

CPA STRATEGIC: ADVANCED TAX STRATEGY

Aim

The aim of this module is to ensure that students understand and can apply the principles and practice of Advanced Tax Strategy, and are able to identify and resolve practical taxation problems in a manner that is compliant with tax law and the ethics of the profession. Students are expected to interpret and apply relevant case law and to advise on the most tax efficient structures.

Advanced Tax Strategy as an Integral Part of the Syllabus

Advanced Tax Strategy develops the students' knowledge and competence in tax acquired in Taxation and Advanced Taxation. There are also links to Advanced Financial Reporting, Advanced Audit & Assurance, Strategy & Leadership and Strategic Corporate Finance.

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:

- Appraise given scenarios and integrate tax knowledge across various tax heads to develop relevant tax compliance and planning advice for individuals, employers and corporate clients
- Advise on Revenue Powers and the scope of a Revenue Audit to ensure client / management compliance
- Advise on tax efficient investments or expenditure appropriate to clients' or employers' current and expected financial circumstances to legitimately optimise exposure to tax
- Assess all requests for advice, to ensure compliance with all relevant legislation and the Institute's Code of Ethics.
- Discuss the current issues in tax policy both nationally and internationally.

Indicative Syllabus

		Competency Level
Income Tax	• Residence and domicile • Schedule D - Cases I, II, III, IV and V • Schedule E • Schedule F • Withholding Taxes • Charges • Exemptions • Employment and Investment Incentive Scheme (EIS) and Start up Refunds for Entrepreneurs (SURE) • Employee incentive schemes • Special Assignee relief programme • Foreign Earnings deduction • Double taxation relief available to individuals • Income Tax position of trustees and beneficiaries of Irish trusts • Research and Development credit surrender for key employees • Anti-Avoidance	3 3 3 3 3 3 3 3 2 1 3 2 2 2 2 3
Corporation Tax	• Adjustments, capital allowances & changes to accounting periods • Close companies & distributions • Losses, including Cases I, III, IV, V losses, terminal losses and capital losses • Groups, including annual payments and losses for Groups / Consortia • Corporation Tax Reliefs, including tax incentives, R&D Tax Reliefs, Holding Company Regime • Exemption for start-up companies • Company Residence and treatment of branches • Tax treaties with other countries • Double Taxation Relief, Unilateral credit relief for tax on foreign activities • Anti-avoidance	3 3 3 3 3 3 3 3 3 3 2
Capital Gains Tax	• Computation of Capital Gains Tax liabilities for both individuals and companies • Share Valuations • Capital Gains Tax Reliefs • Transfer of business to company • Development land • Wasting Assets and chattels • Acquisition by a company of its own shares • Group Transfers • Clearance Certificates/Withholding tax • Anti-avoidance • Capital Gains Tax and trusts • Negligible value claims	3 3 3 3 3 3 3 3 3 2 3 2

Indicative Syllabus contd.

		Competency Level
VAT	• General principles of VAT • Supplies of goods • Supplies of services • Exemptions • Amount on which tax is chargeable • VAT rates, self-supplies • VAT on property • EU VAT legislation/regulations • International Transactions • Anti-avoidance	3 3 3 3 3 3 2 2 2 2
Capital Acquisitions Tax	• Principles of CAT including territorial scope • Exemptions from CAT • CAT Reliefs • Interaction with CGT • The use and taxing of Discretionary Trusts • Anti-avoidance	3 3 3 3 2 2
Stamp Duty	• Principles of Stamp Duty • Stamp Duty with respect to property transactions • Stamp duty on transfers to young trained farmers • Anti-avoidance	1 1 1 1
Revenue Powers and Revenue Audit	• The Code of Practice & Customer Service Charter • Production of accounts, books and records • Information from third parties • Sub-contractors • Statements of affairs • Retention of records • Information for tax authorities in other territories • Mandatory disclosure • Prosecution policy within the Revenue • Penalties and Interest	3 3 3 3 3 3 3 3 3 3
Tax policy development & current issues, national & international	• Finance act and budget changes • The potential impact of changes in the international tax environment on Irish tax policy. • Transfer Pricing • The OECD Model treaty, the progressive income tax systems in the OECD and Ireland's progressivity • The potential impact of recent and planned changes in tax policy on Individuals and corporations. • Effect of taxation on determinants of economic growth • Responding to aggressive tax planning • Base Erosion and Profit Shifting • Country by country reporting • Common Consolidated Corporate Tax Base (CCTB)	2 1 1 2 1 1 1 1 1 1 1

