related taxes. As this is an optional paper, aimed at those requiring/desiring more than basic tax knowledge for their future professional lives, the syllabus also extends the knowledge of taxes already studied to encompass further international aspects, special types of enterprise and additional exemptions and reliefs.

Computations will normally only be required in support of explanations or advice and not in isolation.

Candidates are not expected to concentrate on the computational aspects of taxation. Instead this paper seeks to develop candidates' skills of analysis, interpretation and communication. Candidates are expected to be able to use established tax planning methods and consider current issues in taxation.

DETAILED SYLLABUS

A Knowledge and understanding of the PRC tax system through the study of further taxes, together with more advanced topics within the taxes already studied

1. Extend knowledge of the PRC tax system and its interaction with other tax systems
2. Individual income tax liabilities in situations involving further international aspects and the application of additional exemptions and reliefs
3. Enterprise income tax liabilities in situations involving further international aspects, special

types of enterprise and the application of additional exemptions and reliefs

4. Transaction and property related taxes: land appreciation tax, stamp duty, deed tax and urban real estate tax
5. Indirect taxes (value added tax, business tax, consumption tax and customs duty) and tax administration

B The importance of taxation to personal and corporate financial management

1. The principles underlying personal financial management
2. How an individual's personal financial objectives may differ depending on their circumstances and expectations
3. The common forms of personal finance and investment products in a given set of circumstances, including ethical considerations
4. How a business' financial objectives may differ depending on its circumstances and the business environment
5. How taxation can affect the financial decisions made by businesses (corporate and unincorporated) and by individuals
6. Other considerations, personal and commercial, which might affect a financial decision

C The impact of relevant taxes on various situations and courses of action, including the interaction of taxes

1. Taxes applicable to a given situation or course of action and their impact
2. Alternative ways of achieving personal or business outcomes may lead to different tax consequences
3. Tax advantages and/or disadvantages of alternative courses of action

4. Statutory obligations imposed in a given situation, including any time limits for action and the implications of non-compliance

D Minimising and/or deferring tax liabilities by the use of standard tax planning measures

1. Types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business
2. Legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated
3. The appropriateness of such investment, expenditure or measures, given a particular taxpayer's circumstances or stated objectives
4. The mitigation of tax in the manner recommended, by reference to numerical analysis and/or reasoned argument
5. Ethical and professional issues arising from the giving of tax planning advice
6. Current issues in taxation

E Communicating with clients, tax bureau and Customs and other professionals

1. Communication of advice, recommendations and information in the required format
2. Presentation of written information, in language appropriate to the purpose of the communication and the intended recipient
3. Conclusions reached with relevant supporting computations
4. Assumptions made or limitations in the analysis provided, together with any inadequacies in the information available and/or additional information required to provide a fuller analysis
5. Other non-tax factors that should be considered

APPROACH TO EXAMINING THE SYLLABUS

The paper consists of two sections:

Section A consists of two compulsory questions for a total of between 50 and 70 marks. Marks may not be allocated evenly between the two questions.

Section B consists of three questions, two of which must be answered. Each question will have the same number of marks, ranging from 15 marks each to 25 marks each.

Questions will be scenario based and will normally involve consideration of more than one tax, together with some elements of planning and the interaction of taxes. Computations will normally only be required in support of explanations or advice and not in isolation.

The examination is a three hour paper.

Tax rates, allowances and information on certain reliefs will be given in the examination paper.

Study Guide

A APPLY FURTHER KNOWLEDGE AND UNDERSTANDING OF THE PRC TAX SYSTEM THROUGH THE STUDY OF FURTHER TAXES, TOGETHER WITH MORE ADVANCED TOPICS WITHIN THE TAXES STUDIED PREVIOUSLY

1. Extend knowledge of the PRC tax system and its interaction with other tax systems

- a) The contents of the paper F6 study guide for the PRC tax system under headings:
- A3 The structure of the PRC tax system
 - A4 Tax avoidance and tax evasion

The following additional material is also examinable:

- b) The structure of the PRC tax system:
- i) Understand the function and purpose of tax treaties ^[3]
 - ii) Explain how a double taxation agreement can affect the liability to taxation of different types of income ^[3]
 - iii) Understand and apply both the tax credit method and the tax exemption method for eliminating double taxation ^[3]
- c) Tax avoidance and tax evasion
- i) Distinguish between general and specific anti-avoidance provisions ^[3]
 - ii) Advise on the potential effects of general anti-avoidance provisions on transactions undertaken by individuals and enterprises ^[3]

Excluded topics

The structure of the PRC tax system

- *The Offshore Oil Taxation Bureau*
- *Local variations in the enforcement of taxes in different parts of China*
- *Social security levies/contributions*
- *Detailed knowledge of specific double taxation agreements*

Tax avoidance and tax evasion

- *Detailed knowledge of specific anti-avoidance provisions (except as stated in the Study Guide)*

2. Individual income tax liabilities in situations involving further international aspects and the application of additional exemptions and reliefs

- a) The contents of the paper F6 study guide for individual income tax (IIT) under the headings:
- B1 The scope of IIT
 - B2 Income from employment
 - B3 Income from private-owned household enterprises
 - B4 Income from the provision of contracting and other services
 - B5 Property, investment and other sources of income
 - B6 The comprehensive computation of taxable income and tax liabilities
 - B7 The use of exemptions and reliefs in deferring and minimising tax liabilities

The following additional material is also examinable:

- b) The scope of IIT
- i) Understand and apply the various tests for the determination of residence and advise on their relevance to IIT ^[3]
 - ii) Determine the IIT treatment of the overseas (non-PRC source) income of tax non-residents ^[3]
 - iii) Recognise income that is deemed to be China-sourced ^[3]
 - iv) Understand the relevance of the standard China (or OECD/UN model) tax treaty provisions to given IIT situations ^[3]
 - v) Calculate and advise on the double taxation relief available to individuals ^[3]
- c) Income from employment
- i) Advise on the tax treatment of share and share option incentive schemes ^[3]
 - ii) Advise on the tax treatment of housing sold by employers to employees at cost below market value ^[3]
 - iii) Advise on the tax treatment of tax borne by employer ^[3]
 - iv) Advise on the tax treatment of payments on the termination of employment and other lump sum compensation payments ^[3]
 - v) Advise on the tax efficiency of alternatively structured remuneration packages ^[3]
- d) Property, investment and other sources of income

- i) Understand and apply the additional exemptions available to foreign individuals receiving dividend or bonus income from B shares, listed overseas shares and shares in foreign enterprises ^[3]
- e) The comprehensive computation of taxable income and tax liabilities
 - i) Understand the calculation of tax on stock options exercised and transferred ^[3]
- f) The use of exemptions and reliefs in deferring and minimising tax liabilities
 - i) Advise on the tax exemptions available to foreign individuals including temporary visitors and expatriate senior executives ^[3]

Excluded topics

Income from employment

- *Foreign experts working for aid projects*

Income from private-owned business operations

- *Agricultural operations involving planting, breeding, husbandry and fishery*

The comprehensive computation of taxable income and tax liabilities

- *Special reductions of tax allowed for taxpayers who are disabled, aged and unsupported etc.*

3. Enterprise income tax liabilities in situations involving further international aspects, special types of enterprise and the application of additional exemptions and reliefs

- a) The contents of the paper F6 study guide for enterprise income tax (EIT) under the headings:
 - C1 The scope of EIT
 - C2 The profits chargeable to EIT
 - C3 The comprehensive computation of taxable income and tax liabilities
 - C4 Tax incentives
 - C5 The use of exemptions and reliefs in deferring and minimising tax liabilities

The following additional material is also examinable:

- b) The profits chargeable to EIT
 - i) Understand the treatment of appreciations in value resulting from asset valuations and revaluations ^[3]

