

## Module B4: Taxation (IRL)

<b>Stage</b>				1			
<b>Semester (Semester1/Semester2 if applicable)</b>				2			
<b>Module Title</b>				Taxation (IRL)			
<b>Module Number/Reference</b>				B4 - TX			
<b>Module Status (Mandatory/Elective)</b>				Elective			
<b>Module ECTS credit</b>				10			
<b>Module NFQ level (only if applicable)</b>				9			
<b>Pre-requisite Module Titles</b>				N/A			
<b>Co-requisite Module Titles</b>				N/A			
<b>Is this a capstone module? (Yes or No)</b>				No			
<b>List of Module Teaching Personnel</b>				Madeleine Ford			
<b>Contact Hours</b>				<b>Non-contact Hours</b>			<b>Total Effort (Hours)</b>
<b>Lecture</b>	<b>Practical</b>	<b>Tutorial</b>	<b>Seminar</b>	<b>Assignment</b>	<b>Placement</b>	<b>Independent work</b>	
40		40		20		100	200
<b>Allocation of Marks (Within the Module)</b>							
	<b>Continuous Assessment</b>	<b>Project</b>	<b>Practical</b>	<b>Final Examination</b>	<b>Total is always 100%</b>		
<b>Percentage contribution</b>	50%			50%	100%		

### Intended Module Learning Outcomes

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

1. Demonstrate a detailed understanding of the principles of the main taxes in the Irish tax system.
2. Critically appraise the interaction of the different taxes and the effect on the overall tax liability of the individual/corporation.
3. Demonstrate a detailed understanding of the use of exemptions and reliefs in deferring and minimising the tax liabilities of individuals/corporations.

4. Prepare detailed tax computations for individuals/corporations including overseas and group aspects.
5. Analyse and advise on the use of exemptions and reliefs in deferring and minimising the tax liability in a given situation.
6. Identify and evaluate the impact of relevant taxes on various financial decisions and identify appropriate courses of action.
7. Provide advice on tax avoidance and the minimisation and/or deferring of tax liabilities by the use of standard tax planning techniques.

### **Module Objectives**

To understand the principles of taxation and the main taxes within the Irish tax system. To develop the ability to apply knowledge and skills and exercise professional judgement in providing taxation information and advice to individuals and businesses on the impact of the major Irish taxes. The module develops the learners' ability to apply professional knowledge and skills and exercise professional judgement in providing tax planning advice to individuals and businesses on the impact of the major Irish taxes on financial decisions.

### **Module Aims**

This module aims to:

- Provide learners with an understanding of the broad theoretical framework of taxation
- Provide learners with a good understanding of the main taxes affecting individuals and corporations within the Irish tax system.
- Provide learners with knowledge of the reliefs available to individuals and companies in minimising the tax liability.
- Develop the learners' ability to interpret and analyse the information provided and provide tax planning advice in a manner appropriate to the intended audience.

### **Module Curriculum**

Purpose and Administration of Taxation

- Outline of Tax Administration
- Self Assessment System, Payment of Income Tax, Tax return Filing Dates, Surcharge and Penalties
- Structure of the Revenue, Revenue Powers, Revenue Audit, Taxpayers Charter of Rights, Appeals

Value Added Tax

- General principles, records to be maintained
- Registration, group registration, voluntary registration, de-registration
- Charge to VAT, Rates of VAT, Chargeable Amount, Exempt and Zero Rated Supplies
- Determination of place of supply of goods/services
- Allowable and Disallowable Deductions
- Relief for loss on trade debts
- Two-thirds and package rules
- Cash and invoice basis
- EU intra community trade, imports and exports
- VAT on property – supply of immovable property for VAT purposes, new/old properties, leases

## Income Tax

### Scope of income tax

- Charge to Income tax, residence, ordinary residence and domicile
- Non-resident individuals, individuals coming to/leaving Ireland
- Tax treatment of overseas income, Double taxation relief
- Classification of Income, basis of assessment
- Tax credits, reliefs, charges on income
- Tax treatment of single, married, widowed, separated, divorced persons and civil partnerships

