29 August 2011

Dear Members,

"The impact of the court’s decision in Nice Cheer Investment Ltd v CIR on the taxation of unrealized profit, in particular, the application of the rule of Sharkey v Wernher"

A seminar organised by The Institute on behalf of The Taxation Institute of Hong Kong Educational Trust

On 28 June 2011, the Court of First Instance handed down its decision in Nice Cheer Investments Ltd v Commissioner of Inland Revenue HCIA8/2007 ruling that unrealized profit is not subject to tax and that HKSA39 cannot be adopted for tax purposes. IRD’s practice in DIPN42 Part A Taxation of Financial Instruments is overruled. Further the judge commented that Sharkey v Wernher is not applicable to Hong Kong. The view on Sharkey will have significant impact in Hong Kong taxation especially the real estate business. The speaker will:

(a) explain the situation before SSAP 24 and HKAS39
(b) analyse the court’s decision in Nice Cheer
(c) discuss the dichotomy between unrealized profit and unrealized loss
(d) discuss the application of Sharkey in Hong Kong
(e) discuss the tax impact if Sharkey is no longer the rule in Hong Kong, in particular the cases of change of intention from trading stock to fixed asset and vice versa and transfer otherwise than at arms’ length.

Details of the Seminar are as follows:-

Topic: The impact of the court’s decision in Nice Cheer Investment Ltd v CIR on the taxation of unrealized profit, in particular, the application of the rule of Sharkey v Wernher

Date: 27 September, 2011

Time: 6:30pm-8:30pm (No refreshment provided)

Venue: 8/F Theatre, The Hong Kong Federation of Youth Groups Building, 21 Pak Fuk Road, North Point (Quarry Bay MTR “C” Exit, turn right)

Speakers: Mr. Ho Chi Ming, Council Member of the Taxation Institute of Hong Kong

Language: Cantonese

Fee: HK$ 250 for TIHK member;
HK$ 350 for Non-member;
HK$ 300 for members of organizations of CPD Alliance (www.cpdalliance.org.hk)

CPD Credit: 2 Hours
Please fill in the registration form and return it to our office together with a cheque payable to "The Taxation Institute of Hong Kong".

Due to limited space, registration will be accepted on a first-come-first-served basis upon payment received. Confirmation letter will be sent by fax in due course. Please present the confirmation letter when attending the seminar on 27 September 2011.

Yours faithfully,

Philip Hung
Vice President cum Chairman of Continuing Professional Development Committee

SEMINAR REGISTRATION FORM (27 September 2011)

"The impact of the court's decision in Nice Cheer Investment Ltd v CIR on the taxation of unrealized profit, in particular, the application of the rule of Sharkey v Wernher"

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(Cheque should be made payable to "The Taxation Institute of Hong Kong" and sent to the Institute at 21/F Kam Sang Building, 255-257 Des Voeux Road Central, Hong Kong)

Enquiries: Tel: 2810 0438

[Please note that fax/email registration will not be accepted.]