- ii) Understand when depreciation allowances may be calculated using the accelerated method and calculate relevant amounts ^[3]
- iii) Understand and apply the specific rules for the computation of taxable income and deductible expenditure in the case of foreign invested real estate development companies and Chinese Holding Companies ^[3]
- iv) Explain the treatment of losses following the division or merger of an enterprise and on a change of shareholding ^[3]
- v) Explain the treatment of losses when returns are filed on a consolidated basis ^[3]
- vi) Transactions with associated parties
 - Advise on the key features of China's transfer pricing regulations, including the different pricing methodologies ^[3]
 - Advise on the powers of the tax authorities and the actions available to a taxpayer in relation to transactions between associated enterprises ^[3]
- vii) Advise on the tax position at different stages of an enterprise's development including the pre-operation and liquidation stages ^[3]
- viii) Advise on the tax consequences of transforming a limited liability company to a joint stock company ^[3]
- ix) Advise on the tax consequences of the different forms of restructuring an enterprise, including the acquisition of a domestic enterprise by foreign investors ^[3]
- x) Advise on the tax consequences of doing business in China without setting up a legal entity under each of the commonly used forms/structures e.g. processing and assembly operations, compensation trade, cooperative production, counter-trade or barter arrangements, technology licensing, consignment sales, service centres, representatives offices and branches ^[3]
- c) The comprehensive computation of taxable income and tax liability
 - i) Understand the relevance of the standard China (or OECD/UN model) tax treaty provisions to EIT situations ^[3]
 - ii) Calculate and advise on the double taxation relief available to domestic, foreign and foreign investment enterprises ^[3]
 - iii) Understand and apply the tax credit incentive available for the purchase of domestically manufactured machinery and equipment ^[3]

- d) Tax incentives
- i) Understand the circumstances in which the reduced tax rates may be applied to small-scale enterprises ^[3]

Excluded topics

The scope of EIT

- *International transport companies*
- *Foreign petroleum companies*
- *Foreign banking and financial institutions*

The comprehensive computation of taxable income and tax liability

- *Tax exemptions and reductions for enterprises engaged in special industries e.g. the software industry*
- *Additional (extended period) tax reductions for enterprises established in remote, underdeveloped areas and the Central and Western regions of China*

Tax incentives

- *Tax exemptions and reductions for enterprises engaged in special industries e.g. banking and financial institutions, infrastructure development and agriculture, forestry and animal husbandry*
- *Additional (extended period) tax reductions for enterprises established in remote underdeveloped areas and the Central and Western regions of China*

4. Transaction and property taxes: land appreciation tax, stamp duty, deed tax and urban real estate tax

- a) Land appreciation tax (LAT)
- i) The contents of the paper F6 study guide under headings:
- D1 The scope of LAT
 - D2 The computation of LAT liabilities
 - D3 The use of exemptions and reliefs in deferring and minimising tax liabilities

No additional material at this level.

- b) Stamp duty
- i) The scope of stamp duty

- Distinguish between taxable and exempt documents for the purposes of stamp duty ^[3]
- ii) The computation of stamp duty liabilities
- Advise on the amount of stamp duty payable on different types of document and contract ^[3]
 - Advise on the amount of stamp duty payable on share transactions ^[3]
 - Advise on the incidence of stamp duty on group transactions and reconstructions ^[3]
- iii) The administration of stamp duty
- Understand and explain the system by which stamp duty is administered and paid ^[2]
 - State the penalties that may be imposed for defaults in relation to payment of stamp duty and the use of duty stamps ^[2]

- c) Deed tax
- i) The scope of deed tax
- Identify the activities/transactions in respect of which deed tax is payable ^[3]
- ii) The computation of deed tax liabilities
- Determine the transaction value, tax rate and deed tax payable in different situations ^[3]
 - Advise on the circumstances in which the deed tax payable may be reduced or exempted ^[3]
- iii) The administration of deed tax
- Understand and explain the system by which deed tax is administered and paid ^[2]
 - State the penalties that may be imposed for late payment, non-payment and underpayment ^[2]

- d) Urban real estate tax (URET)
- i) The scope of URET
- Describe the scope of URET ^[3]
 - Recognise who is liable to pay URET ^[3]
- ii) The computation of URET liabilities
- Explain how the standard value and tax rates are determined and calculate the URET liabilities ^[3]
 - Advise on the categories of real estate that are exempt from or may qualify for a reduction in URET ^[3]
- iii) The administration of URET

- Understand and explain the system by which URET is administered and paid^[2]
- State the circumstances in which penalties may be imposed for late payment and other defaults in relation to URET^[2]

