

Module Title	Taxation Fundamentals
Level	5
Reference No.	BAF-5-TAF
Credit Value	20 credits
Student Study Hours	Contact hours: 52 Student managed learning hours: 148
Pre-requisite learning	None
Co-requisites	None
Excluded combinations	None
Module co-ordinator	David Oakes
Faculty/Department	Business / Accounting & Finance
Short Description	The module focuses on the computation of the tax liabilities of individuals, including as an employee, or self-employed; and also unincorporated businesses, companies, and groups of companies.
Aims	The module aims to develop a knowledge and understanding in the core areas of UK taxation. There will be detailed coverage of all principal UK taxes, namely: <ul style="list-style-type: none"> • Income tax • Corporation tax • Capital gains tax • Value added tax • National Insurance Contributions • Inheritance Tax
Learning Outcomes	<p>Knowledge and Understanding: On successful completion of this module students will be able to explain the operation and scope of the UK tax system, and to:</p> <ul style="list-style-type: none"> • Explain and compute the income tax liabilities of individuals • Calculate the corporation tax liabilities of a single company, and groups of companies • Assess the chargeable gains arising on companies and individuals • Calculate national insurance contributions of employees, employers and the self-employed. • Understand the effects of value added tax on incorporated and unincorporated businesses • Explain the scope of inheritance tax and compute basic liabilities arising on lifetime transfers and on death <p>Intellectual Skills: On successful completion of this module students will be able to:</p> <ul style="list-style-type: none"> • Critically evaluate and interpret tax data for both individuals and businesses in order to formulate relevant and realistic advice and recommendations • Demonstrate an awareness of ethical considerations when minimising and deferring tax liabilities • Apply appropriate taxation principles to the presentation and computation of tax

	<p>liabilities</p> <p>Practical Skills: On successful completion of this module students will be able to:</p> <ul style="list-style-type: none"> • Use information technology to acquire, analyse and communicate tax data for different taxes and from different sources of information <p>Transferable Skills: On successful completion of this module students will be able to:</p> <ul style="list-style-type: none"> • Solve structured and unstructured personal and business taxation problems and recommend appropriate solutions • Demonstrate the ability to communicate effectively, in writing the results of computations, analyses, conclusions and recommendations, making appropriate use of information and communication technology. • Use numerical skills to analyse and interpret financial information for effective decision making
<p>Employability</p>	<p>This module will help you develop the following key skills that employers look for in new graduates:</p> <ul style="list-style-type: none"> • Written communication. This will be developed through answering seminar questions and writing the coursework assignments. • Effective oral communication. This will be developed through discussions in seminars. • Information and communication technology skills. You are required to use word processing software and the internet to research information needed for the coursework. • The ability to analyse written and numerical data and to draw conclusions and make recommendations from the data. The questions that you will have to answer in seminars and in the coursework and examination will require you to demonstrate these skills.
<p>Teaching and learning pattern</p>	<p>This module combines the use of lectures, seminars and self-managed learning.</p> <p>Lectures will give an overview of each topic. They will be supplemented by references to additional reading which students are expected to undertake as part of their self-managed learning.</p> <p>Seminars have an important role in the learning process, including:</p> <ol style="list-style-type: none"> (a) A forum where issues requiring further discussion can be raised. (b) Developing the skills required for the successful completion of the module. (c) An opportunity to apply theory to practical situations. (d) An opportunity to practice examination style questions. (e) The provision of short periodic assessments to enable student progress to be monitored. <p>Self-managed learning forms a very important part of this module. For each hour spent in lectures and seminars students should spend approximately a further four to five hours on self-managed learning.</p>
<p>Indicative content</p>	<p>The UK tax system</p> <ul style="list-style-type: none"> • Introduction to the function and purpose of taxation

- Distinguish between capital and revenue, direct and indirect taxes
- Main sources of tax law and practice
- Contrast tax avoidance and tax evasion
- The ethical approach to taxation

Income tax liabilities

- Scope of income tax
- Income from employment including benefits in kind
- Determination of status of income – as employment, self-employment or capital
- The system of PAYE
- Understanding the relevance of the badges of trade
- Income from self-employment including determination of taxable profits
- Capital allowances for the self employed
- Basis periods and change of accounting date for the self-employed
- The treatment of losses by the self-employed
- Treatment of partnerships
- Property income including lease premiums, rent a room relief and furnished holiday lettings
- Investment income including savings income and dividends
- Calculation of tax liabilities including the use of exemptions and reliefs and the treatment of charitable donations
- Treatment of contributions to pension schemes by employed and self-employed persons

