Syllabus and study guide

Taxation
Hong Kong (E1 HKG)



December 2027

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

Contents

1. Overall aim of the syllabus 3
2. Introduction to the syllabus 3
3. Main capabilities 4
4. Intellectual levels 4
5. The syllabus 5
6. Detailed study guide 6
7. Reading list 11
8. Approach to examining the syllabus 11
9. Guide to ACCA examination structure and delivery mode 12
10. Guide to ACCA examination assessment 12
11. Learning hours and education recognition 13

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1. Overall aim of the syllabus

The overall aim of the syllabus is to develop and enable the application of technical knowledge and skills relating to the Hong Kong tax system as applicable to individuals and companies.

2. Introduction to the syllabus

The syllabus for E1 Taxation (E1 HKG) starts by introducing candidates to the functions and systems applicable to Hong Kong tax, including sources of tax law and practice, the duties and liabilities of taxpayers and their agents, the powers of the tax authorities, the rights of taxpayers and the consequences of non-compliance.

The syllabus then moves on to provide the core knowledge of the major technical areas of Hong Kong taxation as they affect the activities of individuals and businesses, beginning with salaries tax. The syllabus covers the taxation of income from employment, office and pension, including the availability of exemptions and reliefs.

The next technical area covered by the syllabus is profits tax, in particular the profits and deemed receipts which are chargeable to profits tax, how the profits tax liability is computed and the exemptions and reliefs available.

Next the syllabus covers property tax liabilities, including the income which is chargeable to property tax, how property tax liabilities are calculated and the use of exemptions and reliefs to minimise property tax liabilities.

Lastly, the syllabus covers personal assessment, in particular the eligibility requirements and procedures and the computation of total income and tax liabilities under personal assessment.

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3. Main capabilities

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

- Assess the operation and scope of the Hong Kong tax system, the rights and obligations of taxpayers, their agents, and tax authorities, and the implications of non-compliance
- Analyse and calculate the salaries tax liabilities of individuals
- Analyse and calculate the profits tax liabilities of sole proprietors, companies and partnerships
- Analyse and calculate the property tax liabilities of incorporated and individual property owners
- Analyse and calculate the tax liabilities under personal assessment and assess the impact of personal assessment elections for individuals and married couples
- Assess the impact of relevant taxes which apply in a variety of business and personal contexts

4. Intellectual levels

The ACCA Qualification syllabus is designed to progressively broaden and deepen the technical knowledge, skills and professional values demonstrated by the candidate on their journey through the qualification.

The specific learning outcomes 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 levels of the ACCA Qualification: Knowledge, Expertise and Strategic Professional.

Each learning outcome included in the detailed study guide is given a 1, 2 or 3 superscript, denoting its intellectual level. This gives an indication of the intellectual depth at which a learning outcome could be assessed within the examination. However, while Level 1 broadly equates with the Knowledge level, Level 2 to the Expertise level and Level 3 to the Strategic Professional level of the ACCA Qualification, some lower-level skills can continue to be assessed as the candidate progresses through each level. This reflects that at each stage of study there will be the requirement to broaden, as well as deepen, capabilities.

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5. The syllabus

A The Hong Kong tax system and its administration

1. Hong Kong taxes
2. Principal sources of tax law and practice
3. Duties and liabilities of taxpayers and/or their agents/employers
4. Powers of the tax authorities to issue tax assessments, collect taxes and/or recover taxes
5. Rights of taxpayers of objection, correction of errors, appeal and holdover
6. Offences, penalties and other consequences of non-compliance

B Salaries tax liabilities

1. The scope of the salaries tax charge
2. The source principle
3. Income from employment, office and pension
4. The comprehensive computation of net chargeable income and salaries tax liabilities
5. The use of exemptions and reliefs in deferring and minimising salaries tax liabilities

C Profits tax liabilities

1. The scope of the profits tax charge
2. Basic understanding of the source principle
3. Profits and deemed receipts chargeable to profits tax
4. The comprehensive computation of assessable profits and profits tax liabilities
5. Basis period for profits tax assessments
6. The use of exemptions and reliefs in deferring and minimising profits tax liabilities

