PAPER F6 Taxation（CHN）中国税法

高顿财经研究院 编著

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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 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 tax papers, ACCA will publish examinable documents, or tax rates and allowances tables, once a year to indicate exactly what legislation could potentially be assessed within identified examination sessions. These should be read in conjunction with the information below.

For CHN tax papers, the June and December examinations will be based on legislation passed before the previous 30 September. I.e. June and December 2018 papers will be based on legislation passed by 30 September 2017.

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 (F6) CHN

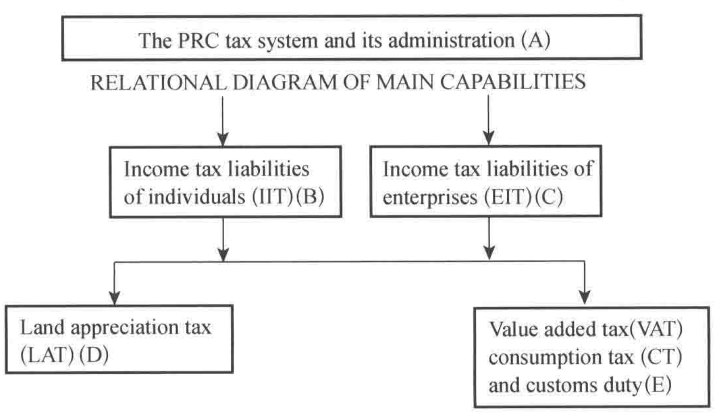
AIM

To develop knowledge and skills relating to the PRC tax system as applicable to individuals, resident and non-resident enterprises.

MAIN CAPABILITIES

After completing this examination paper students should be able to:

A. Explain the operation and scope of the PRC tax system and its administration
B. Explain and compute the income tax liabilities of individuals
C. Explain and compute the income tax liabilities of enterprises



D. Explain and compute the effects of land appreciation tax for individuals and enterprises

E. Explain and compute the effects of value added tax, consumption tax and customs duty for individuals and enterprises

RATIONALE

This syllabus introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of taxation, as they affect the activities of individuals and businesses.

In this syllabus, candidates are introduced to the rationale behind and the functions of the tax system. The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as the income tax liabilities of individuals and resident and non-resident enterprises; the value added tax and turnover tax liabilities of businesses; and the land appreciation tax arising on disposals of property by both individuals and enterprises.

Having covered the core areas of the basic taxes, the candidate should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

DETAILED SYLLABUS

A The PRC tax system and its administration

1. The overall function and purpose of taxation in a modern economy
2. The structure of the PRC tax system
3. The systems for the assessment of tax and the making of returns
4. The time limits for the submission of information, claims and payment of tax
5. The procedures relating to enquiries, disputes and appeals
6. Penalties for non-compliance

B Income tax on individuals

1. The scope of individual income tax (IIT)
2. Income from employment
3. Income from privately owned business operations
4. Income from the provision of contracting and other services
5. Property, investment and other sources of income
6. The comprehensive computation of taxable income and tax liability

7. The use of exemptions and reliefs in deferring and minimizing tax liabilities

C Income tax on enterprises

1. The scope of enterprise income tax (EIT)
2. The profits chargeable to EIT
3. The comprehensive computation of tax liability
4. Tax incentives
5. Transactions with associated parties and special tax adjustments
6. The use of exemptions and reliefs in deferring and minimizing tax liabilities

D Land appreciation tax

1. The scope of land appreciation tax (LAT)
2. The computation of LAT liabilities
3. The use of exemptions and reliefs in deferring and minimizing tax liabilities

E Indirect taxes-Value added tax, consumption tax & Customs duty

Value added tax

1. The scope of value added tax (VAT)
2. The computation of VAT liabilities
3. Imports and exports of goods and services
4. The administration of VAT

Consumption tax

5. The scope of consumption tax (CT)
6. The computation of CT liabilities
7. The administration of CT

Customs duty

8. The scope of customs duty
9. The computation of customs duty
10. The administration of customs duty

APPROACH TO EXAMINING THE SYLLABUS

The syllabus is assessed by a three-hour 15 minutes paper-based examination.

The paper will be predominantly computational and all questions are compulsory.

