

## Taxation for business and individuals

Unit level 7

Unit code R/650/9654

GLH 60

Credit value 20

Unit grading structure

Pass-Merit-Distinction

### Unit aims

The aims of this unit are to ensure that students have a detailed understanding of the techniques of the key aspects of taxation. Students will need to look at the taxation regime within a chosen jurisdiction. The unit will extend the students' knowledge of the tax system, together with their ability to apply that knowledge to the issues commonly encountered by individuals and businesses in their tax jurisdiction. This knowledge will allow students to interpret and analyse the information provided and communicate the outcomes in a manner appropriate to the intended audience.

Learning outcomes The learner:	Assessment criteria The learner can:	Merit	Distinction
1. Understands advanced aspects of the taxation system in your chosen jurisdiction.	<b>Pass</b> <ol style="list-style-type: none"> <li>Analyse income and income tax liabilities relating to overseas aspects of organisational activities for a specific organisation.</li> <li>Explain the application of additional exemptions and reliefs.</li> <li>Analyse chargeable gains and capital gains tax liabilities involving overseas aspects of organisational activities for a specific organisation.</li> <li>Examine the application of inheritance tax, relating to the principles of valuation and the reliefs available, transfers of property to and from trusts, overseas aspects of organisational activities and further aspects of administration.</li> <li>Assess the application of corporation taxation liabilities relating to overseas aspects of organisational activities.</li> <li>Analyse the role of taxation policy by governments in acting in a fiscally responsible manner.</li> </ol>	1. Evaluate income and income tax liabilities in relation to trusts.	1. Assess the use of stamp taxes in your chosen jurisdiction
2. Can assess the impact of relevant taxes in given situations.	<ol style="list-style-type: none"> <li>Analyse ways to optimize tax expenditure for a specific organisation.</li> <li>Evaluate the potential penalties and risks associated with non-compliance by a specific organization with statutory obligations with regard to taxation</li> </ol>	1. Discuss the effect on taxation of specific financial decisions made by individuals and businesses	1. Assess how different tax treatments could affect a potential transaction for organisations and individuals.

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3. Can apply taxation planning measures to minimise or defer tax liabilities.

1. Evaluate types of investment and expenditure resulting in a reduction in tax liabilities.

2. Review a range of legitimate tax planning measures making appropriate recommendations.

3. Evaluate the mitigation of tax for individuals and businesses.

2. Evaluate ethical and professional issues arising from the giving of tax planning advice in relation to a specific organisation.

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4. Can communicate taxation information to all relevant stakeholders.

1. Communicate advice and information about an approach to tax optimization in an appropriate format for all relevant stakeholders

2. Discuss the challenges in balancing the requirements to disclose taxation information provided to different stakeholders

3. Analyse the factors to be considered regarding paying an appropriate level of tax.

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## Indicative content

### 1. Understands advanced aspects of the taxation system in your chosen jurisdiction

- Income tax and National Insurance (or equivalent taxes in chosen jurisdiction) to include:
  - The scope of income tax
  - Income from employment
  - Income from self-employment
  - Property and investment income
  - The comprehensive computation of taxable income and the income tax liability
  - National Insurance contributions for employed and self-employed persons
  - The use of exemptions and reliefs in deferring and minimising income tax liabilities
  - Concepts of residence, domicile and deemed domicile.
  
- Chargeable gains and capital gains tax liabilities (or equivalent taxes) to include:
  - The scope of the tax
  - The basic principles of computing gains and losses
  - Gains and losses on the disposal of movable and immovable property
  - Gains and losses on the disposal of shares and securities
  - The computation of capital gains tax
  - The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital asset

### **Inheritance tax (or equivalent taxes) to include:**

- The scope of tax
- The basic principles of computing transfers of value
- Liabilities arising on chargeable on the death of an individual person
- Calculation of inheritance tax liabilities
- Payment systems for inheritance tax liabilities
- The liabilities arising on the chargeable lifetime transfers and on the death of an individual
- The use of exemptions in deferring and minimising inheritance tax liabilities.

### • Corporation tax (or equivalent taxes) to include:

- The scope of corporation tax
- Taxable total profits
- Chargeable gains for companies
- The comprehensive computation of the corporation tax liability
- The effect of a group corporate structure for corporation tax purposes
- The use of exemptions and reliefs in deferring and minimising corporation tax liabilities.

### • Stamp taxes to include:

- The scope of stamp taxes
- Liabilities arising on transfers
- Use of exemptions and reliefs in deferring and minimising stamp taxes.

### • Government taxation policy to include:

- Purpose
- Scope and scale
- Distinction between direct and indirect taxation
- Evaluation of the use of direct and indirect taxation as policy tools

### • Value Added Tax (VAT) or equivalent to include

- The scope of VAT
- Registration requirements
- Tax rates
- Cash and accruals systems of accounting for VAT/indirect tax
- Computation of liabilities and completion of returns
- Special schemes for accounting VAT in UK or equivalent in chosen jurisdiction
- Computation of input VAT and output VAT for SMEs for equivalent in chosen jurisdiction.

## **2. Can assess the impact of relevant taxes in given situations**

- Identification of relevant taxes
- Identification of key advice that is required to be supplied on the taxes applicable in a specific situation.
- Alternative ways of achieving personal or business outcomes learning to different tax consequences – to include comparisons of alternative scenarios.
- Assessment of how taxation affects financial decisions for both incorporated and unincorporated business organisations.
- Assessment of how taxation affects financial decisions of individuals.
- Advantages and Disadvantages of different courses of actions for individuals and both incorporated and unincorporated business organisations.
- Understanding of statutory obligations imposed in a set scenario – to include time limits and non-compliance.

### **3. Can apply taxation planning measures to minimise or defer tax liabilities**

- Range of different types of investment and other expenditure that may result in a reduction in tax liabilities for individuals and both incorporated and unincorporated business organisations. Be able to advise on the appropriateness of each of these types.
- Understanding of legitimate tax planning.
- Mitigation of tax based on numerical analysis and reasoned argument.
- Assessment of ethical and professional issues.
- Current issues in taxation in the UK.

### **4. Can communicate taxation information to all relevant stakeholders**

- Stakeholders, to include:
  - Shareholders
  - Employees
  - Potential investors
  - Directors
  - Managers
  - Suppliers
  - Customers
  - Lenders
  - Government
  - Analysts
  - HMRC.
- Communication to include:
  - Emails
  - Reports
  - Letters
  - Memoranda
  - Meeting notes
  - Face-to-face communication.
- Balancing tax disclosure with information for stakeholders – why they are different, non-tax factors affecting
  - Understanding of the limitations of any analysis completed.
  - Assumptions made when providing a client with information.
  - Factors to be considered in regard to paying an appropriate level of tax – corporate responsibility, reputation, public opinion, damage to business etc.

## Suggested resources

### Textbooks

ACCA, (2023), *Advanced Taxation – Study Text – 2023-24*, Littlewick Green, Emile Woolf International

Kaplan (2021), *Advanced Taxation*, Kaplan

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

HMRC <https://www.gov.uk/government/organisations/hm-revenue-customs>

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

## 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.

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