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Agenda

Topics are

- * IPR,
 - * DA/CBA/IBA &
 - * Anti-avoidance provisions.
-
- Related exercises discussion
 - Q&A session

Related Materials for reference:

* HKCA Master Guide

* HKIPCA Learning Pack

Non-resident

- Sums, not otherwise chargeable for profits tax, earned by non-resident for use of audio and visual materials in Hong Kong will still be deemed as trading receipts and taxable (**s. 15(1)(a) of IRO**).
- Sums, not otherwise chargeable for profits tax, earned by non-resident for the use of IPR (intellectual property right such as patent, design, trademark, copyright material, know-how) in HK will still be deemed as trading receipts and taxable (**s. 15(1)(b) of IRO**).
- Sums, not otherwise chargeable for profits tax, earned by non-resident for use of IPR (intellectual property right such as patent, design, trademark, copyright material, know-how) outside HK while the sums are deductible in ascertaining the payer's assessable profits will still be deemed as trading receipts and taxable (**s. 15(1)(ba) of IRO**).
- The amount of the assessable profits shall be determined by **s. 21A**. It is 30% of the royalty amount unless (i) the parties involved are associates and (ii) the intellectual property has been owned by any business in HK (in which 100% instead will be treated as assessable profit).
- **Section 20A** should be applicable to charge the agent if the royalty payer is the agent of the non-resident in the arrangement for the payment of royalty. By **s. 20B**, the royalties income received by non-resident can be assessed to Hong Kong profits tax in the name of the HK payer. The resident payer is required to file relevant tax return for the non-resident and deduct a sum from the payments sufficient to meet the non-resident's HK tax liability. The money must be retained until the IRD issues a demand note. If the HK payer fails to deduct the withholding tax as required, IRD can recover the tax from the HK payer directly.

Royalty income

- In summary, for royalty income earned by non-resident, deemed trading receipt sections under s. 15(1)(a), (b), or (ba) would be applicable (DIPN 22).
- Source of royalty income earned by a Hong Kong company is set out in DIPN 49. **Where the intellectual property right (IPR) is created or developed by the licensor carrying on business in Hong Kong** and earned royalties, the source will generally be regarded as Hong Kong sourced income and hence will be subject to Hong Kong tax. This is because the royalty income is primarily generated by the taxpayer using his wits and labour to create or develop the IPR in Hong Kong. The related expenses incurred in creating or developing the IPR will be deductible under section 16B if such expenses are related to R&D or the general deduction rule under section 16(1).
- **Where the IPR is purchased by the licensor** and licenses that IPR to another party for use, the royalties so derived will generally be determined by location where the IPR is used. The cost of purchasing the IPR may be allowable for 5 years under s. 16EA of the IRO.
- **Where the IPR is not owned by the licensor** who obtain and then sub-licenses the IPR to another party for use, the Department will take the place of acquiring and granting the licence as the source of income. As the taxpayer has not acquired the proprietary interest of the IPR, no deduction is allowed for the capital expenditure incurred on the IPR. The licence fee so incurred may be deductible if it satisfies the conditions provided under the general deduction provisions of section 16(1).

DIPN
49

 **Exercise – see Q1 for IPR transactions.**

Deductions:

- **General deduction rules:** Expenditure is allowed for tax deduction against taxable income only when it is 'revenue' in nature and is incurred during the basis period to the extent in the production of assessable profits: s.16(1). The expenses should also not be disallowed by s. 17(1) of the IRO.
- **Capital expenditure is disallowed under s. 17(1)(c).**
- In arriving at assessable profits, following deductions are not allowed:
 - (i) domestic or private expenses, including the cost of travelling between residence and place of business (s. 17(1)(a));
 - (ii) rent of, or expenses in connection with, any premises or part of premises not occupied or used for the purpose of producing chargeable profits (s. 17(1)(b)); any expenditure of a capital nature or any loss or withdrawal of capital (s. 17(1)(c); and
 - (iii) cost of improvements (s. 17(1)(d) [**see also fixed assets below**]).

Fixed assets expenditure

Fixed Assets

- Capital expenditure (s. 17(1)(c)) and cost of improvements (s. 17(1)(d)) are disallowed. Specific deduction may be available for fixed asset expenditure.
- **Section 18F:** The assessable profits shall be increased by balancing charge and decreased by the depreciation allowances to the extent to which the relevant assets are used in the production of the assessable profits.

