

Detailed competency map

**Additional competency requirements
for entry to the Hong Kong Institute of CPAs'
qualification programme**

(Professional bridging examination)

Fields of competency

The items listed are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

1. Awareness

To have a general academic awareness of the field with a basic understanding of relevant knowledge and related concepts.

2. Knowledge

The ability to use knowledge to perform tasks competently without assistance in straightforward business situations or applications.

3. Application

The ability to apply comprehensive knowledge and a broad range of skills in a business setting to solve most problems generally encountered.

Paper IV: PBE Business law and taxation

Aim: This subject aims to provide students with:

- an awareness of the overall legal framework in which businesses in Hong Kong operate so as to enable them to apply the relevant laws and practices to business problems and practical situations; and
- an awareness of the taxation system in Hong Kong and taxation computation and basic tax planning.

Content

Unit of competency	Activity required to demonstrate competence (Performance indicators)	Level of competence required
1. Hong Kong legal system		
Understanding of the principal features of the legal environment, in particular: <ul style="list-style-type: none">▪ The historical and formal sources of Hong Kong law▪ The system of courts and administration of justice▪ The doctrine of precedent▪ Legislation and statutory interpretation	▪ Describe the need for law	3
	▪ Outline the constitutional framework applying in Hong Kong society	3
	▪ Explain the differences between legislation and case law	2
2. General principles of contract law		
Understanding of the essential elements of a contract and the consequences of breaching a contract, in particular: <ul style="list-style-type: none">▪ The essentials for the formation of a contract▪ Formality and terms of contract▪ Vitiating factors affecting the validity of a contract▪ The discharge of contracts▪ Remedies for breach of contract	▪ Describe the effects of different means of communications of acceptance	3
	▪ Explain the meaning of intention to enter into legal relations	3
	▪ Describe the effect of illegality	3
	▪ Explain the circumstances in which specific performance and injunctions may be suitable remedies	2
3. Law of tort		
A general understanding of the law of tort in particular as it relates to	▪ Describe the importance of the duty of care	2
	▪ Explain the concepts of damages and defences as they relate to negligence	2

negligence and business liability	<ul style="list-style-type: none"> ▪ Describe particular forms of business liability 	2
4. Employment laws		
A general understanding of: <ul style="list-style-type: none"> ▪ The provisions of the Employment Ordinance ▪ The jurisdiction and procedure of the Labour Tribunal ▪ The provisions of Sex Discrimination Ordinance, Disability Discrimination Ordinance and Family Status Discrimination Ordinance in the context of employment 	<ul style="list-style-type: none"> ▪ Explain the scope of the Employment Ordinance 	2
	<ul style="list-style-type: none"> ▪ Identify who is classified as an employee 	2
	<ul style="list-style-type: none"> ▪ Explain the key provisions of the ordinance 	2
	<ul style="list-style-type: none"> ▪ Describe the process of a hearing in the Labour Tribunal 	2
	<ul style="list-style-type: none"> ▪ Explain the key provisions of Sex Discrimination Ordinance, Disability Discrimination Ordinance and Family Status Discrimination Ordinance 	2
5. Bribery and corruption laws		
A general understanding of: <ul style="list-style-type: none"> ▪ The provisions of the Prevention of Bribery Ordinance ▪ The powers of investigation of the ICAC ▪ Money laundering reporting obligations under Organized and Serious Crimes Ordinance 	<ul style="list-style-type: none"> ▪ Explain the scope of the Prevention of Bribery Ordinance 	2
	<ul style="list-style-type: none"> ▪ Explain the key provisions of the ordinance 	2
	<ul style="list-style-type: none"> ▪ Describe the role of the Independent Commission Against Corruption (ICAC) 	2
	<ul style="list-style-type: none"> ▪ Explain the obligations under the money laundering legislation 	2
6. The principal forms of ownership of business		
Comparison of ownership and governance structures of: <ul style="list-style-type: none"> ▪ sole traders ▪ partnerships ▪ companies ▪ joint ventures 	<ul style="list-style-type: none"> ▪ Explain the liability attaching to partners 	3
	<ul style="list-style-type: none"> ▪ Identify the key provisions to be included in joint venture agreements 	3
	<ul style="list-style-type: none"> ▪ Explain the concept of limited liability 	3
Explain the registration requirements under the Business Registration Ordinance	<ul style="list-style-type: none"> ▪ Explain the registration obligations under the Business Registration Ordinance 	3
	<ul style="list-style-type: none"> ▪ Explain non-Hong Kong company provisions under Companies Ordinance 	3
Understanding of the non-Hong Kong company provisions under Companies Ordinance		