Corporation Tax liabilities

- The scope of corporation tax including periods of account
- Calculation of taxable profit for a company including calculation of capital allowances
- Calculation of total taxable profits including treatment of interest, chargeable gains and property income
- Calculation of tax liabilities including calculations for marginal relief
- Administration issues including payments by instalments, interest, double tax relief, transfer pricing, overseas branches and subsidiaries and on-line returns
- Relief of losses for single companies and choice of loss treatment
- Group corporate structures for corporation tax purposes including impact of associated companies and group loss relief

Chargeable Gains

- Basic principles of computing gains and losses for individuals including treatment of annual exemptions and the relevance of other income
- Transfers between husband and wife
- Treatment of losses
- Calculation of gains and losses on the disposal of movable and immovable property including chattels
- Calculation of capital gains tax liabilities for individuals including the use of exemptions and reliefs in deferring and minimising tax
- Computation of chargeable gains for companies including the use of indexation and rebasing of assets acquired pre 1982

Inheritance Tax

- The scope of Inheritance Tax
- Basic principles of computing transfers of value
- Computation of liabilities arising on chargeable lifetime transfers and on the death of an individual
- The use of exemptions to defer and minimise tax liabilities

National Insurance Contributions

- Calculation of national insurance contributions in employment including Class 1

	<ul style="list-style-type: none"> and Class 1A contributions for employed persons and employers • Calculation of Class 2 and Class 4 contributions for self-employed persons <p>Value Added Tax</p> <ul style="list-style-type: none"> • The VAT registration requirements • Standard, Reduced rate, Zero rated and exempt supplies • VAT records and documents and the importance of tax point • Treatment of bad debts, cash discounts and fuel for business cars • Non-deductible input tax • VAT treatment of Imports and exports • Computation of VAT liabilities and completion of VAT returns • The effect of special schemes (cash, annual and flat rate) • VAT administration and penalties (default surcharge and incorrect VAT returns) <p>The obligations of taxpayers and/or their agents</p> <ul style="list-style-type: none"> • The systems for self-assessment and the completion of tax returns • Time limits for the submission of information, claims and payment of tax • Payments on account, interest and penalties • HMRC compliance checks
<p>Formative Assessment</p>	<ol style="list-style-type: none"> 1. Testing during the lecture by completion of handout examples. 2. Evaluation of technical knowledge and understanding by completion of questions and quiz type questions in the seminars. 3. Informal discussions with students during and after seminars to assess understanding and helping those with problems. 4. Encouraging students to help each other with problems via informal study groups. 5. BPP 'Understand Taxation' software (attached to the VLE site) will require students to undertake study of selected taxation modules and complete module questions.
<p>Assessment Elements & weightings</p>	<p>The module will be assessed by a coursework (40%) and an examination (60%) as follows:</p> <p>Coursework: Assessed wholly through a scenario in which the student is acting as a taxation advisor who is required to formulate advice and recommendations. This scenario will contain both quantitative and qualitative information. This assignment will take the form of a communication (for example a letter, report or memorandum) to be submitted by an agreed date.</p> <p>The coursework brief will be given out separately by the tutor together with details on assessment criteria and submission deadlines.</p> <p>Feedback will be provided by a combination of written comments on each marked assignment and generic written comments.</p> <p>The assignment will carry 40% of the total mark. It will be circa 2,000 words in length.</p> <p>Examination: The examination will be a three-hour closed book unseen examination, which will consist of seven twenty-mark questions, of which any five must be attempted.</p> <p>The minimum mark for each element of assessment will be 30% and the overall pass mark for the module will be 40%.</p>
<p>Indicative Sources (Reading lists)</p>	<p>Latest editions of:</p> <p>Core: Alan Melville, TAXATION, FINANCE ACT [current year], Pearson, Harlow.</p> <p>Optional materials:</p>

(a) Tolley's Tax Guide [current year], LexisNexis.

(b) Tolley's Taxwise [current year], LexisNexis.

Other useful links:

HMRC: www.hmrc.gov.uk

Library: Access to online resources for Accounting and Finance:
<https://my.lsbu.ac.uk/page/bus-resources-accounting-finance>