Building allowances

- **IBA (I.A. 20% & A.A, 4% on cost - s. 34 of IRO)**
 - If the company has carried on a **qualifying trade** (s. 40), IBA may be granted. Examples are manufacturing business, storage business and building for R&D. If the non-qualified portion (e.g. office) does not exceed **10%** of the whole building, the whole amount of capital expenditure incurred by the company on the cost of construction qualifies for industrial building allowances ("IBA"). In case the portion is more than 10%, such portion will be qualified for commercial building allowances ("CBA").
 - **Purchase of unused industrial building** - Under section 35B(a), no initial allowance is available to the vendor of an unused building. By section 35B(b), purchaser is treated as having incurred, on the date the price is payable, a capital expenditure and is entitled to initial allowance and annual allowance, assuming he brings the building into use as an industrial building.
 - The allowances are based on the lesser of his purchase price for the building (price for land is excluded) or the actual cost of construction to the vendor [section 35B(b)(ii)]. However, if the building was purchased from a builder or **developer** in the course of his trade, then the allowance will be based on the price actually paid by the purchaser for the interest [section 35B(b)(i)].
 - Where the building/structure is **sold more than once before it is used**, only the last purchaser is deemed to have incurred capital expenditure on the construction of the building/structure. The capital expenditure is taken to be the lesser of his purchase price and the actual cost of construction [s. 35B(b)(ii)(b)]. Again, if the first sale was made by a property development company, that capital expenditure shall be equal to the net price paid on the first sale or the net price paid by the ultimate purchaser whichever is the less regardless of the speculative gains/losses to the transactions [Section 35B(b)(ii)(a)].
 - **Disposal** - In the year of assessment during which the Building is **sold**, a **balancing adjustment (s. 35)** known as a balancing charge or a balancing allowance, as the case may be, has to be made on the company. That means the company's assessable profit will be increased by a balancing charge (i.e. the excess of the sale price over the residue of expenditure, subject to the aggregate of allowances granted to the company) or reduced by a balancing allowance (i.e. the excess of the residue of expenditure over the sale price). The **residue of expenditure** means the capital expenditure as reduced by the allowances granted.

- For the purpose of ascertaining the sale **price attributable to the building** element when computing the balancing adjustment, the sale price of the Building has to be apportioned between the land and the building elements. The IRD usually accepts a basis of apportionment which follows that adopted when allocating the price paid by the company to purchase the Building between the land and the construction cost of the building. If the company wishes to adopt a different basis of apportionment, it should be prepared to furnish to the IRD more concrete evidence to justify that its proposed basis is more appropriate in the circumstances of the case.
- **No balancing allowance** shall be made to any person where the building or structure is **demolished for a purpose unconnected with or not in the ordinary course of conduct of the trade or business for the purpose of which** the building or structure was used in circumstances qualifying for annual allowances. When the company is going to demolish the Building for the purpose of redeveloping it for sale or letting, this is clearly unconnected with and not in the ordinary course of conduct of its original business.


Anti-avoidance provisions: By **s. 38B**, where an asset is sold such that the transaction is not at arm's length basis, the CIR shall determine the true market value of the asset transferred and the value so determined is deemed as sale price for computing any allowance or charges. By **s. 38A**, assets sold together at one price – CIR may ascertain the true fair value for each individual asset.

- **Purchase of used industrial building** - There will **not be any initial allowance** to the purchaser. **For a building first used during or after the basis period for 1965/66:**

AA = ROE / (Number of years of assessment from the year
the first annual allowance granted to the purchaser,
to the 25th year after first use)

Note - ROE is residue before sale + balancing charge to the vendor (or less balancing allowances to the vendor as the case may be). Balancing charge is restricted to allowances previously claimed.