D Property tax liabilities

1. The scope of property tax charge
2. Income chargeable to property tax
3. The comprehensive computation of net assessable value and property tax liabilities
4. The use of exemptions and reliefs in deferring and minimising property tax liabilities

E Personal assessment

1. The election for personal assessment
2. The comprehensive computation of total income under personal assessment and tax liabilities

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6. Detailed study guide

A The Hong Kong tax system and its administration

1. Hong Kong taxes

a) Explain the difference between direct and indirect taxation.[1]

b) Summarise the different types of tax.[1]

c) Recommend an appropriate ethical action or response to a given tax situation.[2]

2. Principal sources of tax law and practice

a) Explain the overall structure and characteristics of the Hong Kong tax system.[1]

b) Summarise the different sources of tax law and practice.[1]

c) Assess the interaction of the Hong Kong tax system with that of other tax jurisdictions.[2]

d) Compare and contrast tax avoidance and tax evasion and summarise the aim of the General Anti-Avoidance Rules (GAAR).[2]

e) Assess the purpose of double taxation agreements.[2]

3. Duties and liabilities of taxpayers and/or their agents/employers

a) Analyse the compliance obligations of a taxpayer and/or their agent.[2]

b) Analyse the compliance obligations of an employer.[2]

c) Explain the taxpayer's obligations in respect of tax payment.[1]

4. Powers of the tax authorities to issue tax assessments, collect taxes and/or recover taxes

a) Analyse the circumstances under which assessments, additional assessments, and provisional assessments are issued, and their respective characteristics.[2]

b) Explain the powers of the tax authorities for tax collection and recovery.[1]

c) Explain the powers of the tax authorities for the requisition of information for assessment purposes.[1]

5. Rights of taxpayers of objection, correction of errors, appeal and holdover

a) Analyse the taxpayer's rights to objections and appeal, and the required conditions.[2]

b) Analyse the taxpayer's rights to the holdover and refund of tax, and the required conditions.[2]

c) Analyse the taxpayer's rights for reopening assessments, correcting errors, and the required conditions.[2]

6. Offences, penalties and other consequences of non-compliance

a) Summarise the rights of the tax authorities to take various recovery actions for default in tax payments.[1]

b) Summarise the statutory penalties available in relation to different types of non-compliance offences.[1]

c) Assess whether a taxpayer may have a 'reasonable excuse'.[2]

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B Salaries tax liabilities

1. The scope of the salaries tax charge

a) Summarise and contrast the basic charge and extended charge to salaries tax.[2]

b) Explain the relevance of the terms 'office', 'employment' and 'pension'.[1]

c) Assess the factors which determine whether an engagement is treated as employment or self-employment and the implications thereof.[2]

d) Analyse the circumstances under which a resident or non-resident individual is chargeable to Hong Kong salaries tax.[2]

e) Assess and apply the 60-day rule applicable to exempt income from services rendered in Hong Kong.[2]

f) Assess and apply the exemption applicable to seafarers and aircrew.[2]

g) Apply the time-apportionment basis of assessment.[2]

h) Assess and apply the relief applicable to income on which overseas tax has been charged and paid.[2]

2. The source principle

a) Explain the meaning of 'income arising in or derived from Hong Kong'.[2]

b) Apply the basic principles for determining the source of income from employment, office and pension.[2]

3. Income from employment, office and pension

a) Analyse and apply the general principles of assessing income/receipts and benefits.[2]

b) Analyse the specific taxable and non-taxable income/receipts and benefits.[2]

c) Analyse the tax treatment of lump sum income/receipts and losses.[2]

d) Analyse and apply the general principles for allowing/granting deductions, reliefs and exemptions.[2]

e) Analyse the specific deductible and non-deductible items.[2]

f) Analyse the tax treatment of depreciation allowance and balancing adjustments.[2]

g) Analyse the tax treatment of losses.[2]

