



PERSONNEL MANAGEMENT CLUB

PM VOICE

NOVEMBER 2003

Chief Editor: Mr C K Lee, Executive Committee Member

Visit to MTRC Training Centre & Experience Sharing in Executive and Managers' Development

The Visit

On the afternoon of 20 March, a joint visit with the Institute of Training Professionals to the MTRC Training Centre in Kowloon Bay was organized.

The visit was very fruitful. Participating members appreciated the visit in enhancing their understanding of the operation of MTRC, its training programmes, and its corporate philosophy.

The visit lasted for about two and half hours. It started with a briefing by Mr Steven Cho, Training Manager - Operations who offered an overview of the development programmes of the organization. This was followed with a tour of its AV Centre (a Computer Based Training Facility) and its Operations Training Centre. The visit ended with a question & answer session which was fully utilised by members.

Operations & Management Training

According to Steven, there are two managers who are responsible for the training, namely the Management Training & Development Manager, and the Training Manager (Operation). And he is responsible for Operation Training, which is subdivided into Technical Training, Operations & Safety Training, Operations Services Training, and Information Technology Training.

For Executive training, MTRC has a strong belief in executive development as they believe employees are the most important and valuable asset. Through training, it prepares its leaders for the challenges put forth by the business environment as well as the corporation's strategic intent.

On the training areas, there are four major focuses: organization improvement, performance improvement, managing change and talent development.

In terms of target audience, there are three major levels: Senior Managers/ Executives (Executive Accelerated Development Programme), Managers (Manager Accelerated Development Programme), and lastly Senior Supervisors (Professional Development Programme). For the first two levels, the main focus is on "Learning into the Future" so as to develop a pool of talents for functional and cross-functional placements, and to develop the critical skills required by the Corporation in future.

Tour of Operations Centre

The tour included a brief visit of the railway task trainer (model railway), the automatic fare collection system complex, the signaling indication control panel (central control), the station management system, and lastly the cab simulators (including the urban line, Lantau Airport Railway, "K" Train). Participating members all found the tour very interesting and stimulating.

~ By Philip Li, Executive Committee Member ~

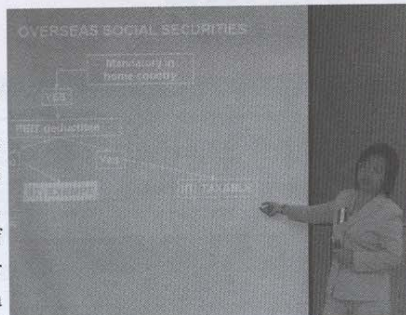


Seminar On PRC Individual Income Tax



Individual Income Tax

The evening of 10 June was a very beneficial one - Ms Bolivia Cheung, Senior Manager of KPMG, conducted for PMC members a seminar on the subject of PRC Individual Income Tax.



China, they are required to stay for not less than 4 days in a month and they are subject to tax on the appropriate apportionment based on the number of days they stay in China in a calendar year. Bolivia has elaborated this important issue.

Non-taxable allowances for expatriates can be used for tax minimization. The following direct payment expenses are considered not taxable.

- * Accommodation
- * Meal
- * Relocation
- * Laundry
- * Travelling
- * Home leave
- * Education for children

China has been accelerating its absorption of foreign direct investment. Since opening its door to the world in 1978, China has become a key Asian market where organizations are keen to set up offices and develop businesses. There are ample opportunities but there are also plenty of pitfalls which personnel practitioners must be wary of.



Anti-Avoidance

The tax authority in China takes a strict stance on tax avoidance. The filing of the IR56B in Hong Kong serves as proof of earnings for Hong Kong citizens who are working in China on a secondment basis. The PRC tax authority may ask for such proof when they have doubts that the income reported by a secondee is unreasonably low. Tax deductible by the PRC FIE is listed as follows:

Bolivia introduced material information which gave an overview of PRC Individual Income Tax (IIT) arrangements from different perspectives.

