

Module 17

6.17.1. Taxation

Module title		Taxation								
Module NFQ level (only if an NFQ level can be demonstrated)		8								
Module number/reference		AT17								
Parent programme(s)		Bachelor of Arts (Honours) in Accounting and Finance								
Stage of parent programme		Stage 3								
Semester (semester1/semester2 if applicable)		Semester 2								
Module credit units		ECTS								
Module credit number of units		10								
Duration of the module		One Academic Semester, 12 Weeks Teaching.								
Average (over the duration of the module) of the contact hours per week		6								
Analysis of required learning effort										
Effort while in contact with staff										
Classroom and demonstrations		Mentoring and small-group tutoring		Other (specify)		Directed e-learning (hours)	Independent learning (hours)	Peer-directed learning.	Work-based learning hours of learning effort	Total effort (hours)
Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner					
48	1:40	24	1:20				178			250
Allocation of marks (within the module)										
				Continuous assessment	Supervised project	Proctored practical examination	Proctored written examination	Total		
Percentage contribution				30 %			70%	100%		

Minimum intended module learning outcomes

On the successful completion of this module, students should be able to:

- MIMLO 17.1** Describe and discuss the principles of taxation, the features of the Irish taxation system, and the responsibilities of taxpayers and their advisors.
- MIMLO 17.2** Apply income tax rules and regulations in the preparation of income tax liabilities.
- MIMLO 17.3** Apply corporation tax provisions in the calculation of corporation tax, availing of reliefs and allowances in order to minimise liability.
- MIMLO 17.4** Calculate capital gains tax (CGT) liability for individuals and companies availing of the various available allowances and reliefs.
- MIMLO 17.5** Describe the scope and nature of VAT and compute liability to VAT in a company context, and in relation to tax administration and overall compliance.

Module content, organisation and structure

Indicative Syllabus:

Role of taxation and the regulatory environment

- Explain the reasons and the functions of taxation in a modern economy (e.g. fiscal, economic, social etc.)
- Identify and distinguish between capital taxes and revenue taxes and develop an understanding of the different types of taxes (income taxes, corporation taxes, chargeable gains, social insurance/health contributions and VAT, in addition to distinguishing between direct and indirect taxation)
- Explain the structure and operation of the Irish taxation system and demonstrate an awareness of the different sources of Irish tax laws and associated regulations
- Explain the basic elements of how the Irish taxation system interacts with those of other tax jurisdictions (including the concept of double tax treaties)
- Explain and discuss the differences between tax avoidance and tax evasion and the implications of tax evasion
- Explain the responsibilities of a tax payer in ensuring compliance with Irish taxation laws and regulations
- Explain the responsibilities and the ethical/professional expectations of a tax practitioner

Income taxation:

- Explain and apply the concept of tax residency (including the process of determining the tax residence and domicile of an individual for income tax purposes)
- Explain and calculate the taxation treatment for an Irish tax resident of income from UK sources (trading income, rental income, salary, pension, dividends and interest)
- Differentiate between employment income and self-employment income and develop an understanding of the key tests used to establish which one applies
- Understand the PAYE system and the variety of allowances, reliefs and exemptions relating to PAYE (including an understanding of the tax credit system) and calculate the income tax liability of an individual in a variety of circumstances
- Explain and calculate the taxation treatment of, gains/losses from the exercise of share options, termination and other lump sum payments to employees
- Calculation of liability to Social Insurance contributions, Health contributions and Universal Service Charge
- Prepare and present calculations of income tax liability under the various different scenarios to include mileage allowances, benefits-in-kind, travel expenses etc.
- Calculation of tax liability for individuals resulting from property and investment income (including the calculation and utilisation of capital allowances)
- Calculation of capital allowances in respect of plant & machinery, industrial buildings, farm buildings and vehicles, including first year allowances and writing down allowances
- Calculation of trading profits and/or losses and the associated taxation implications for self employed individuals (including farmers), having taken account of the variety of reliefs and carry forward provisions
- Present and calculate the tax implications on assessable profits of allowable expenditure (including pre-trading expenditure in calculating tax adjusted profit)
- Presentation and calculation of taxable profits and/or losses in respect of commencement and cessation of a business, taking account of allowances and reliefs
- Calculation and possible uses of trading losses (including terminal losses)
- Explain how partnerships (including limited liability partnerships) are assessed to taxation and the calculation of assessable profits and/or losses for each partner
- Explain and calculate tax liability in respect of property and investment income, including treatment of rent premiums received, expenses allowable (such as interest, maintenance and repair, capital allowances).
- Explain and calculate the relief available as a result of contributions to personal pension schemes
- Understand and calculate the income tax implications for married couples (year of marriage, joint and single assessment, personal tax credits) and explain how a married couple can seek to minimise their total tax liability
- Understand the tax treatment of divorced and separated couples