### Property and Investment Income

- Taxation of Investment Income, Case III, Case IV, and Schedule F
- Basis of assessment
- Dividends, Shares in lieu of dividends, Dividend withholding tax
- Savings income
- Case V income - Basis of assessment, Allowable deductions, Premiums on Leases, reliefs, losses

### Employment income

- Assessable income, allowable deductions, allowances, benefits-in-kind,
- Employed vs Self-employed
- Share option and share incentive schemes
- Lump sum receipts, exemptions and reliefs
- Income from overseas employment
- Tax treatment of foreign employment exercised in the State
- Social benefit payments
- PAYE system, PRSI, USC

### Trade and Professional Income

- Badges of Trade
- Determination of assessable income, Capital and revenue expenditure, Computation of assessable profit
- Basis of assessment, commencement, cessation, change of accounting date
- Partnership, assessable profits
- Capital Allowances, wear and tear, balancing allowances and charges, replacement option
- Subcontractors – relevant tax legislation, operation of Relevant Contracts Tax (RCT)
- Professional Withholding tax

### Computation of taxable income and income tax liability

- Exemptions and relief schemes – EIIS, Film Investment
- Retirement annuity contracts
- Minimising tax liabilities for married couples

### Income Tax Losses

- Relief for Trade Losses, terminal losses
- Excess Capital Allowances
- Excess Case V capital allowances

## Corporation tax

### Scope of corporation tax

- Residence
- Allowable expenditure and capital allowances
- close companies, tax implications, company surcharge, service companies
- Tax implications of purchase by a company of its own shares

### Calculation of tax liability

- computations involving loss relief, close company surcharge
- impact of double taxation treaties
- Permanent establishment, meaning and implications
- Overseas companies trading in Ireland profits chargeable to corporation tax
- Reliefs - qualifying research and development expenditure, new start up company
- Loss relief, trading losses, terminal losses, restriction of use of losses on a change in ownership
- carry forward of losses in company reconstruction without change of ownership

### Group structures in corporation tax

- Group relief, types of group
- Tax consequences of a transfer of chargeable assets
- Transfer of a trade
- Consortiums
- Pre-entry gains and losses, tax treatment
- Anti-avoidance provisions, company leaving group
- Operation of holding company regime

## Capital gains tax

### Scope of taxation of capital gains

- residence, ordinary residence and domicile, relevance to capital gains tax
- individuals coming to and leaving Ireland, Non-residents
- Capital gains computations for individuals and companies
- tax implications of transfers between spouses
- Capital gains tax on foreign gains including double taxation relief

### Computing gains and losses

- connected persons, tax implications of transfers
- circumstances when market value rules apply
- impact of dates of disposal and conditional contracts
- use of capital losses in year of death
- Development land

#### Disposal of movable and immovable property

- tax implications of a part disposal
- Principal private residence relief
- disposal of leases and wasting assets
- appropriations to and from trading stock
- capital sums received in respect of the loss, damage or destruction of an asset

#### Gains and losses on the disposal of shares and securities

- Share identification rules, bonus and rights issues
- Rules relating to reorganisations. Reconstructions and amalgamations

#### Use of exemptions and reliefs

- Retirement relief
- Relief available on transfer of a business to a company
- Favourable holding company relief

#### Capital Acquisitions tax

##### Scope of capital acquisitions tax

- chargeable persons
- residence, ordinary residence and domicile concepts – application to capital acquisitions tax
- tax implications of location of assets

#### Computational principles

- meaning of gift and inheritance, date of gift, inheritance and valuation
- Group thresholds, aggregation rules
- tax implications of the location of assets

#### Liabilities arising on gifts and inheritances taken by individuals

- tax implications of lifetime benefits
- transfers within two years of death
- operation of double tax relief
- tax arising on lifetime gifts and inheritances
- inter-relationship between capital gains tax and capital acquisitions tax, computation of available set-off

#### Computing value

- principles of valuation
- concepts of market value, encumbrance free value and taxable value

