

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

## Learning Guide

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### 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.

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### 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

Irish Taxation Intermediate, Finance Act 2019, Paula Byrne ISBN: 978-1-9993047-5-1

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