Section A of the exam comprises 15 multiple choice questions of 2 marks each.

Section B of the exam comprises four 10 mark questions and two 15 mark questions.

The two 15 mark questions will focus on individual income tax (syllabus area B) and enterprise income tax (syllabus area C).

The section A questions and the other questions in section B can cover any areas of the syllabus.

Study Guide

A. THE PRC TAX SYSTEM AND ITS ADMINISTRATION

1. The overall function and purpose of taxation in a modern economy

a) Describe the purpose (economic, social etc.) of taxation in a modern economy.

b) Identify the different types of taxes.

c) Explain the difference between direct and indirect taxation.

2. The structure of the PRC tax system

a) Describe the overall structure of the PRC national and local tax system.

b) Describe the duties and powers of the different levels of tax bureau.

c) State the different sources of tax law and regulation.

d) Appreciate the interaction of the PRC tax system with that of other tax jurisdictions.

Excluded topics

- The Offshore Oil Taxation Bureau
- Local variations in the enforcement of taxes in different parts of China
- Social security levies/contributions

3. The systems of assessment and the making of returns

a) Describe the tax registration procedure for taxpayers engaging in production or business operations, withholding agents and foreign individuals.

b) Understand the system by which taxes are reported and paid on a withholding basis in respect of individuals (including non-residents) and non-resident enterprises.

c) Understand the system by which an individual taxpayer must report and pay individual income tax personally.

d) Understand the system by which enterprises report and pay enterprise income tax.
e) Understand the system by which taxpayers report and pay VAT and consumption tax.
f) Understand the system by which liability to land appreciation tax is reported and the tax paid.

Excluded topics

- Consolidated reporting for multiple establishments/head office and branches.

4. The time limits for the submission of information, claims and payment of tax

a) Recognize the time limits that apply for the making of returns and payment of tax by withholding agents.
b) Recognize the time limits that apply for the making of returns and payment of individual income tax by individual taxpayers.
c) Recognize the time limits that apply for the making of returns and payment of enterprise income tax by enterprises, including the making of prepayment installments.
d) Recognize the time limits that apply for the making of returns and payment of land appreciation tax, including advance payments on presales.
e) Explain the circumstances in which the deadline for the submission of returns and/or payment of tax may be deferred.
f) Explain the obligations of taxpayers engaged in production and business operations to keep books of account.

5. The procedures relating to enquiries, disputes and appeals

a) Explain the investigating powers of the tax authorities.
b) Explain the procedures for dealing with disputes and appeals.
c) Explain the procedure by which a tax refund can be obtained.

6. Penalties for non-compliance

a) State the circumstances in which a penalty or late payment surcharge can be imposed.
b) Calculate the surcharge and other monetary penalties (fines) payable on overdue tax.
c) Explain the difference between tax avoidance and tax evasion.

Excluded topics

- Consequences of non-compliance involving fraudulent invoices/fraudulent VAT invoices, refusal to pay tax by violence, cheating of export tax refund, and refusing or obstructing tax audit
- The criminal consequences on non-compliances

B. INCOME TAX ON INDIVIDUALS

1. The scope of individual income tax (IIT)

a) Describe the scope of individual income tax (IIT).

b) Explain how the residence of an individual is determined.

c) Explain the source of different types of income.

d) Understand the special provisions relating to non-residents.

e) Explain the tax treatment of income from both China and overseas of tax residents.

f) Explain the tax treatment of income from China for tax non-residents.

Excluded topics

- Overseas (non-PRC source) income of tax non-residents

2. Income from employment

a) Recognize the income that falls within the category employment income.

b) Distinguish between the activities that are treated as employment income and those that constitute individual service income.

c) Recognize the allowable deductions.

d) Distinguish between the benefits in kind which are taxable and those that are non-taxable.

e) Understand the treatment of annual bonuses and share option incentive schemes for employees of listed and unlisted companies.