4. The comprehensive computation of net chargeable income and salaries tax liabilities

a) Calculate the amount of assessable income.[2]

b) Calculate the depreciation allowances and balancing adjustments.[2]

c) Calculate the amount of net assessable income.[2]

d) Analyse the tax treatment of concessionary deductions.[2]

e) Analyse the tax treatment of basic and other allowances (referred to as Part 5 allowances).[2]

f) Calculate the amount of net chargeable income.[2]

g) Calculate the salaries tax payable for an individual, including provisional salaries tax.[2]

h) Calculate the salaries tax payable for a married person and his/her spouse, under separate taxation and joint assessment, and recommend the more favourable option.[2]

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5. The use of exemptions and reliefs in deferring and minimising salaries tax liabilities

a) Analyse and apply the available statutory exemptions and reliefs or deductions.[2]

b) Analyse the different tax treatments available to certain remuneration items.[2]

c) Recommend how to restructure different elements of a remuneration package in a tax efficient way.[2]

C Profits tax liabilities

1. The scope of the profits tax charge

a) Explain the terms 'year of assessment', 'basis period' and 'financial year'.[1]

b) Analyse the basic charge to profits tax under the 'two-limb' concept.[2]

c) Interpret the terms 'trade', 'profession' and 'business'.[1]

d) Apply the badges of trade.[2]

e) Compare and contrast the implications of 'carrying on business in Hong Kong' and 'carrying on business with Hong Kong.[2]

f) Assess whether a business is carried on in Hong Kong through a 'permanent establishment'.[2]

g) Explain the terms 'partnership', 'club', and 'trade association'.[1]

h) Analyse and apply the special tax rules applicable to partnerships, clubs and trade associations.[2]

2. Basic understanding of the source principle

a) Explain the meaning of 'profits arising in or derived from Hong Kong'.[1]

b) Apply the basic principles for determining the source of profits, taking into account the foreign sourced income exemption (FSIE) regime.[2]

3. Profits and deemed receipts chargeable to profits tax

a) Analyse and apply the general principles for taxing receipts and income.[2]

b) Analyse and apply the tax treatment of 'deemed trading receipts'.[2]

c) Analyse and apply the general tests to distinguish between capital and revenue receipts and expenditure.[2]

d) Analyse the statutory specific taxable and non-taxable/exempt receipts.[2]

e) Analyse and apply the general principles for allowing/granting deductions, reliefs and exemptions.[2]

f) Analyse the statutory specific deductible items and non-deductible items.[2]

g) Depreciation allowances:

(i) Explain what constitutes 'plant and machinery', 'industrial buildings' and 'commercial buildings' for depreciation allowance purposes.[1]
(ii) Assess and calculate the allowance for plant and machinery, including those which are acquired under hire purchase, partly used for business, succeeded from another trade, or put out of use after the cessation of business.[2]
(iii) Assess and calculate the allowances for industrial buildings and commercial buildings.[2]
(iv) Assess and calculate the balancing adjustments on the disposal of plant and machinery, industrial buildings and commercial buildings.[2]

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h) Analyse and apply the tax treatment of pre-commencement income/expenditure and post-cessation receipts and/or payments.[2]

i) Analyse how a partnership is assessed to tax.[2]

j) Analyse the special tax rules and treatments applicable to partnerships, clubs and trade associations.[2]

k) Assess and apply the relief for overseas tax paid.[2]

4. The comprehensive computation of assessable profits and profits tax liabilities

a) Calculate the assessable profits.[2]

b) Assess and apply the relief for trading losses for incorporated and unincorporated businesses, including partnerships.[2]

c) Calculate the profits tax payable, including provisional profits tax.[2]

d) Calculate the allocation of a partnership profit or loss amongst partners, including corporate partners, unincorporated partners, changes in partners and changes in profit-sharing ratios.[2]

5. Basis period for profits tax assessments

a) Apply the basis period rules to ascertain the 'year of commencement', 'basis period' and relevant year of assessment for a commencing business.[2]

b) Apply the basis period rules to ascertain the 'year of cessation', 'basis period' and relevant year of assessment for a ceasing business.[2]

c) Calculate the assessable profits for the year of commencement and year of cessation.[2]

