

CPA PROFESSIONAL: ADVANCED TAXATION

Aim

The aim of this module is to provide students with a detailed knowledge of the administration of the taxation system in Ireland. It develops students' ability to apply Irish taxation legislation to individuals and companies in a compliant and ethical manner.

Advanced Taxation as an Integral Part of the syllabus

Advanced Taxation is a prerequisite for the later study of Advanced Tax Strategy. Knowledge gained from this subject will also be relevant in the further study of Audit & Assurance, Advanced Audit & Assurance, Managerial Finance, Financial Reporting and Advanced Financial Reporting.

Syllabus and Subject Dependencies

LEVEL	SUBJECT					
CPA Foundation	Financial Accounting	Management Fundamentals	Taxation		Management Accounting	
CPA Professional	Financial Reporting	Corporate Law	Advanced Taxation	Audit & Assurance	Performance Management	Managerial Finance
CPA Strategic	Advanced Financial Reporting	Strategy & Leadership	Advanced Tax Strategy	Advanced Audit & Assurance	Data Analytics for Finance	Strategic Corporate Finance

Minimum Intended Learning Outcomes

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

- Discuss how the Irish tax system is administered, Revenue Audits are carried out, and the powers of the Revenue Commissioners in this regard
- Assess the income tax liabilities, including PRSI and Universal Social Charge, of individuals and correctly apply all relevant credits, reliefs, allowances, and withholding taxes
- Assess the capital gains tax liabilities of individuals having applied all relevant reliefs and exemptions
- Assess the tax liabilities of corporate tax payers taking due account of allowances, distributions, reliefs and withholding taxes
- Discuss the operation of VAT and apply the VAT legislation to individual transactions

Indicative Syllabus

		Competency Level
Taxation in Ireland	<ul style="list-style-type: none"> • Scope of Irish Taxation • Revenue Charter & Code of practice • Taxpayers rights & obligations • Role of the accountant • Ethical issues • Tax evasion / avoidance 	2 2 2 2 2 2
Income Tax	<ul style="list-style-type: none"> • Basis of assessment • Calculation of tax • Schedule D Case I & II income • Farm tax • Capital allowances • Loss relief • Withholding taxes • PRSI & USC • Tax on interest received, rental income, short-term lease premiums, dividends • Schedule D, E & F income • Filing requirements, payment & non-compliance consequences • Double taxation – investment income 	2 2 2 2 2 2 2 2 2 2 2 1
Capital Gains Tax	<ul style="list-style-type: none"> • Scope and basis of assessment • Calculation of tax • Non-compliance consequences • Share transactions • Reliefs from capital gains taxes • Development land 	2 2 2 2 2 2
Corporation Tax	<ul style="list-style-type: none"> • Basis of assessment • Calculation of tax • Badges of trade • Capital allowance • Chargeable gains • Loss relief • Tax on interest, foreign income, Irish rental income, dividends received • Withholding taxes • Close companies and distributions 	2 2 2 2 2 2 2 2 2
VAT	<ul style="list-style-type: none"> • Basis of assessment • Calculation of tax • Returns & payments 	2 2 2
Capital Acquisitions Tax & Stamp Duty	<ul style="list-style-type: none"> • Basic principles of CAT • Exemptions & reliefs • Administration & payments • Basic principles of stamp duty 	1 2 1 1

Learning Guide

The purpose & administration of taxation in Ireland

- Outline the scope of Irish: Income Tax, Capital Gains Tax, Corporation Tax, Value Added Tax, Professional Services Withholding Tax, Relevant Contracts Tax, Local Property Tax, Capital Acquisitions Tax and Stamp Duty
 - Explain the structure and administration of direct and indirect taxation, compliance obligations for taxpayers and list the interest and penalties for non-compliance
 - Describe the Code of Practice for Revenue Audit and other Compliance Interventions and the Revenue Customer Service Charter
 - Outline taxpayers' rights and obligations in the event of a dispute with Revenue
 - Discuss ethical issues and compliance with the CPA Ireland ethical code.
 - Distinguish between tax avoidance and tax evasion and discuss accountants' responsibilities in this context.
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Income Tax