#### Reliefs

- Dwelling house relief

- Availability of business property relief and agricultural relief
- Exempt benefits
- use of exemptions and reliefs in deferring and minimising capital acquisitions tax liabilities
- Use of government securities and insurance policies in payment of capital acquisitions tax

#### Stamp Duty

- scope of stamp duty
- Stamp duties payable on transfers of shares and securities
- Stamp duties payable on transfers of land
- Use of exemptions and reliefs in deferring and minimising stamp duties

#### Importance of taxation to personal and corporate financial management

- effect of age, family commitments, aspirations and the economy on personal financial objectives
- Applicability of common forms of personal finance, investment and/or protection products
  - Tax treatment of different sources of finance available to individuals
  - Tax treatment of investment products including deposit based investments, fixed interest securities, packaged investments and equities
- Effect of profitability, future plans, actions of competitors and the economy on a business' financial objectives
  - Tax implications of the raising of equity and loan finance
  - Impact of taxation on cash flows

#### Minimising and/or deferring tax liabilities

- types of investment and other expenditure resulting in reductions in tax liabilities of individuals and corporations
- Legitimate tax planning measures in given circumstances
- Mitigation of tax by reference to numerical analysis and/or reasoned argument
- Ethical and professional issues arising from the giving of tax planning advice
- Current issues in taxation

#### Communication with clients, the revenue commissioners and other professionals

- Communication of advice, recommendations and information in the required format
- Communicating conclusions reached, together with relevant supporting calculations
- Stating and explaining assumptions made or limitations in analysis provided
- Identifying and explaining other, non-tax factors to be considered
- Revenue Audit procedures, penalties, mitigation of penalties

#### Teaching Plan

<b>Week 1</b>	Tax administration. Value Added Tax
<b>Week 2 &amp; 3</b>	Capital Gains tax – residence and domicile, computation rules, disposal of movable/immovable property, shares & securities, exemptions and reliefs

<b>Week 4</b>	Capital acquisitions tax – computational principles, valuation, reliefs, inter-relationship between capital gains tax Stamp Duty – liable transactions, exemptions and reliefs
<b>Week 5, 6</b>	Income tax, treatment of different income sources, allowable expenditure, capital allowances
<b>Week 7</b>	Losses, reliefs and exemptions
<b>Week 8</b>	Corporation tax – residence, accounting periods, close companies, allowable expenditure, capital allowances
<b>Week 9</b>	Losses, reliefs, double taxation treaties
<b>Week 10</b>	Group structures in corporation tax
<b>Week 11</b>	Tax planning, impact of taxation on financial decisions, interaction of taxes
<b>Week 12</b>	Client communication, Revenue Interaction, Revenue Audit

## Reading lists and other learning materials

### Recommended Reading

- Appleby, T., 2010. *The taxation of capital gains, Finance Act 2010.*, Dublin: Irish Taxation Institute.
- Bradley, J.A. & Irish Taxation Institute, 2004. *PRSI and levy contributions: Social Welfare Act 2004*, Dublin: Irish Taxation Institute.
- Brennan, F. et al., 2010. *Corporation tax: Finance Act 2010*, Dublin: Institute of Taxation in Ireland.
- Buckley, M., 2012. *Capital Tax Acts 2012* M. Buckley, ed., Bloomsbury Professional.
- Comyn, A.-J. & Donegan, D., 2011. *Irish stamp duty law*, Haywards Heath: Bloomsbury Professional.
- Kennedy, P., 2012a. *VAT Acts 2012*, Haywards Heath: Bloomsbury Professional.
- Kennedy, P., 2012b. *VAT Acts 2012*, Haywards Heath: Bloomsbury Professional.
- McAvoy & Associates, 2012. *Irish income tax 2012*, Haywards Heath: Bloomsbury Professional.
- Sheridan, M. et al., 2012. *Irish Taxation: Law and Practice* 9th ed. K. Gallery, ed., Irish Tax Institute.