Excluded topics

- Foreign experts working for aid projects
- Payments on the termination of employment, other lump sum compensation payments, and annuities, received by employee
- Taxation under time-apportionment method for non-residents, including senior executives
- Calculation of tax for employers bearing the tax on annual bonus
- The criteria for special preferential treatment for stock options of unlisted companies

3. Income from privately-owned business operations

a) Recognize the income that falls within the category derived from production and business operations by private-owned household enterprises.

b) Recognize the costs and expenses that are and are not deductible under the actual basis of computation .

c) Explain the treatment of losses.

d) Explain the treatment of a partnership.

e) Explain the circumstances in which the deemed taxable income method of computation will apply.

Excluded topics

- Agricultural operations involving planting, breeding, husbandry and fishery

4. Income from the provision of contracting and other services

a) Recognize the income that falls within the category derived from contracting, sub-contracting, leasing or sub-leasing and apply the relevant deductions.

b) Recognize the income that falls within the category derived from the provision of individual (personal) services and apply the relevant deductions.

c) Recognize the income that falls within the category derived from the publishing or distribution of works (authorship, etc.) and apply the relevant deductions.

5. Property, investment and other sources of income

a) Recognize the income that falls within the category of royalties and apply the relevant deductions.

b) Recognize the income that falls within the category of interest, dividends and bonuses.

c) Recognize the income that falls within the category of rental income derived from the leasing of moveable and immovable property and apply the relevant deductions.

d) Recognize the income that falls within the category of income from the sale of moveable and immovable property and apply the relevant deductions.

e) Recognize the income that falls within the category contingency (occasional) income.

Excluded topics

- Exemptions specific to foreign individuals receiving dividend or bonus income.

6. The comprehensive computation of taxable income and tax liabilities

a) Distinguish income taxed at progressive rates and income taxed at the prescribed fixed rate.

b) Compute the monthly tax payable by employees, including in situations involving tax borne by employer, annual bonuses, dual employment, time apportionment and working periods of less than a month.

c) Compute the annual tax payable by an individual business operator, including in situations where a fixed monthly 'salary' is paid.

d) Compute the annual tax payable in respect of contracting and leasing income.

e) Compute the fixed rate tax payable on receipts of other categories of income.

f) Compute the tax credit available in respect of foreign tax paid on foreign income.

Excluded topics

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

7. The use of exemptions and reliefs in deferring and minimizing tax liabilities

a) Recognize the income that is exempt from individual income tax.

b) Explain and compute the deduction available for charitable donations made by individuals.

c) Identify, compute and apply the right deduction/relief in given circumstances.

Excluded topics

- The exemption available on the sale of an individual's family residence.

C. INCOME TAX ON ENTERPRISES

1. The scope of enterprise income tax (EIT)

a) Describe the scope of enterprise income tax (EIT) and the basis of assessment for resident and non-resident enterprises.

b) Explain how the residence of an enterprise is determined, and define the terms 'place of registration' and 'place of management' in determining residency of an enterprise.

c) Explain the source of different types of income.

d) Explain the tax treatment of income from both China and overseas of resident enterprises.

e) Explain the tax treatment of income from China for non-resident enterprises.

Excluded topics

- Liquidation income.

2. The profits chargeable to EIT

a) Explain the different income recognition methods for the purposes of EIT and the treatment of deemed sales for resident enterprises and non-resident enterprises (including representative offices).

b) Recognize the costs and expenses that are deductible and non-deductible in computing taxable income.

c) Understand for the treatments of asset losses and pre-commencement expenses.

d) Capital expenditure

i) Distinguish between depreciable and non-depreciable tangible fixed assets.

ii) Explain how the original value of tangible fixed assets is determined.

iii) Compute depreciation allowances for tangible fixed assets using the straight line method.

iv) Explain how the original value of intangible assets is determined.

v) Compute amortization allowances for intangible assets and productive biological assets.

e) Explain how relief for losses can be obtained in the current year and by carry forward.

f) Explain the tax consequences of doing business in China through a representative office or branch.

Excluded topics

- The treatment of value appreciation resulting from asset revaluations.
- The carry forward of losses after the division or merger of an enterprise and on a change of shareholding.
- The carry forward of losses when returns are filed on a consolidated basis for head office and branches.
- The tax treatment on corporate restructuring.

