

ABSA414 - Taxation II

Course Title	Taxation II			
Course Code	ABSA 414			
Course Type	Elective			
Level	BA (Level 1)			
Year / Semester	6 th			
Teacher's Name	Dr Andreas Georgiou / Mr Michalis Elpidorou			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>The module builds on the previous module in taxation. The knowledge acquired from ABSA 413 is carried forward to this module.</p> <p>An aim of the module is for students to construct tax computations for both individuals and companies. However new areas are introduced in this module such as: group tax, foreign tax and special defence contributions.</p> <p>The module also aims students to propose tax planning solutions (tax saving schemes) based on case study scenarios.</p>			
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> 1. Construct tax computations for individuals and companies that include new aspects that are introduced in this module. 2. Interpret the results of tax computations for individuals and companies. 3. Identify the system of group relief in Cyprus and apply it to case study scenarios. 4. Recognise the provisions concerning foreign tax relief and apply to case study scenarios. 5. Examine computational and theoretical aspects of VAT and propose tax saving schemes based on case study scenarios. 6. Evaluate case study scenarios that involve a multiple of taxes and propose tax saving schemes. 7. Prepare computations for capital gains tax for both individuals and companies and interpret the results in the form of reports, memos or letters to clients. 8. Discuss the scope of social insurance contributions and compute social insurance contributions for individuals and companies (based on case study scenarios). 9. Recognise the scope of special defence contributions and prepare computations for individuals and companies. 			

	<p>10. Apply the penalties and interest due concerning the administration of tax giving advice to clients in the form of letters, memos or reports.</p> <p>11. Apply communication skills in the form of: reports, memos, letters and presentations.</p>		
Prerequisites	ABSA 413.	Corequisites	None.
Course Content	<ul style="list-style-type: none"> • All areas covered in ABSA 413 are transferred to ABSA 414. • Capital gain tax -Prepare computations of the chargeable gains of individuals and corporate taxpayers. Calculate capital gains tax in group situations. Recognise and apply the various reliefs available to the taxpayer in minimizing his liability to Capital Gains Tax. Apply tax planning to capital gains tax. Solve computations for capital gains tax for both individuals and companies concerning gains/losses for disposals of shares and other non-immovable property assets. Apply the use of exemptions, deductions and reliefs (such as roll-over relief) in deferring and minimising capital gains tax liabilities. Apply the background of tax law concerning capital gains tax for both companies and individuals to tax planning. Prepare computations for capital gains tax for both individuals and companies and interpret the results in the form of reports, memos or letters to clients. • Social Insurance- Explain the scope of social insurance contributions. Prepare computations concerning employees and employers. • Income tax – Prepare computations involving employed and self-employed individuals. Discuss how tax planning can minimise the income tax liability. Examine tax-planning opportunities concerning rental income. Apply the tax law concerning employment income and benefits in kind and identify methods of saving tax incorporating social insurance contributions for self-employed individuals. Apply tax planning to solve case study scenarios concerning the personal tax computations of employees. Identify the effect of social insurance contributions on the income tax computations of employed individuals. Construct income tax computations for husband and wife scenarios (or individuals) with emphasis on tax planning issues. 		

- **Business tax** – Calculate the taxable profit and tax assessments thereon. Apply tax planning to business tax. Analyse the tax law concerning what is allowed and what is disallowed for business tax purposes. Apply the tax law concerning what is allowed and what is disallowed for business tax purposes and develop tax-planning schemes for the minimisation of tax for self-employed individuals. Analyse the law concerning loss relief and apply to case study scenarios. Recognise the provisions of foreign tax relief (double tax relief) and its application to income tax computations. Evaluate how foreign businesses can effect the income tax computation.

- **Corporation tax** – Examine advanced computational aspects including the treatment of corporation tax losses including group tax losses. Examine the format of corporation tax loss and group relief computations. Apply the knowledge to min-case studies involving both single companies and group companies. Recognise the comprehensive calculation of corporation tax (its liability and amount due). Solve case study scenarios concerning tax planning concerning all aspects of corporation tax. Apply the use of exemptions and reliefs in deferring and minimising corporation tax liabilities: interpret the results and present them in letter or report formats. Recognise how foreign operations by resident companies can affect the corporation tax computation.

- **Group tax** -Identify the structure of the group tax system in Cyprus and compare it to the UK. Examine the effect of a group structure for corporation tax purposes. Recognise group loss provisions and apply to computations (the application of group loss relief to corporation tax computations individual companies in a group structure). Examine schemes that minimise tax liabilities for groups.

- **Special Defence Contributions** – Recognise the scope of special defence contributions (SDC). Carry out computations of SDC for individuals and companies for: interest income; dividend income and rent income. Recognise deemed distribution provisions for the profits of companies and apply SDC computations therein for companies. Recognise the scope of the social cohesion fund contributions and apply to computations.

	<ul style="list-style-type: none"> • VAT – Examine aspects of VAT both computational and theoretical for individual businesses that include the calculation of the VAT Return bearing in mind various reliefs that may be claimed. Recognise VAT provisions for groups. • Administration of tax – Identify and apply the procedures concerning the administration of tax giving advice to clients in the form of letters, memos or reports. Provide tax advice concerning late payment of tax and potential interest and penalty payments for individuals and companies. Calculate penalties and interest on tax due to non-compliance of the law
Teaching Methodology	<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>
Bibliography	<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>
Assessment	<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.

	<ul style="list-style-type: none"> • 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 • 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.