- Determine an individual's income chargeable to Irish Income Tax
 - Compute tax adjusted profit for Schedule D Case I & II income:
 - Apply basis periods and determine assessable profits for continuing businesses and business in commencement or cessation, including short lived business
 - Calculate income tax on farm income using the income averaging basis
 - Apply general stock relief for farmers
 - Apply income tax credits and reliefs
 - Calculate capital allowances on qualifying assets
 - Define loss relief available and calculate relief
 - Calculate withholding taxes
 - Calculate Professional Services Withholding Tax and Relevant Contracts Tax
 - Calculate charges to PRSI and USC
 - Calculate Local Property Tax
 - Determine and assess income tax on:
 - Interest received
 - Rental income
 - Short-term lease premiums
 - Irish dividend income including shares received in lieu of dividends
 - Calculate income tax liability, having applied all relevant reliefs, allowances, and credits, arising from Schedule D, E, and F income
 - Outline filing requirements, methods of payment & consequences for non-compliance.
 - Explain the scope and basis of assessment of Schedule E (employment) income
 - Determine the taxable status; employed or self-employed, & outline taxation treatment arising
 - Calculate Schedule E income tax, applying relevant reliefs, allowances, and credits
 - Define and apply tax treatment of termination of employment
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Capital Gains Tax

- Outline territorial scope and basis of assessment of Capital Gains Tax, self-assessment requirements & consequences of non-compliance
 - Calculate capital gains and losses, considering allowable acquisition, enhancement, incidental costs, and indexation relief
 - Calculate capital gains tax arising from share transactions including bonus and rights issues
 - Apply reliefs from Capital Gains Tax, including; principle private residence, transfer of a business to a company, entrepreneur relief, land or building transfers, retirement, chattels, indexation and marginal relief
 - Calculate capital Gains Tax on development land applying indexation relief, as appropriate.
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Learning Guide contd.

Corporation Tax

- Outline the scope of Corporation Tax, self- assessment requirements, methods of payment and consequences of non-compliance
 - Define tax residence, apply basis of assessment & determine accounting periods for assessment
 - Define and apply badges of trade
 - Calculate tax adjusted profit and capital allowances, including treatment of distributions
 - Calculate chargeable gains
 - Calculate losses having applied loss relief (terminal loss relief is excluded)
 - Assess & calculate tax on:
 - Interest
 - Foreign income
 - Irish rental income
 - Dividends received
 - Calculate withholding taxes
 - Calculate a company's taxable income, applying relevant relief & allowances to determine tax payable.
 - Define the close company rules, including definitions (such as meaning of participator) and understand and apply the effect of close company status.
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VAT

- Define the operation and scope of VAT including; registration requirements, maintenance of VAT records, goods and services chargeable to VAT, place of supply of goods & services, invoicing for VAT, VAT rates, deduction and payment requirements & consequences of non-compliance
 - Recognise VAT exempt and zero-rated supplies
 - Understand and distinguish between multiple supply and composite supply
 - Define and apply the two-thirds rule and package rule
 - Define non-deductible inputs
 - Distinguish between and apply invoice basis and money received basis (cash basis) of accounting for VAT
 - Explain VAT treatment of transactions within the EU, intra-Community acquisition and intra-Community supply, and calculation of VAT arising
 - Calculate VAT payable or receivable arising from transactions in a period
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Capital Acquisitions Tax & Stamp Duty

- Describe the activities to which Capital Acquisitions Tax applies, together with the underlying principles and the basis of assessment
 - Calculate CAT applying basic reliefs and exemptions
 - Outline the system of administration and payments for CAT
 - Outline the basic principles of stamp duty
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Learning Resources

Core Texts

Advanced Tax by Paula Byrne, ISBN 978-1-9993047-4-4

Irish Taxation: Law & Practice 2018/2019 / Irish Taxation Institute 2018 / ISBN13 9781842604953.

Supplementary Texts and Journals

Tom Conlan / Students' Taxation Handbook latest edition/ McKeon Murray / Elm House, Leopardstown Office Park, Dublin18. Tel: 353 1 2959090TBD

Examination Approach

Students are required to display a knowledge of the system of administration of the various taxes, including requirements for compliance and corresponding penalties with regard to submissions and payment of taxes. Questions are mainly scenario based and students are expected to demonstrate the correct application of the practical aspects of the subject matter being examined.

Descriptive answers are also required to some questions to indicate an understanding of the relevant law and administrative procedure. It is necessary to demonstrate an ability to answer questions in a logical and coherent fashion.

Examination Format

The assessment is by unseen, closed book examination of 3 hours in duration. The paper is divided into two sections and all questions carry equal marks. In Section A students are required to answer 3 compulsory questions. In Section B students are required to answer 2 out of 3 questions. Questions 1 and 2 each mainly, but not necessarily exclusively, address one of the main taxes or tax heads on the syllabus. Question 3 addresses several areas. Questions 4, 5 and 6 may each focus on two or more areas.

MARKS ALLOCATION	MARKS
SECTION A	
Question 1 (Compulsory)	20
Question 2 (Compulsory)	20
Question 3 (Compulsory)	20
SECTION B	
Questions 4 to 6 (Choice of any 2 out of 3, 20 marks each)	40
Total	100