7. Company law: company formation		
Understanding of the process of forming an incorporated body, in particular: <ul style="list-style-type: none"> ▪ The formation of a company and its constitution ▪ The role of the Registrar of Companies ▪ Registers; content, rights of access and location of a company's register of members, directors and secretaries, debenture holders and charges ▪ Statutory books, records and return 	<ul style="list-style-type: none"> ▪ Describe the procedures in the formation of a registered company 	3
	<ul style="list-style-type: none"> ▪ Explain the relevance of the provisions contained in the company's memorandum 	3
	<ul style="list-style-type: none"> ▪ Explain the content of Table A/other chosen Articles of Association 	3
	<ul style="list-style-type: none"> ▪ State the requirements for record keeping 	3
8. Capital and financing of companies		
Understanding of the nature of share capital and loan capital and to appreciate its complex nature, in particular: <ul style="list-style-type: none"> ▪ Share capital, how it is raised, classes of shares, alteration of share capital ▪ Distributions to shareholders ▪ Loan capital, forms of borrowing and types of security ▪ Maintenance of capital 	<ul style="list-style-type: none"> ▪ Differentiate between different classes of share capital 	2
	<ul style="list-style-type: none"> ▪ Distinguish between fixed and floating charges 	2
	<ul style="list-style-type: none"> ▪ Explain how a company may alter its share capital 	2
	<ul style="list-style-type: none"> ▪ Explain the priority of different types of charges in the event of receivership and winding up 	2
	<ul style="list-style-type: none"> ▪ Explain the importance of maintenance of capital 	2
9. Administration of companies		
Understanding of how companies make decisions and manage their activities, in particular: <ul style="list-style-type: none"> ▪ The role and duties of company directors and company secretaries ▪ The role and duties of auditors ▪ The conduct of company meetings 	<ul style="list-style-type: none"> ▪ Describe how directors are appointed and removed 	3
	<ul style="list-style-type: none"> ▪ Explain the fiduciary duties of directors 	3
	<ul style="list-style-type: none"> ▪ Explain the duty of care and skill owed by a director to his company 	3
	<ul style="list-style-type: none"> ▪ Distinguish between the business of the company decided by directors and matters requiring the approval of the shareholders in general meeting 	2

10. Liquidation		
A general understanding of: <ul style="list-style-type: none"> ▪ Compulsory winding-up by the court ▪ Members' voluntary winding-up ▪ Creditors' voluntary winding-up ▪ Appointment, powers, duties, liabilities and resignation of liquidator ▪ Procedures for liquidation 	<ul style="list-style-type: none"> ▪ Describe the types of liquidation 	3
	<ul style="list-style-type: none"> ▪ Explain the roles of liquidators 	3
	<ul style="list-style-type: none"> ▪ Describe the procedures for liquidation 	3
11. Overview of taxation system		
Understanding of the key aspects of the Hong Kong taxation system	<ul style="list-style-type: none"> ▪ Describe the key aspects of the tax system in Hong Kong including tax administration 	2
	<ul style="list-style-type: none"> ▪ Identify the various types of taxation and tax bases applicable in Hong Kong 	2
	<ul style="list-style-type: none"> ▪ Criteria for ascertaining chargeability for all major taxes 	2
	<ul style="list-style-type: none"> ▪ Identify and explain basic tax planning issues 	2
12. Tax computation		
Understanding of the computation of tax liabilities arising from: <ul style="list-style-type: none"> ▪ Salaries tax ▪ Profits tax ▪ Stamp duty ▪ Property tax 	<ul style="list-style-type: none"> ▪ For straightforward transactions and situations, calculate and advise on tax liabilities for individuals, unincorporated businesses, partnerships and companies 	3