- **Commercial Building Allowances (CBA)**
 - Land and building would be subject to commercial building allowance based on the portion attributable to building. Consider the six qualifying trades for industrial building as in **s. 40**. If the building structure (e.g. office building) does not qualify for Industrial Building Allowance, only Commercial Building Allowances under **s. 33A** are allowable, i.e. 4% of the cost of construction. There is no IA for CBA.
 - Decoration expenses for office (disallowed under **s. 17(1)(d)** re cost of improvement) are prima facie capital in nature, and hence only CBA can be granted for this expenditure. The amount of such an allowance is 4% of the cost per year. If renovation expenses can be regarded as **repairs**, the cost of that part is deductible under section **16(1)(e)**. Whether certain work constitutes repairs or improvement has to be decided by reference to the nature of the work and its effect on the object being improved.
 - Previous AA is 2% up to 1997/98. From 1998/99, residue of expenditure brought to 1998/99 will be deemed as qualifying cost for claiming 4% per year. Upon disposal, the AA for used commercial building is computed based on above specific formula, with first use treated as 1998/99 or thereafter in case it was first used after 1998/99.
- Deduction under **s. 16F** may be applicable for 5 years @20% each year if the **renovation expenses** were incurred on non-domestic building or structure, and this is not firstly used and not used for different purpose after renovation (section 16F(1) and (5)). If any part of the renovation expenses included cost of assets which qualify as plant or machinery, depreciation allowances can be claimed for those items. In case the company's profits are only partly charged to Profits Tax, any deduction for depreciation allowance, commercial building allowance and repairs has to be reduced on an appropriate basis. Note that for disposal, there is no claw back of deduction claimed and the deduction of 20% is continued for the remaining periods.

 **Exercise – see Q2 & Q3 for building allowances.**

Plant & Machinery (P&M)

- Furniture and equipment is eligible for **plant and machinery** depreciation of 10%/ 20%/ 30% **pool (s. 39B of the IRO and IRR 2)**. An **initial allowance** of 60% is granted in the year of purchase and annual allowance on reducing balance basis. In case not all the profits generated from the use of the P&M are subject to profits tax, the allowance granted will be restricted to the proportion of revenue that is taxable.
- **Movable partitions** may qualify for depreciation allowances as plant. Initial allowance of 60% on the cost can be granted and annual allowances of 20% on a reducing balance basis for that and subsequent years.
- New purchase of loose tools, curtain and carpet etc. is disallowed as they are not classified as plant & machinery. These items are deductible on replacement basis only (**s. 16(1)(f)**).
- If the **“lease agreement”** of fixed asset provides taxpayer with an option to buy the machinery at the end of the lease period, it is in fact a hire-purchase agreement as defined in **section 2** of the IRO. Then taxpayer is entitled to claim depreciation allowances in respect of the P&M separately under **section 37A**. Initial allowances at 60% are granted on the capital element of the **hire-purchase** instalments paid in the relevant basis periods (section 37A(1) and 37A(1A)). Annual allowances are granted on a reducing balance basis on the full cash cost (i.e. excluding interest) less any initial and annual allowances granted (section 37A(3)). The machinery is not to be “pooled” together with other assets qualified for depreciation allowances. It will only be so “pooled” in the year following the year in which ownership of the machinery passes to taxpayer.
- Under **section 16B**, expenditure on machinery or plant is fully deductible in the year of assessment in which the research and development expenditure was incurred. Such expenditure on buildings or structure qualifies for Industrial Building Allowance. Sale proceeds of such machinery or plant for R&D are taxable, to the extent that they are not otherwise chargeable for profits tax and do not exceed the amount of the deduction previously allowed.
- By **s. 16E**, the cost of purchasing **patent** can be deductible if purchased from unrelated party and used for production of taxable profit. Where such rights are subsequently sold, the proceeds of the sale become taxable, capped by deduction claimed.
- **Inland Revenue (Amendment) (No. 3) Ordinance 2011 (DIPN 49)** - Commencing from the year of assessment 2011/12, the scope is expanded to cover copyrights, registered designs and registered trademarks. The relevant intellectual property rights (“IPRs”), viz. patents, rights to any know-how, copyrights, registered designs and registered trademarks that qualify for the tax deduction are specified in the existing section 16E(4) and new **section 16EA(11)** of the Inland Revenue Ordinance (“IRO”).

Tax deduction for copyrights, registered designs or registered trademarks is to be spread over **five succeeding years on a straight-line basis** starting from the year of purchase. In specific circumstances where a specified IPR reaches the end of its maximum period of protection within the five-year deduction period, the deduction will be spread in equal amounts over the number of years during which the protection of the specified IPR subsists. For patents or rights to any know-how, the capital expenditure remains to be deductible in the year of purchase.