6. The use of exemptions and reliefs in deferring and minimising profits tax liabilities

a) Analyse and apply the available statutory exemptions and reliefs or deductions.[2]

b) Analyse and apply the two-limb approach to achieve exemption and relief (e.g. source rule).[2]

c) Recommend how to structure business activities in a tax efficient way.[2]

D Property tax liabilities

1. The scope of the property tax charge

a) Analyse the basic charge to property tax.[2]

b) Interpret the terms 'owners' and 'land and buildings'.[1]

2. Income chargeable to property tax

a) Interpret the term 'assessable value'.[1]

b) Analyse and apply the tax treatment of lump sum premiums and irrecoverable rent.[2]

c) Analyse the statutory specific deductible items. [2]

3. The comprehensive computation of net assessable value and property tax liabilities

a) Calculate the 'assessable value'.[2]

b) Calculate the 'net assessable value'.[2]

c) Calculate the property tax payable, including provisional property tax.[2]

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4. The use of exemptions and reliefs in deferring and minimising property tax liabilities

a) Analyse the exemptions available to incorporated and unincorporated businesses subject to both profits tax and property tax.[2]

b) Compare and contrast the tax position of an incorporated property owner with that of an individual property owner.[2]

E Personal assessment

1. The election for personal assessment

a) Explain who may elect for personal assessment.[1]

b) Summarise the procedures for electing for personal assessment.[1]

c) Assess the advantages of an election for personal assessment.[2]

2. The comprehensive computation of total income under personal assessment and tax liabilities

a) Calculate the total income or joint total income under personal assessment.[2]

b) Analyse and apply the treatment of deductions, reliefs and losses for an individual or a married couple.[2]

c) Analyse and apply the treatment of concessionary deductions and Part 5 allowances.[2]

d) Calculate the amount of net chargeable income under personal assessment.[2]

e) Calculate the tax liabilities under personal assessment for an individual and a married couple.[2]

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7. Reading list

Inland Revenue Ordinance

Departmental Interpretation and Practice Notes

Hong Kong Master Tax Guide
Wolters Kluwer

Patrick Kin-wai Ho & Kelvin Po-lung Mak
Hong Kong Taxation and Tax Planning
PPC

Percy Wong & Jody Wong
Taxation in Hong Kong: A Practical Guide
Wolters Kluwer

Please note it is important to use the latest (2026/27) editions available when preparing for tax examinations in December 2027.

8. Approach to examining the syllabus

The syllabus for E1 Taxation (E1 HKG) is assessed by a three-hour computer-based examination.

The examination will consist of two sections:

Section A will contain 15 two-mark objective test questions (OTs).

Section B will contain six constructed response questions (CRs). Four of the CR questions will be worth 10 marks each and two of the CR questions will be worth 15 marks each. The two 15-mark questions will focus on salaries tax (syllabus area B) and profits tax (syllabus area C).

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

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9. Guide to ACCA examination structure and delivery mode

The structure of examinations varies, depending on the level of the qualification.

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

All Expertise examinations are assessed by three-hour computer-based examinations.

The pass mark for all Expertise examinations is 50%.

10. Guide to ACCA 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 specified financial accounting, audit and tax examinations, except if 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 most examinations (not tax), regulation issued, or legislation passed on or before 31 August annually, will be assessed from 1 September of the following year to 31 August of the year after. Please refer to the examinable documents for the examination (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable if the effective date is in the future, unless explicitly stated otherwise in the syllabus and study guide or examinable documents. The terms ‘issued’ or ‘passed’ relate to when regulation or legislation has been formally approved.

The term ‘effective’ relates to when regulation or legislation must be applied to 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, where applicable.

For E1 HKG, generally examinations in June and December will be based on legislation passed by the previous 30 September. Note: Exceptionally, the examination in June 2027 will be based on legislation passed by 30 September 2025 and only the examination in December 2027 will be based on legislation passed by 30 September 2026.

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11. Learning hours and education recognition

The ACCA Qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA candidates find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.

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