

# Taxation (F6) Republic of Ireland (IRL) June 2008

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

## THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

### Relational diagram of paper with other papers

This diagram shows where any direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other, such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

### Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper

### Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

### Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

### Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

### Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

### Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

### Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate and the broad intellectual level at which these may need to be demonstrated (\*See intellectual levels below)

### Reading lists

ACCA examiners will recommend study texts and text books where these are available, which students may read as part of their preparation for the exam. Relevant articles will also be published in *student accountant*.

### INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis

Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

## LEARNING HOURS

The ACCA qualification does not prescribe or recommend any particular number of learning hours because increasingly study and learning patterns and styles vary greatly between people and organisations and in different personal, professional and educational circumstances.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down in those particular papers.

## GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations are all paper based three-hour papers. The structure of papers varies from ten questions in the *Corporate and Business Law* (F4) paper to four 25 mark questions in *Performance Management* (F5) and *Financial Management* (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of each of the Options papers contains 50-70 compulsory marks from two questions, each attracting between 25 and 40 marks. Section B will offer a choice of two from three questions totalling 30-50 marks, with each question attracting between 15 and 25 marks.

The pass mark for all ACCA Qualification examination papers is 50%.

## GUIDE TO EXAMINATION ASSESSMENT

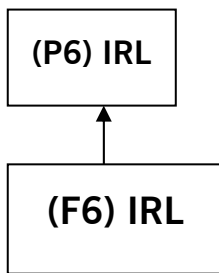
ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers, ACCA will publish *examinable documents* every six months to indicate exactly what regulations and legislation could potentially be assessed at the following examination session.

Knowledge of new examinable regulations will not be assessed until at least six calendar months after the last day of the month in which documents are issued or legislation is passed. The relevant cut-off date for the June examinations is 30 November of the previous year, and for the December examinations, it is 31 May of the same year.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

# Syllabus



## AIM

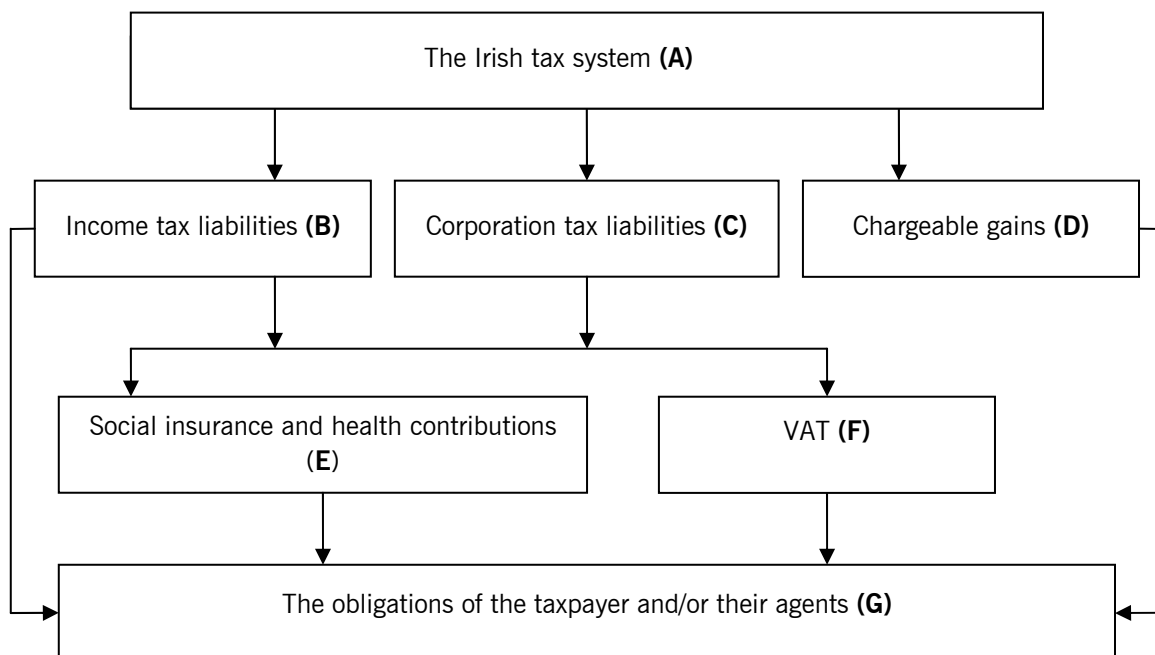
To develop knowledge and skills relating to the Irish tax system as applicable to individuals, single companies and groups of companies.

## MAIN CAPABILITIES

After completing this examination paper students should be able to:

- A** Explain the operation and scope of the Irish tax system
- B** Explain and compute the income tax liabilities of individuals
- C** Explain and compute the corporation tax liabilities of individual companies and groups of companies
- D** Explain and compute the chargeable gains arising on companies and individuals
- E** Explain and compute the effect of social insurance and health contributions on employees, employers and the self employed
- F** Explain and compute the effects of value added tax on incorporated and unincorporated businesses
- G** Identify and explain the obligations of tax payers and/or their agents and the implications of non-compliance.