Corporation taxation:

- Identify, explain and distinguish between the concepts of an accounting period and a financial year for corporation tax
- Explain the process for the determination of residency for a corporate entity and the implications for corporation tax liability
- Identify the expenditure allowable in the determination/computation of taxable profit or loss for a corporate entity (incorporating the calculation of capital allowances, interest

payable/receivable and their treatment in the computation of corporation tax) and how exemptions and reliefs can be used to minimise liability to corporation tax

- Calculate capital allowances in respect of plant & machinery, industrial buildings and vehicles for the purposes of corporation tax
- Explain and calculate how trading losses can be used (including set-off against previous or current profits or carried forward to set off against potential future profits) so that liability to corporation tax can be minimised
- Explain and apply the process involved in the calculation of taxable profit where there is franked investment income and rental income
- Explain the meaning of a group for corporation tax purposes. Define and explain the corporation taxation implications for a 75% group and a 51% group
- For a variety of group structures (including domestic and foreign associate and subsidiary companies) explain and calculate the group liability to corporation tax
- Explain and discuss the basic concept of double tax treaties and the taxation implications of transfer pricing in the context of a group structures
- Explain and discuss the regulations in respect of late submission of returns and/or payment of corporation tax and calculate the financial implications of failure to file returns and/or pay corporation tax due by the specified deadline
- Explain the concept of double tax treaties (in particular the Irish-UK Double Tax Treaty) and the concept of withholding tax in addition to calculation of the corporation tax implications in various scenarios

Chargeable gains taxation:

- Describe the scope and nature of chargeable gains tax and how residence, ordinary residence and domicile of an individual is determined for capital gains tax purposes
- Calculate the chargeable gain and/or loss for both individuals and corporate entities having taken account of allowable expenditure, exemptions, allowances and reliefs
- Explain and calculate the chargeable gains tax implications of the transfer of various asset types between husband and wife
- Explain and calculate the chargeable gains tax implications of principal private residence relief, including circumstances where it has been partly used for business and/or partly rented out
- Explain and calculate the effect of significant reliefs including, retirement relief and transfer of a business to a company
- Explain and calculate the chargeable gains tax implications of gains and/or losses on the disposal of shares, securities and other types of asset (including chattels and wasting assets)
- Explain and calculate the chargeable gains tax treatment of gains and/or losses on development land

Value added taxation:

- Explain the scope and nature of value added taxation and the determination of taxable persons/entities
- Explain and apply the VAT registration provisions and the differences between an obligation to register and voluntary registration.
- Identify and discuss the relative merits of voluntary registration and the reasons for and the process involved in deregistration for VAT
- Explain and discuss the difference between 'zero rated' and 'exempt' activities in respect of VAT

- Identify the information which must be contained on a VAT invoice and explain how the tax point at which goods and/or services are supplied for VAT purposes
- Prepare and present calculations showing liability to VAT and/or VAT refunds due including circumstances where input credits, cash receipts basis etc. occur
- Explain the VAT treatment of imports, exports and trade within the European Union (including an explanation of the reverse charge concept)
- Explain the VAT administration process and the various options available to a taxpayer in respect of VAT returns and payment compliance
- Submission and payment dates in respect of VAT and the implications for non-compliance

Tax administration and overall compliance:

- Explain and apply the features of the self-assessment system for both individuals and companies, including an understanding of preliminary tax returns and/or payments
- Understand and provide guidance in respect of filing of tax returns and payment of taxes due, in addition to understanding the penalties for non-compliance
- Understand and explain the regulations applicable to a taxpayer in respect of retention of records
- Explain the extent of revenue powers and the obligations on taxpayers and their advisors
- Explain and advise on the extent of Revenue powers and the process involved in a Revenue audit
- Explain and discuss the obligations on a taxpayer and their tax advisors in achieving compliance and the penalties for non-compliance, including an ability to calculate penalties and interest on overdue taxes

Reading lists and other information resources

Title	Author	Publisher	Year
Essential:			
Business Taxation – ACCA F6 Study Text		BPP Publishing (Ireland) Ltd.	2018 annually updated
Recommended:			
Taxation Summary, Finance Act 2011	Martyn, J, Reck, P & Cooney, T	Irish Taxation Institute	2018 annually updated
Tax Manual – Capital Gains Tax		Irish Taxation Institute	2018 annually updated
Law of VAT, Finance Act 2011	Cassidy, B & Reade, M	Irish Taxation Institute	2018 updated annually

REFERENCE

Websites:

www.accaglobal.com

www.charteredaccountants.ie

www.irishtaxationinstitute.ie