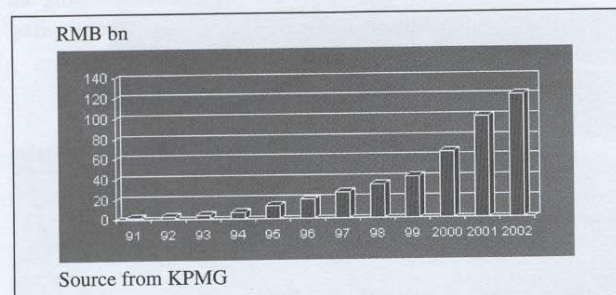
Sharing of Tax Revenue

In China, the sharing ratio for IIT between the Central government and the local provinces has changed over the last three years as follows:

	(Central : Local)		
	2001	2002	2003
IIT	0 : 100	50 : 50	60 : 40

The sharing ratio for the year of 2004 is now under review.

The amount of IIT collected in China has jumped up dramatically in recent years.



Are You Taxable and How Do You Minimize Your IIT?

If you are a PRC tax resident having resided in China for 5 years, you will be subject to PRC tax for your world-wide income. However, if you are a non-PRC tax resident and your stay in China is less than 90 days in a calendar year, then you will not be subject to PRC tax but you will be taxed if your stay in China is more than 90 days in a calendar year. For Chief Representatives stationed in

Secondment

Taxable Income (HK\$)	IIT (HK\$)	%
20,000	2,892	14
50,000	10,684	21
100,000	28,797	29

The seminar ended in an atmosphere when all attendees were satisfied with the answers to their technical and practical questions. Everyone attended the seminar would agree that it was a very useful function that gave us a deep insight of the PRC tax position on IIT.

~ By Isabella Chan, Executive Committee Member ~



HR Balanced Scorecard

~ The MTRC Approach ~

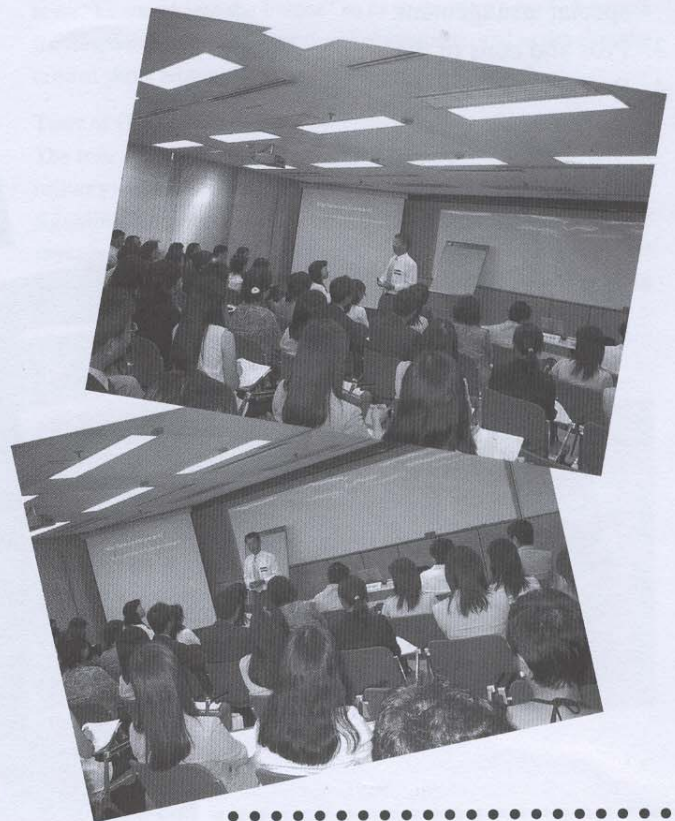
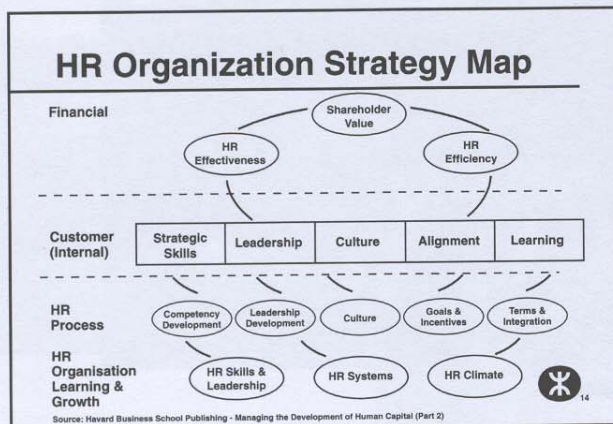
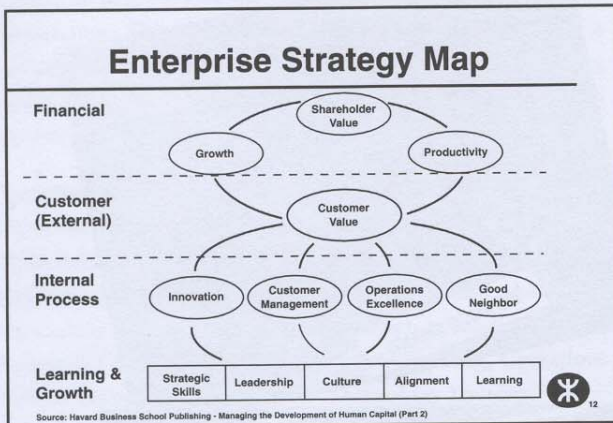
On 28 July, Mr Francis Mok, Management Training & Development Manager of MTRC gave a presentation on the very hot topic of “HR Balanced Scorecard”, using MTRC to illustrate its application. The presentation attracted an overwhelming response, with over 70 HR practitioners participating.