5. Indirect taxes (value added tax, business tax, consumption tax and customs duty) and tax administration

- a) Value added tax (VAT)
- i) The contents of the paper F6 study guide under headings:
- E1 The scope of VAT
 - E2 The computation of VAT liabilities
 - E3 Imports and exports
 - E4 The administration of VAT

The following additional material is also examinable:

- ii) The computation of VAT liabilities
- Understand and apply the provisions regarding mixed sale activities^[3]
 - Advise on the VAT implication of different forms of sale transaction e.g. hire purchase, trade-in, barter, etc^[3]
 - Advise on the VAT consequences of different forms of business enterprise restructuring, including the acquisition of a domestic enterprise by foreign investors^[3]
- iii) Imports and exports
- Understand and apply the exemptions available for imported capital equipment, including as part of a capital contribution to a foreign invested enterprise^[3]
 - Explain the treatment of goods held in export monitored and controlled warehouses or free trade, in export processing zones and bonded logistic parks^[3]

Excluded topics

The scope of VAT

- *Specific rules and exemptions applicable to special industries e.g. agriculture, electricity and gold recycling*

The computation of VAT liabilities

- *Tax preferential policies for specific industries e.g. the software industry*

Imports and exports

- *Detailed knowledge of export refund rate categories and their administration*

The administration of VAT

- *Tax registration procedures*
- *The requirements for the issuing of a VAT invoice.*

b) Business tax (BT)

- i) The contents of the paper F6 study guide under headings:
- F1 The scope of BT
 - F2 The computation of BT liabilities
 - F5 The administration of turnover taxes

The following additional material is also examinable:

- ii) The computation of BT liabilities
- Understand and apply the exemption incentive for technology transfer^[3]
 - Understand and apply the specific provisions relating to the calculation of turnover for enterprises engaged in construction, finance leasing, insurance, money lending, transportation, tourism, cultural activities, entertainment businesses, agency service of customs declaration, non-vessel operating common carrier business, page charge and similar income^[3]
- iii) The administration of turnover taxes
- Explain how the location for the payment of BT is determined^[2]

Excluded topics

The scope of BT

- *Specific exemptions applicable to special industries e.g. agriculture, education, medical and postal services.*

The administration of turnover taxes

- *Procedures for application for exemption*

c) Consumption tax (CT)

- i) The contents of the paper F6 study guide under headings:
- F3 The scope of CT
 - F4 The computation of CT liabilities

- F5 The administration of turnover taxes

The following additional material is also examinable:

- ii) The computation of CT liabilities
 - Advise on the tax treatment of goods processed on a consignment basis ^[3]
- iii) The administration of turnover taxes
 - Explain the system of consolidated reporting and payment of tax available to multiple establishments/head office and branches ^[2]

Excluded topics

The computation of CT liabilities

- *Tax refund on exports*

The administration of turnover taxes

- *Procedures for application for exemption*

d) Customs duty

- i) The contents of the paper F6 study guide under headings:
 - G1 The scope of customs duty
 - G2 The computation of customs duty
 - G3 The administration of customs duty

The following additional material is also examinable:

- ii) The computation of customs duty
 - Advise on the treatment of goods temporarily exported from China for repairing overseas or for sub-contracting purposes ^[3]
 - Understand and apply the tax preferential policy for machinery imported as part of a capital contribution to a foreign invested enterprise ^[3]
 - Understand and apply the tax preferential policy for special locations e.g. bonded zones, economic development zones and export processing zones ^[3]

Excluded topics

The scope of customs duty

- *Details of nomenclature and statutory exemptions*
- *Treatment of luggage and postal items*

6. The obligations of taxpayers and/or their agents

- a) The contents of the paper F6 study guide under headings:
 - H1 The systems of assessment and making of returns
 - H2 The time limits for the submission of information, claims and payment of tax
 - H3 The procedures relating to enquiries, disputes and appeals
 - H4 Penalties for non-compliance
- b) The following additional material is also examinable:
 - i) The time limits for the submission of information, claims and payment of tax
 - Explain the system of consolidated reporting and payment of tax available to multiple establishments/head offices and branches ^[2]

