

ABSA413 - Taxation I

Course Title	Taxation I			
Course Code	ABSA 413			
Course Type	Elective			
Level	BA (Level 1)			
Year / Semester	5 th			
Teacher's Name	Dr Andreas Georgiou / Mr Michalis Elpidorou			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>The module introduces students to the area of taxation based on Cyprus tax law.</p> <p>An aim of the module is for students to construct tax computations for both individuals and companies. The module aims to cover basic principles in the areas of: income tax; corporation tax; capital gains tax and Value Added Tax (VAT).</p> <p>In addition, students will be expected to interpret the results of tax computations for both individuals and companies.</p> <p>The module will also introduce students to aspects concerning the administration of tax.</p>			
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> 1. Recognise the basic tax principles in the areas of: income tax; corporation tax; capital gains tax and VAT. 2. Construct tax computations for individuals (income tax) and companies (corporation tax) based on case study scenarios. 3. Interpret the results of tax computations for individuals and companies. 4. Prepare computations for VAT based on case study scenarios. 5. Evaluate case study scenarios on business tax and propose tax saving schemes. 6. Prepare computations for capital gains tax for both individuals and companies concerning gains/losses for the disposal of immoveable property. 7. Compare the structure of the tax system in Cyprus and compare it to the UK. 8. Examine the procedures concerning the payment of temporary tax and actual tax for companies and individuals. 			

Prerequisites	ABSA 204.	Co-requisites	None.
Course Content	<ul style="list-style-type: none"> • Capital Gains Tax: Recognise the scope of this tax. Explain the background of tax law concerning capital gains tax for both companies and individuals. Recognise the basic principles for computing capital gains and losses for companies and individuals. Recognise the format of computations of capital gains tax payable for individuals and companies. Identify the exemptions available to individuals and companies. Solve computations for capital gains tax for both individuals and companies concerning gains/losses for the disposal of immovable property. Recognise the rules concerning the administration of the capital gains tax. • Corporation tax: Recognise the format of corporation tax computation, to derive the profits chargeable to corporation tax (taxable income) and to calculate corporation tax liability and the amount due (including the possibility of an additional tax surcharge). Using the self and temporary assessments, to be able to calculate temporary tax. Identify sources of income for corporation tax including: trading income, investment income (such as those from dividends and interest income) and trading goodwill profit. Distinguish between chargeable income and exempt income in corporation tax. Calculate capital allowances for companies. Analyse the tax law concerning what is allowed and what is disallowed for tax purposes. Evaluate the concept of residency and its effects on the tax computations of companies. Solve case study scenarios concerning the adjustment of profits for trading income. Apply the theoretical knowledge to prepare computations for corporation tax. Concerning trading losses to recognise its principles and to apply to tax computations. Apply the loss relief provisions to corporation tax computations. Recognise the format for rent profits statements for companies. Solve case study scenarios concerning the adjustment of profits and rent assessments. Construct computations involving basic aspects (such as taxable income, losses). Rental income assessments. Capital allowances. • Overview of tax system: Compare the structure of the tax system in Cyprus and compare it to the UK. Discuss the roles of tax inspectors and tax collectors. Explain the issue of tax residency in Cyprus. Compare and contrast the structure of the tax system in Cyprus to the UK. 		

- **VAT:** Evaluate the basic principles of VAT for individuals and companies. Explain the procedures for VAT registration and VAT deregistration. Explain and apply tax point theory. Prepare VAT computations. Explain the purpose of VAT. Recognise the different types of supplies. Explain the rules for calculating output and input VAT. Solve exercises that require a computation of VAT. Evaluate the procedure for registration and for deregistration. Analyse the benefits of voluntary registration.
- **Income tax and business tax:** Identify the sources of income (both taxable and exempt) for income tax including: trading income, investment income (such as those from dividends and interest income) and trading goodwill profit. Analyse the tax law concerning what is allowed and what is disallowed for business tax purposes and for income from self-employment. Recognise the format of income tax computation, to derive the taxable income (after taking total income less deductions/allowances) and to calculate income tax liability and the amount due. Using the self and temporary assessments, calculate temporary tax. Evaluate the concept of residency and its effects on the tax computations of individuals. Examine the format for rent profits statements for individuals. Solve case study scenarios concerning the adjustment of profits and rent assessments. Recognise the tax law concerning employment income. Explain the term “benefits in kind” and recognise its tax treatments. Concerning trading losses explain its principles and apply to tax computations. Application the loss relief provisions to income tax computations. Recognise the law on deductions/allowances in minimising income tax liabilities using instruments such as: donations, life premiums, provident fund donations amongst others. Compute social insurance contributions for employees. Solve case study scenarios concerning the personal tax computations of employees including husband and wife scenarios.
- **Administration of tax:** Explain the procedures concerning the payment of temporary tax and actual tax for companies and individuals. Discuss the system of self-assessment and temporary assessments and the making of tax returns. Explain the procedures considering appeals (objections), enquiries and time limit issues. Recognise time limits for: submission of returns, claims and payment of tax. Explain the tax rules concerning late

	<p>payment of tax and potential interest and penalty payments for individuals and companies. Explain the penalties and interest for non-compliance including computations in case-study scenarios.</p> <ul style="list-style-type: none"> • Tax planning: Apply tax planning solutions for individuals and companies concerning: corporation tax, income tax, husband and wife cases, capital gains tax and VAT.
<p>Teaching Methodology</p>	<p>The taught part of course is delivered to the students by means of lectures, conducted with the help of computer presentations. Lecture notes and presentations are available through the web for students to use in combination with the textbooks.</p> <p>Lectures are supplemented with class exercises carried out in class and via homework. Class exercises for homework are submitted on the e-learning platform for students to attempt and the solutions are posting on the platform at a later date (around one week).</p>
<p>Bibliography</p>	<p><u>Textbooks:</u></p> <p>Polina Jacovides Michael: Cyprus Taxation: A Comprehensive Guide (Textbook), 2019.</p> <p>Polina Jacovides Michael: Cyprus Taxation Question Bank, 2019.</p> <p><u>References:</u></p> <p>Deloitte Cyprus, Cyprus Tax Facts 2019, Deloitte Cyprus.</p> <p>PWC, The tax system in Cyprus, January 2019, PWC.</p> <p>Georgiou, A and P. Kontakos (2018), Investment Incentives and Attracting Foreign Direct Investments (FDI) – Evidence From Cyprus, Science and Business: Development Ways, Issue No. 3 (81), 2018, pp. 157-161.</p>
<p>Assessment</p>	<p><u>(a) Methods:</u> Students will be assessed with coursework that involves an assignment (with a written report and presentation), a midterm test and a final exam. The course involves both explaining tax principles concepts and also solving practical problems in taxation.</p> <p><u>(b) Criteria:</u> The assessment criteria can be generalised as follows concerning the area assessed:</p> <ul style="list-style-type: none"> • 86% or more – Excellent application of problem solving skills. • 76%-85% - Very good application of problem solving skills. • 66%-75% - Good application of problem solving skills. • 56%-65% - Satisfactory with some success in applying problem solving skills

	<ul style="list-style-type: none"> • 50%-55% -Satisfactory with limited success in applying problem solving skills • Below 50% -Little or no application of problem solving skills. <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> • Assignment 20% • Mid-term test 20% • Final exam 60%
Language	English.