Conditions for tax deduction - Taxpayers should fulfil the following conditions in order to be eligible for the new tax deduction - (a) Deduction is only allowable for “registered designs” or “registered trademarks”. Registration in either Hong Kong or overseas would be recognized; (b) Taxpayers must have acquired the proprietary interest, i.e. legal and economic ownership of the relevant IPRs; (c) The relevant IPRs are in use for the production of chargeable profits; (d) Where a relevant IPR is used partly in the production of chargeable profits, deduction is only allowed for the portion of capital expenditure that is relevant to the production of such chargeable profits; and (e) Where a relevant IPR is owned by more than one taxpayer, tax deduction for each taxpayer is granted for the amount of capital expenditure that is proportional to his/her share in the relevant IPR. Legal expenses and valuation fees incurred in connection with the purchase of the relevant IPRs are deductible provided that such expenditure is not deductible under any other provisions of the IRO.

Sale of the relevant IPRs - Where a relevant IPR is subsequently sold, the sale proceeds to be treated as trading receipts are capped at the amount of the deduction as previously allowed. This provision will also be applicable to patents and rights to any know-how.

Depreciation allowances - Plant and Machinery

Pooling system

	(Company's name)			Allowances HK\$
	Year of assessment 2015/2016			
	Depreciation			
	10% HK\$	20% HK\$	30% HK\$	
Reducing values b/f	xx	xx	xx	
Add: Additions	xx	xx	xx	
Less: Initial allowances 60%	(xx)	(xx)	(xx)	xxx
	-----	-----	-----	
	xx	xx	xx	
Add: Residue of expenditure Transferred to pool (Note 1)	xx	xx	xx	
Less: Sales proceeds (Note 2)	(xx)	(xx)	(xx)	
Less: reducing value Transferred out of pool (Note 3)	(xx)	(xx)	(xx)	
	-----	-----	-----	
	xx	xx	xx	
Less: Annual allowances	(xx)	(xx)	(xx)	xxx
	-----	-----	-----	
Reducing values c/f	xx	xx	xx	

Total depreciation allowances				xxx ====

Notes:

- This includes the reducing value of those assets (a) which had been acquired under HP and the title passed into ownership of the trader in the preceding year of assessment, (b) previously used for other purposes prior to be used for business purposes, and (c) taken over without being purchased.
- The sale proceed includes insurance compensation and is limited to capital expenditure originally incurred.
- This represents reducing value of assets which are no longer used solely for business purpose.

4. Section 18F(1)

Assessable profits shall be increased by the amount of any balancing charge/ decreased by the depreciation allowances to the extent to which the relevant assets are used in the production of the assessable profits.

Anti-avoidance provisions - Anti-avoidance measures to guard against possible tax avoidance are enacted under section 16EC of the IRO. In summary, deductions will not be allowed under one or more of the following circumstances -

- (a) where the relevant IPRs are purchased wholly or partly from an associated party;
 - (b) where at any time before the commencement date of the Amendment Ordinance, a taxpayer who has been using a relevant right under a licence cancels the licence before its expiry and purchases the relevant IPR at unreasonable consideration;
 - (c) where the relevant IPRs are under sale and licence back or leveraged licensing arrangements; and
 - (d) where the relevant IPRs are used wholly or principally outside Hong Kong by a person other than the taxpayer.
- Computer hardware and software and manufacturing machinery are prescribed fixed assets under **S16G** and are 100% written off in the tax computation to the extent that they are used for deriving assessable profits. No depreciation allowance is calculated. **Proceeds** from the disposal of the computers are taxable, but limited to the amount of deductions previously claimed. **Section 16G**, however, **precludes** computer hardware which is integral to any machinery or plant. It should also be mentioned that capital expenditure incurred under a hire-purchase agreement cannot be deducted as "specified capital expenditure" under section 16G of the IRO, see section 16(G)(6).
 - **DIPN 5 (July 2012)** provides guidance on deductions for expenditures on research and development, technical education, patent rights, etc, building refurbishment and prescribed fixed assets. By **Section 16H-K** - Capital expenditure on environment protection machinery (**EPM**) is fully deductible [Section 16I(2)]; for environment protection installations (mainly ancillary to buildings) the depreciation period will be shortened from usual 25 years to 5 years [Section 16I(3)].

Section 16J(2): Proceeds from sale of environmental protection machinery previously allowed for deduction are chargeable to profits tax, capped by amount of deduction allowed. **Section 16J(3)**: Proceeds from sale of environmental protection installation previously allowed for deduction are chargeable to profits tax, capped by amount of deduction allowed. If an environmental protection facility is used partly in the production of profits chargeable to profits tax and partly for other purposes, the deduction allowable under Section 16I(2) or (3) shall be such relevant part of the specified capital expenditure that is proportionate to the extent of the use of the facility in the production of those chargeable profits (Section 16I(4)).