Excluded topics

The procedures relating to enquiries, disputes and appeals

- *Detailed procedures for the conduct of tax appeals*

B THE IMPORTANCE OF TAXATION TO PERSONAL AND CORPORATE FINANCIAL MANAGEMENT

1. The principles underlying personal financial management

- a) Calculate the receipts from a transaction, net of tax and compare the results of alternative scenarios and advise on the most tax efficient course of action ^[3]

2. How an individual's personal financial objectives may differ depending on their circumstances and expectations

- a) Understand and apply the effect of age, family commitments, aspirations and the economy on personal financial objectives ^[3]

3. The common forms of personal finance and investment products in a given set of

circumstances, including ethical considerations

- a) Understand and be able to compare and contrast the tax treatment of the sources of finance available to individuals ^[3]
- b) Understand and be able to compare and contrast the tax treatment of investment products: ^[3]
 - i) Deposit based investments
 - ii) Fixed interest securities
 - iii) Equities
 - iv) Property

4. How a business' financial objectives may differ depending on its circumstances and the business environment

- a) Understand and be able to explain the effect of profitability, future plans, actions of competitors and the economy on a business' financial objectives ^[3]

5. How taxation can affect the financial decisions made by businesses (corporate and unincorporated) and by individuals

- a) Understand and explain the tax implications of the effect of the raising of equity and loan finance ^[3]
- b) Explain the tax differences between decisions to lease, use hire purchase or purchase outright ^[3]
- c) Understand and explain the impact of taxation on the cash flows of a business ^[3]

6. Other considerations, personal and commercial, which might affect a financial decision ^[3]

C THE IMPACT OF RELEVANT TAXES ON VARIOUS SITUATIONS AND COURSES OF ACTION, INCLUDING THE INTERACTION OF TAXES

- 1. Identifying and advising on the taxes applicable to a given course of action and their impact ^[3]
- 2. Identifying and understanding that the alternative ways of achieving personal or

business outcomes may lead to different tax consequences ^[3]

3. Assessing the tax advantages and disadvantages of alternative courses of action ^[3]

4. Understanding the statutory obligations imposed in a given situation, including any time limits for action and advising on the implications of non-compliance ^[3]

D MINIMISING AND/OR DEFERRING TAX LIABILITIES BY THE USE OF STANDARD TAX PLANNING MEASURES

1. Identifying and advising on the types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business ^[3]

2. Advising on legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated ^[3]

3. Advising on the appropriateness of such investment, expenditure or measures given a particular taxpayer's circumstances or stated objectives ^[3]

4. Advise on the mitigation of tax in the manner recommended by reference to numerical analysis and/or reasoned argument ^[3]

5. Be aware of the ethical and professional issues arising from the giving of tax planning advice ^[3]

6. Be aware of and give advice on current issues in taxation ^[3]

E COMMUNICATING WITH CLIENTS, TAX BUREAU AND CUSTOMS AND OTHER PROFESSIONALS IN AN APPROPRIATE MANNER

1. Communication of advice, recommendations and information in the required format ^[3]

For example the use of:

- Reports
- Letters

- Memoranda
 - Meeting notes
2. **Presentation of written information, in language appropriate to the purpose of the communication and the intended recipient** ^[3]
 3. **Communicating conclusions reached, together, where necessary with relevant supporting computations** ^[3]
 4. **Stating and explaining assumptions made or limitations in the analysis provided; together with any inadequacies in the information available and/or additional information required to provide a fuller analysis** ^[3]
 5. **Identifying and explaining other non-tax factors that should be considered** ^[3]

READING LIST

ACCA's official publishers:

BPP Learning Media

Contact number: +44(0)20 8740 2222

Website: www.bpp.com

Recommended reading:

1. China Master Tax Guide, CCH Hong Kong Ltd, latest edition
2. China Taxation Law, Practice and Planning, Thomson Sweet & Maxwell Asia
3. China Tax and Accounting Manual, Asia Law & Practice Publishing Ltd
4. Taxation law edited by the Chinese Institute of CPAs
5. Taxation law edited by the Chinese Institute of Tax Agents

Students are also advised to study relevant articles in ACCA's Student Accountant magazine.