Learning Guide

Income Tax

- Demonstrate knowledge of the concepts of residence and domicile and assess the implications of residence and domicile for income tax.
 - Explain and assess the income tax liability for an individual with Schedule D (cases I, II, III, IV and/or V), Schedule E and/or Schedule F income.
 - Explain, apply and calculate withholding taxes to include dividend withholding tax (DWT), professional services withholding taxes (PSWT) and Relevant Contracts Tax (RCT).
 - Explain and apply the relief available for charges in income.
 - Demonstrate an ability to evaluate the exemptions available from income tax.
 - Explain and assess the tax relief available for a new company to include the Employment and Investment Incentive Scheme (EIS) and Start up Refunds for Entrepreneurs (SURE).
 - Discuss and apply the income tax relief available under employee incentive schemes including Approved Profit Sharing Schemes (APSS), Save As You Earn Schemes (SAYE) and the Key Employee Engagement Programme (KEEP).
 - Demonstrate an ability to discuss and apply the special assignee relief programme (SARP) and the foreign earnings deduction (FED).
 - Demonstrate an ability to assess the double taxation relief (DTR) available to individuals with overseas income and demonstrate an ability to calculate the taxation relief available to include DTR, cross border relief and split year relief.
 - Demonstrate an ability to assess the income tax position of trustees and beneficiaries of Irish trusts.
 - Discuss and apply the criteria for the surrender of R&D tax credit for key employees.
 - Determine the anti-avoidance provisions for income tax.
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Corporation Tax

- Evaluate the adjustments required to the accounting profits for tax purposes, including the claiming of capital allowances, and assess the impact of changes to accounting periods.
 - Determine the close company rules, including definitions (such as meaning of participator) and assess the effect of close company status.
 - Examine in the meaning of a distribution and assess the types of transactions classed as distributions, their calculation and determine the distributions upon which dividend withholding tax applies.
 - Evaluate the availability of corporate loss relief to include the utilisation of losses by companies for Cases I, III, IV, V losses, terminal losses and capital losses.
 - Demonstrate knowledge of corporate groups, including annual payments and an ability to assess the availability of corporation tax group relief and consortium relief.
 - Discuss and assess the criteria for various corporation tax reliefs, including tax incentives such as R&D tax relief, the knowledge development box, relief for specified intangible assets and the holding company regime/participation exemption.
 - Discuss and assess the criteria for the exemption for start-up companies.
 - Demonstrate an ability to conclude on the residence position for a company and the tax treatment of branches.
 - Discuss and assess the main provisions of tax treaties with other countries.
 - Demonstrate an ability to conclude on the double taxation relief and unilateral credit relief available for tax suffered on foreign activities.
 - Determine the anti-avoidance provisions for corporation tax.
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Capital Gains Tax

- Calculate and explain the CGT computation for individuals and the computation of chargeable gains for companies.
 - Discuss and apply the CGT rules for wasting assets and chattels.
 - Assess and calculate the CGT treatment of development land and share disposals (including share valuation rules).
 - Explain and conclude on the availability of common CGT reliefs, including, inter alia:
 - Principal private residence relief
 - Relief for disposals of land and buildings acquired between 7/12/11 and 31/12/14
 - Relief for the transfer of site to child
 - Relief for the transfer of a business to a company
 - Retirement relief
 - Entrepreneur relief
 - Acquisition by a company of its own shares
 - Group Transfers
 - Paper for paper relief
 - Reconstruction relief
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Learning Guide

Capital Gains Tax contd.

- Assess and explain the Section 980 TCA 1997 withholding tax provisions and the availability of CG50 clearance certificates.
 - Determine the CGT implications of the use of trusts, to include discretionary trusts.
 - Discuss and apply the appropriate treatment of capital losses including the relief available for negligible value claims.
 - Determine the anti-avoidance provisions and valuation rules for CGT.
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Capital Acquisitions Tax

- Discuss and apply the principles of CAT including territorial scope of CAT.
 - Discuss and apply the general exemptions from CAT including significant buildings and works of art.
 - Analyse and conclude on the availability of Agricultural Relief and Business Property Relief to include Favourite Nephew/Niece relief.
 - Analyse and conclude on the availability of the CGT/CAT offset.
 - Determine the CAT implications of the use of trusts, to include discretionary trusts.
 - Determine the anti-avoidance provisions and valuation rules for CAT.
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VAT