 **Exercise – see Q4 for DA.**

 **Exercise**
Q3 - IBA

Group 789 is a garment manufacturer in Hong Kong, making up accounts to 31 December annually. During the year ended 31 December 2015, Group 789 purchased an old property which it demolished and then built a new five-storey building on the site, incurring the following expenditure:

	\$
Cost of the old building	5,000,000
Removal compensation for tenants of the old building	85,000
Cost of demolishing the old building	95,000
Architect's fee	65,000
Cost of site investigation	52,500
Cost to lay drains and water mains	185,000
Construction cost of the new building	3,150,000
Air-conditioning plant	240,000
Lifts	175,000
	<hr/>
	9,047,500
Commitment fees & loan interest (up to date of completion on 30.11.2015)	904,750
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Total	9,952,250
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Each floor of the new building had an area of 10,000 sq ft, and the total expenditure was allocable rateably according to floor areas.

From 1 December 2015, the floors were used in the following manner:

Ground and first floor	Used by Group 789 as its factory, except for an area of 900 sq ft on the first floor which is used as a showroom.
Second floor	Let to a toy manufacturer for use as its factory, except for an area of 1,200 sq ft which is used as an office.
Third floor	Let to a chemicals company for use as scientific research laboratory.
Fourth floor	Let to a garment wholesaler for use as its warehouse.

Answer : IBA

Depreciation allowances for the year of assessment 2013/14
Apportionment of commitment fees and loan interest

	Cost \$	Interest \$	Total cost \$	
Old building (\$5m + \$85,000 + \$95,000)	5,180,000	518,000	5,698,000	1
New building (\$65,000 + \$52,500 + \$185,000 + \$3.15m)	3,452,500	345,250	3,797,750	1
Plant and machinery (\$240,000 + \$175,000)	415,000	41,500	456,500	1
	<u>9,047,500</u>	<u>904,750</u>	<u>9,952,250</u>	

Industrial building allowance (IBA)

Floors qualifying as an industrial building:

Ground floor	10,000 sq ft
First floor	10,000 sq ft
Second floor (10,000 – 1,200)	8,800 sq ft
Third floor	10,000 sq ft
	<u>38,800 sq ft</u>

Capital expenditure qualifying for industrial building allowance
= \$3,797,750 * 38,800 sq ft / 50,000 sq ft
= \$2,947,054

Initial allowance = \$2,947,054 * 20% = \$589,411

Annual allowance = \$2,947,054 * 4% = \$117,882

Total IBA = \$589,411 + \$117,882 = \$707,293

Tutorial notes:

- As the non-qualifying area, viz the showroom of 900 sq ft, is less than 10% of the total area, the whole of the first floor is treated as an industrial building.
- As the non-qualifying area, viz the office of 1,200 sq ft, is more than 10% of the total area, only part of the second floor (8,800 sq ft) is treated as an industrial building.
- As the trade carried on by the tenant of the fourth floor is not a qualifying trade, the fourth floor does not qualify as an industrial building.

Commercial building allowance (CBA)

Floors qualifying as a commercial building:

Second floor	1,200 sq ft
Fourth floor	10,000 sq ft
	<u>11,200 sq ft</u>

Capital expenditure qualifying for commercial buildings allowance
= \$3,797,750 * 11,200 sq ft / 50,000 sq ft = \$850,696

Annual allowance = \$850,696 * 4% = \$34,028

Depreciation allowance for lift and air-conditioner

	10% \$	Total allowance \$	
Cost	456,500		0.5
Initial allowance 60%	<u>(273,900)</u>	273,900	0.5
	182,600		
Annual allowance	<u>(18,260)</u>	18,260	0.5
Written down value carried forward	<u>164,340</u>	<u>292,160</u>	
		<u>10</u>	

Marks

Exercise
Q4 - Manufacturing business 27 mins

On 1 June 2012, Mr Pak succeeded to his father's manufacturing business and took over all its plant and machinery. Particulars of this plant and machinery were as follows:

	Original cost	Market value at 1.6.2012	Tax written down value at 31.5.2012
	\$	\$	\$
10% pool	80,000	52,000	50,000
20% pool	350,000	350,000	100,000
30% pool	600,000	280,000	300,000

Mr Pak adopted 31 January as the accounting date of his business. A summary of the movements of his plant and machinery is as follows:

Date	Particulars
25.8.2012	Bought a photocopier for \$20,000 and a computer for \$18,000.
17.8.2012	Replaced loose tools for \$8,000.
3.9.2012	Bought a weaving machine under the following hire-purchase terms: Cash price: \$300,000 Deposit: \$60,000 Monthly installment: \$24,000 (commencing from 3 September 2012 for 10 months) Installation costs of \$35,000 were incurred for the machine.
9.10.2012	A computer was brought into business use by Mr Pak who had purchased it on 1 August 2010 for \$28,000 for private use. The market value as at 9 October 2012 was \$17,000.
27.12.2012	Bought a motor car for \$400,000. The extent of its non-business use was agreed to be 50%.
18.1.2013	Paid in cash for 100 cutting machines at \$2,600 each. These machines were delivered to the business for use on 4 February 2013.
12.6.2013	Mr Pak's son began to use for private purposes the photocopier of the business bought on 25 August 2012. The extent of such private use was agreed to be 10%. The market value of the photocopier as at 12 June 2013 was \$16,000.
19.8.2013	Mr Pak sold his fax machine to the business for \$4,000 (market value \$5,000). He had bought the fax machine in July 2012 for \$6,000.
19.12.2013	The motor car bought on 27 December 2012 was traded-in for a new one, which cost \$600,000. The trade-in value was \$280,000. The balance of the purchase price was paid by cash in full. The new car was wholly for business use.

Required:

Calculate the depreciation allowances and balancing adjustments where appropriate for Mr. Pak's business for all the relevant years of assessment.

(15 marks)

Answer : Manufacturing business

Tutorial note: Refer to the standard computation format of depreciation allowances for plant & machinery mentioned in HKCA materials. This is a comprehensive example on the depreciation allowances calculation.

Depreciation Allowance Schedule

Year of assessment 2012/13
Basis period: year ended 31 January 2013

	10%	20%	30%	Motor car 30%	Total allowances
WDV b/f	50,000	100,000	300,000		
Additions				400,000	
Photocopier		20,000			
Computer (PFA)		0			
Loose tools		0			
Cutting machines			260,000		
Less: IA		(12,000)	(156,000)	(240,000) x 1/2	288,000
	50,000	108,000	404,000	160,000	
Computer (deemed cost)			13,720 *		
	50,000	108,000	417,720	160,000	
AA	(5,000)	(21,600)	(94,116) **	(48,000) x 1/2	144,716
WDV c/f	45,000	86,400	323,604	112,000	432,716

Weaving m/c under HP-30%					
Cost (300,000 + 35,000)		335,000			
IA (60,000 + 24,000 x 5 + 35,000) x 60%		(129,000)			129,000
		206,000			
AA		61,800			61,800
WDV c/f		144,200			
Total DA for 2012/13					<u>623,516</u>

Computer *					
Cost		28,000			
Notional allowance					
- 2010/2011 at 30%		8,400			
- 2011/2012 at 30%		19,600			
		5,880			
Deemed cost		<u>13,720</u>			
** (300,000 + 13,720) x 30% =		<u>\$94,116</u>			

No AA for the cutting machine because they were not in use during the basis period.

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Year of assessment 2013/14
Basis period: year ended 31 January 2014

	10%	20%	30%	Motor car 30%	Total allowances
WDV b/f	45,000	86,400	323,604	112,000	
Additions					
Fax machine		4,000			
Motor car			600,000		
Less: IA		(2,400)	(360,000)		362,400
	<u>45,000</u>	<u>88,000</u>	<u>563,604</u>	<u>112,000</u>	
Less: Disposal					
Photocopier		(16,000)			
Motor car				(280,000)	
Balancing charge				<u>168,000 x 1/2</u>	(84,000)
AA	45,000	72,000			
	(4,500)	(14,400)	(169,081)		187,981
WDV c/f	<u>40,500</u>	<u>57,600</u>	<u>394,523</u>		<u>466,381</u>
Photocopier 20%					
Market value		16,000			
AA		<u>(3,200) x 90%</u>			2,880
WDV c/f		<u>12,800</u>			
Weaving m/c under HP-30%					
WDV b/f		144,200			
IA (24,000 x 5) x 60%		<u>(72,000)</u>			72,000
		72,200			
AA		<u>(21,660)</u>			21,660
WDV c/f (pooled in 2014/15)		<u>50,540</u>			
Total DA for 2013/14					<u>562,921</u>

Max 7

TAX@HKCAExam.com