The Balanced Scorecard (BSC), developed by Professor Robert S Kaplan and Dr David P Norton, is becoming an increasingly popular management tool in measuring the performance of an organization. BSC focuses not only on the traditional financial perspective, but also three other equally important perspectives - Customer, Process, and Learning & Growth. An illustration of the application of BSC in the formulation of a high-level enterprise strategy map and an HR organization strategy map is shown in the diagrams below.

Though the capabilities of BSC in measuring the performance of many functions have been widely recognized, its application on HR professionals has long been a question mark. Francis was able to provide the answer using MTRC as an illustration. Upon the conclusion of the seminar, participants came away with a lot of tips on how to go about it. However, a note of caution was sounded: the key performance indicators (KPIs) have to be thoroughly thought-out beforehand as they would reflect the valuing-adding contributions (or on the other side - non-contribution) of HR functions to the organization and this probably was one of the principal reasons why BSC remained on the drawing board of many of our fellow HR practitioners.

Overall, the talk was well received and provided a lot of valuable insights. The generous sharing of Mr Francis Mok was highly appreciated.

~ By Aaron Chiang, Vice-Chairman ~



Tax Equalization for Hong Kong Employees Working in the Mainland

The talk, presented by Ms Alice Chang, Manager - Tax Services of PricewaterhouseCoopers Ltd, which was held on 17 September, was a joint function with the Hong Kong People Management Association. With the economic ties between Hong Kong and China getting stronger and stronger, particularly after the introduction of CEPA, more and more Hong Kong employees are being sent to work in China. Since China's individual income tax charges a higher progression tax rate than Hong Kong's salaries tax, the use of tax equalization arrangement is therefore a common tax protection practice adopted by Hong Kong companies.

Alice outlined the salient points of the tax equalization arrangement, covering the following areas:

1. Achievable objectives, administrative procedures and, implementation issues illustrated with examples and calculations.
2. Tax reporting in Hong Kong and China under this special arrangement.
3. Pros and cons of the arrangement.
4. Practical tips for its effective use.

Alice stressed the importance of complying with the reporting requirements under the tax equalization arrangement in both China and Hong Kong. The establishment of a proper tax equalization policy is very important in case it is challenged by the tax authorities. Besides, if the arrangement were well structured, it would be a tax efficient programme beneficial to both the employee and the company.

The talk was extremely informative and useful. A big thank you to Alice for her expertise advice and tips on this topic.

~ By Aaron Chiang, Vice-Chairman ~