3. The comprehensive computation of taxable income and tax liability

a) Prepare a computation of taxable income from various sources and compute the tax payable.

b) Explain and compute the deductions available for donations for public welfare or relief and for cultural purposes.

c) Compute the tax credit available for foreign tax paid on foreign income.

d) Explain and compute the tax liability of a non-resident enterprise for China-sourced income.

Excluded topics

- Calculation of tax for head office and branches of resident enterprises.

4. Tax incentives

a) Understand and apply the tax incentives which are targeted at enterprises engaged in certain industries (e.g. agricultural project, cultivation of flower, infrastructure projects, environmental protection, high/new technology enterprise, software, integrated circuits and diversified utilization of energy).

b) Understand and apply the "super-deductions" for research and development expenses (including depreciation of machinery, salaries and wages, etc.) incurred in developing new technology, products and technologies and salaries expenses.

c) Understand and apply the tax incentives to the purchase of equipment specifically for the purpose of protecting the environment, achieving energy or water saving.

d) Understand and apply the tax incentives for small-scale and low-profits enterprise.

e) Understand and apply the tax incentives for development of the Central and West Regions.

Excluded topics

- Tax incentives for venture capital.
- The criteria for application for the various tax incentives.
- Local tax incentives granted by local governments.
- The transitional arrangement for prior tax incentives.

5. Tax avoidance, transactions with associated parties and special tax adjustments

a) Understand and apply the General Anti-Avoidance Rules (GAAR).
b) Explain the 'arm's length' principle.
c) Explain the adjustment methods and recognize when a transfer pricing adjustment should apply in relation to the sale/purchase of goods and services and compute relevant amounts.
d) Recognize when a restriction on loan interest payable should apply and compute relevant amounts
e) Explain the anti-avoidance rules on transactions without commercial purposes
f) Consequences of special adjustments, including the statute of limitation on tax and interest.

Excluded topics

- Detailed content of transfer pricing documentation.
- Advanced pricing agreement and procedures.
- Details of GAAR including definition of beneficial owner under tax treaties.
- Details of reporting obligations on tax avoidance.

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

The use of exemptions and reliefs is implicit within all of the above sections 1 to 4 of part C of the syllabus concerning enterprise income tax.

D. LAND APPRECIATION TAX

1. The scope of land appreciation tax (LAT)

a) Describe the scope of land appreciation tax (LAT).

2. The computation of LAT liabilities

a) Explain how the transaction price is determined.
b) Recognize the costs and expenses that are generally deductible.
c) Recognize the additional deduction available to real estate developers.
d) Compute the value added amount and the tax payable on newly built property and used buildings.

Excluded topics

- Land and property sales where the contract was signed before 1 January 1994.
- Settlement procedures for LAT.

3. The use of exemptions and reliefs in deferring and minimizing tax liabilities

a) Explain the exemption available for the construction of ordinary standard residences.

b) Explain the exemption available for the assignment or exchange of an individual's own residential dwelling house.

c) Identify the circumstances in which a temporary exemption from tax will apply.

E. INDIRECT TAXES - VALUE ADDED TAX, CONSUMPTION TAX AND CUSTOMS DUTY

1. The scope of value added tax (VAT)

a) Describe the scope of value added tax(VAT).

b) Recognize who is a VAT payer.

c) Distinguish between general taxpayers and small scale taxpayers.

d) List the principal reduced rate, zero rate and exempt supplies.

e) Understand deemed sales, mixed sales and composite sales.

Excluded topics

- Specific rules and exemptions applicable to the following special industries:
  - banking;
  - insurance;
  - agriculture;
  - gold re-cycling;
  - sale of self-developed software;
  - integrated circuit; and
  - solar energy.

2. The computation of VAT liabilities

a) Understand how the time of supply of goods, services, intangible assets and immovable properties is determined.

b) Understand how the time at which input credits may be applied is determined, including the input credits from the acquisition of immovable properties.

c) Explain how 'sales value' is determined.

d) Recognize the circumstances in which input VAT is not creditable.

e) Compute the VAT liability of a general taxpayer using the input-output method.

f) Compute the VAT liability of a small scale taxpayer and the specific supplies using the simplified formula.

Excluded topics

- The timing of VAT for pre-paid cards.
- Special VAT calculation methods for the following industries:
  - banking;