

## Personal Taxation

Unit level 4

Unit code H/650/9640

GLH 60

Credit value 15

Unit grading structure

Pass-Merit-Distinction

### Unit aims

The aim of this unit is to enable individuals to understand taxation as it affects individuals within the regulatory context in which they are working.

For the UK the unit will focus on income tax, National Insurance (NI) contributions and capital gains tax. In other jurisdictions, equivalent personal taxes should be explored.

### Learning outcomes

The learner:

### Assessment criteria

The learner can:

#### Pass

#### Merit

#### Distinction

1. Understands theories and principles of taxation systems.

1. Explain the key principles of tax systems used for individuals.
2. Explain the features of tax systems.
3. Explain the difference between tax planning, tax avoidance and tax evasion.

1. Analyse the ethical and legal implications of tax avoidance and tax evasion.

2. Can calculate personal tax payable for a taxpayer.

1. Calculate taxable income from employment, investments and property.
2. Determine the taxable value of benefits in kind.
3. Calculate an individual's tax liability taking account of any allowances or deductions.

1. Explain how individuals can minimise tax liabilities.

1. Demonstrate how relief for pension/superannuation payments and charitable donations are applied to income tax calculations.

3. Can account for capital gains tax.

1. Explain the difference between chargeable and exempt assets.
2. Explain the difference between chargeable and exempt persons.
3. Calculate capital gains tax payable by an individual from given data.



## Indicative content

### 1. Understand theories and principles of taxation systems

#### Principles and features

- Principles of the UK tax systems or other tax system as applicable
- Tax bases
- Tax structures
- Progressive, Regressive and Proportional tax criteria.

#### Tax planning, tax avoidance and tax evasion

- Key differences between tax planning, tax avoidance and tax evasion
- Ethical implications
- Current legislation
- Requirements to report tax evasion.

### 2. Can calculate income tax and National Insurance contributions for a taxpayer

- Personal allowances (or other allowances in own jurisdiction)
- Application of relief for pension payments and charitable donations
- Income tax rates
- Calculation of income tax
- Calculation of National Insurance contributions for employees and employers in UK or other statutory deductions relevant to own jurisdiction
- Tax planning techniques to minimise tax liabilities for example in the UK, ISAs, interest allowances on saving accounts and dividends
- Tax and national insurance rates and bands
- Common benefits in kind and how to determine their value
- How to minimise tax liabilities e.g. using allowances, in the UK use of ISAs, dividends allowance and annual pension contributions.

### 3. Can account for capital gains tax

- Chargeable gains and allowable assets
- Chargeable gains and allowable persons
- Connected persons
- Chattels and wasting chattel rules
- Calculation of chargeable gains and allowable losses
- Calculation of gains and losses arising from the disposal of shares
- Calculation of capital gains tax
- Personal allowances, rates and bands.

## Suggested resources

### Textbooks

Lymer, A. and Oats, L. (2021), *Taxation Policy and Practice* (Oxford University Press)

Smith, S. (2015) *Taxation: A very short introduction* (Oxford University Press)

### Websites

Institute for Fiscal Studies, <https://ifs.org.uk>

### Videos

<https://youtube.com>

*UK Self-Assessment – A Step-by-Step Guide*

## Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.

The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.