### Secondary Reading

Website: [www.revenue.ie](http://www.revenue.ie)

- Brennan, P., 2012. *Tax acts 2012*, Haywards Heath: Bloomsbury Professional.
- Comyn, A.-J., 2012. *Taxation in the Republic of Ireland 2012*, Haywards Heath: Bloomsbury Professional.
- Comyn, A.-J. & Donegan, D., 2011. *Irish stamp duty law*, Haywards Heath: Bloomsbury Professional.
- Martyn, J. et al., 2012. *Taxation summary: Finance Act 2012*, Dublin: Irish Taxation Institute.
- O'Connor, M. & Cahill, P.S., 2009. *VAT on property - made simple*, Haywards Heath: Bloomsbury Professional.
- Power, T. et al., 2012. *The law and practice of Irish stamp duty: Finance Act 2012*, Dublin: Irish Taxation Institute.

## Module Learning Environment

A base classroom is used for teaching purposes for the delivery of module. Learners are also supported with resources to offer structure and guidance. This includes a set of lecture notes and reading materials as well as a detailed module curriculum which includes the module learning outcomes, a class schedule, the necessary

reading material and the assignment strategy. Participants also have access to Moodle, the College's Virtual Learning Environment (VLE).

### Module Teaching and Learning Strategy

Course content is delivered by means of lectures and tutorials with prior preparation and uses an approach which combines practice problems and case study analysis.

Learners are required to undertake significant reading prior to class and to prepare for tutorials by researching the impact of various tax heads on financial transactions.

### Module Assessment Strategy

This module is assessed jointly through coursework and an end of semester examination. The exam accounts for 50% of the marks awarded for this module. The coursework is case study based where learners are required to advise on a given scenario and recommend possible courses of action recognising all the taxes involved and their interaction.

Element Number	Weighting	Type	Description
1	50%	Coursework	Case study
2	50%	Examination	End of semester examination

### Constructive Alignment of Assessment

Module Learning Outcomes	Assessment Strategy	
	Element 1	Element 2
1. Demonstrate a detailed understanding of the principles of the main taxes in the Irish tax system.	Yes	Yes
2. Critically appraise the interaction of the different taxes and the effect on the overall tax liability of the individual/corporation.	Yes	Yes
3. Demonstrate a detailed understanding of the use of exemptions and reliefs in deferring and minimising the tax liabilities of individuals/corporations.	Yes	Yes
4. Prepare detailed tax computations for individuals/corporations including overseas and group aspects.	Yes	Yes
5. Analyse and advise on the use of exemptions and reliefs in deferring and minimising the tax liability in a given situation.	Yes	Yes
6. Identify and evaluate the impact of relevant taxes on various financial decisions and identify appropriate courses of action.	Yes	Yes
7. Provide advice on tax avoidance and the minimisation and/or deferring of tax liabilities by the use of standard tax planning techniques.	Yes	

**Sample Examination Marking Criteria**

Outstanding work which is both illuminating and insightful. Language is fluent and authoritative demonstrating a comprehensive knowledge, and convincing command of the subject matter. Accurate and concise application of theory and additional sources of work where appropriate. Exceptionally clear and well articulated examples provided to support learners answer. Excellent structure.	80%+
Evidence of a very good understanding of theory and sound application to a particular business scenario when required. Competent critical analysis with the ability to develop a clear and compelling argument. Well developed examples where required to help illustrate learners work.	70- 79 %
Good understanding of the underlying concepts and a good attempt at applying theory to business scenario when required. Good logic and structure to answer. Examples provided to illustrate answer.	60- 69%
Evidence of some reading from lectures, handouts, recommended texts though often descriptive in nature. Reasonable use of most major points though missing some key elements of theory. Confused or unclear in parts. Examples provided where required but underdeveloped.	55 – 59%
Some relevant material but inadequate or incomplete treatment of same. Minimal or missing examples.	50 – 54%
Not of passing standard though shows signs of some engagement with the material.	45 – 49%
Serious lack of relevance; signs of lack of involvement with course material; serious confusion.	<45%