- Demonstrate an ability to discuss the general principles of VAT including an ability to conclude on the VAT rates appropriate to a particular transaction and the amount on which VAT is chargeable.
 - Demonstrate an ability to discuss and apply the VAT rules in respect of the supply of goods and services, to include the VAT rules and regulations that apply to:
 - Exempt and partially exempt businesses
 - Self-supplies
 - The transfer of going concern provisions
 - VAT group registration
 - Analyse the VAT implications of the VAT on property rules.
 - Demonstrate awareness of EU VAT legislation/regulations and their impact on Irish domestic legislation.
 - Analyse the VAT implications of international transactions including imports and exports.
 - Determine the VAT anti-avoidance measures in place.
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Stamp Duty

- Examine the general principles regarding the scope of charge to stamp duty.
 - Recognise the rates of stamp duty that apply to stampable transactions including property transactions.
 - Recognise and explain the stamp duty reliefs available including:
 - Relief for transfers between associated companies;
 - Reconstruction / amalgamation relief;
 - Transfers of certain land between relatives;
 - Transfers to young trained farmers.
 - Explain the self-assessment system for stamp duty to include an understanding of the penalties, surcharges and interest that can be imposed.
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Revenue Powers and Revenue Audit

- Discuss and apply the Code of Practice for Revenue Audit and other Compliance Interventions, the Customer Service Charter and the role of Special Investigations.
 - Determine Revenue's requirements regarding the production of accounts, books and records, including the retention of records and the preparation of a statement of affairs.
 - Determine Revenue's ability and power to obtain the particulars of transactions from certain persons including information from third parties, such as financial institutions.
 - Determine the supervision and monitoring of sub-contractors for relevant contracts tax purposes.
 - Discuss the exchange of taxpayer information by tax administrations, including Revenue.
 - Discuss the mandatory disclosure regime.
 - Discuss Revenue's prosecution policy.
 - Discuss Revenue's policy in respect of penalties and interest.
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Learning Guide

Tax Policy Development and Current Issues

- Analyse the changes to tax policy proposed in the most recent Finance Act and Budget. (knowledge is limited to the most recent examinable Finance Act)
- Determine the potential impact of changes in the international tax environment on Irish tax policy.
- Discuss the transfer pricing rules and advise on their impact for companies.
- Discuss the main provisions of the OECD Model treaty and demonstrate awareness of the progressive income tax systems in the OECD and Ireland's progressivity.
- Determine the potential impact of recent and planned changes in tax policy on individuals and corporations.
- Discuss the effect of taxation on the determinants of economic growth.
- Discuss the national and international response in challenging aggressive tax planning.
- Discuss the OECD's Base Erosion and Profit Shifting project, to include knowledge of the rules for Country-by-Country reporting.
- Discuss the impact of the Common Consolidated Corporate Tax Base (CCCTB) proposals.

Learning Resources

Core Texts

Advanced Tax Strategy by Paula Byrne, ISBN 978-1-9993047-5-1

Supplementary Texts

Martyn and Shanahan / Taxation Summary Finance Act/2019 / Irish Taxation Institute.

Irish Taxation: Law & Practice 2020/2021 / Irish Taxation Institute

Revenue Statements of Practice & Tax Briefings.

Accountancy Plus.

CPA Student News eBulletin

Useful Websites (as of date of publication)

www.cpaireland.ie - CPA Ireland

www.revenue.ie - The Revenue Commissioners' website

www.taxworld.ie - Taxworld

www.taxinstitute.ie - Irish Tax Institute

Examination Approach

This subject should be approached on the basis that it is the final subject in taxation and is mandatory for those students wishing to satisfy the requirements to obtain a practising certificate, post qualification. The examination paper is equally balanced between tax planning and tax computation. Marks are awarded for structured and rationally based conclusions. Students are expected to select and integrate relevant syllabus material from Advanced Taxation and other subjects where this is appropriate to the analysis and solution of the casestudy.

Students are required to analyse complex tax issues and integrate their learning across different tax heads. They should apply that learning to provide the optimal tax planning guidance within the legal and ethical frameworks. Overall, students are expected to demonstrate a high level of intellectual, technical, personal and communications skills including analytical, numeracy, ethical sensitivity, and report writing competencies.

Examination Format

The examination is open book and 3.5 hours duration. It consists of one compulsory 40-mark case-study, and four questions of 20 marks each, three of which must be answered.

MARKS ALLOCATION	MARKS
Question 1 case-study (Compulsory)	40
Questions 2 to 5 (Answer any three)	60
Total	100