## RELATIONAL DIAGRAM OF MAIN CAPABILITIES



## **RATIONALE**

This syllabus introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of taxation, as they affect the activities of individuals and businesses.

In this syllabus, candidates are introduced to the rationale behind and the functions of the tax system. The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as income tax from self employment, employment and investments; the corporation tax liability of individual companies and groups of companies; the social insurance and health contributions of both employed and self employed persons; the value added tax liability of businesses; and the chargeable gains arising on disposals of investments by both individuals and companies.

Having covered the core areas of the basic taxes, the candidate should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

## **DETAILED SYLLABUS**

### **A The Irish tax system**

1. The overall function and purpose of taxation in a modern economy
2. Different types of taxes
3. Principal sources of revenue law and practice
4. Tax avoidance and tax evasion

### **B Income tax liabilities**

1. The scope of income tax
2. Income from employment
3. Income from self-employment
4. Property and investment income

5. The comprehensive computation of taxable income and income tax liability
6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

### **C Corporation tax liabilities**

1. The scope of corporation tax
2. Profits chargeable to corporation tax
3. The comprehensive computation of corporation tax liability
4. The effect of a group corporate structure for corporation tax purposes
5. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities

### **D Chargeable gains**

1. The scope of the taxation of capital gains
2. The basic principles of computing gains and losses (including gains and losses on development land)
3. Gains and losses on the disposal of movable and immovable property
4. Gains and losses on the disposal of shares and securities
5. The computation of the capital gains tax payable
6. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

### **E Social insurance and health contributions**

1. The scope of social insurance
2. Social insurance contributions for self-employed persons and employees
3. Health contributions

## **F Value added tax**

1. The scope of value added tax (VAT)
2. The VAT registration requirements
3. The computation of VAT liabilities
4. The effect of special schemes

## **G The obligations of tax payers and/or their agents**

1. The systems for self-assessment and the making of returns
2. The time limits for the submission of information, claims and payment of tax, including preliminary tax
3. The procedures relating to Revenue audit/enquiries, appeals and disputes
4. Penalties for non-compliance

## **APPROACH TO EXAMINING THE SYLLABUS**

The paper will be mainly computational and will have five questions, all of which will be compulsory.

- Questions one will focus on income tax and question two will focus on corporation tax. The two questions will be for a total of 55 marks with one of the questions being for 30 marks and the other for 25 marks
- Question three will be for 20 marks, and will focus on chargeable gains (either personal or corporate)
- Questions four and five will be on any area of the syllabus and will be for 15 marks and 10 marks respectively.

There will always be at a minimum of 10 marks on value added tax on any paper. These marks might be included as part of a question or there might be a separate question on value added tax.

Social insurance and health contributions will not be examined as a separate question, but may be

examined in any question involving income tax or corporation tax.

Groups and overseas aspects will only be examined in question two, and will account for no more than one third of the marks available for that question.

Chargeable gains can be examined in questions other than question 3, for example as part of a corporation tax or business income tax scenario.

Any of the five questions might include the consideration of issues relating to the minimisation or deferral of tax liabilities.

### **Examinable legislation**

ACCA applies a six month rule, which stipulates that questions requiring an understanding of new legislation will not be set until at least six calendar months after the last day of the month in which that legislation was passed.

After consultation with our examiners, we understand that in Ireland the literal interpretation of this rule, in relation to the Finance Act to be examined, would be disadvantageous to students, in that in December examination sessions, candidates would have been examined on new legislation, which had only been in the public domain for a very short period of time. In order to alleviate this problem, ACCA has decided that the Finance Act to be examined in a particular examination paper in Ireland will be as follows:

December 2007 examination - Finance Act 2006

June 2008 and December 2008 examinations - Finance Act 2007

The Finance Act to be examined will therefore be consistent within each calendar year of examinations.

# Study Guide

## A THE IRISH TAX SYSTEM

### 1. The overall function and purpose of taxation in a modern economy <sup>[1]</sup>

### 2. Different types of taxes

- a) Identify the different types of capital and revenue tax.<sup>[1]</sup>
- b) Explain the difference between direct and indirect taxation.<sup>[2]</sup>

### 3. Principal sources of revenue law and practice

- a) Describe the overall structure of the Irish tax system.<sup>[1]</sup>
- b) State the different sources of revenue law.<sup>[1]</sup>
- c) Appreciate the interaction of the Irish tax system with that of other tax jurisdictions.<sup>[2]</sup>

### 4. Tax avoidance and tax evasion

- a) Explain the difference between tax avoidance and tax evasion.<sup>[1]</sup>
- b) Explain the need for an ethical and professional approach.<sup>[2]</sup>

#### Excluded topics

- *Anti-avoidance legislation.*

## B INCOME TAX LIABILITIES

### 1. The scope of income tax

- a) Explain how the residence of an individual is determined.<sup>[1]</sup>
- b) Understand the taxation of an Irish resident in relation to the following sources of income arising in the UK – trading income, interest, dividends, rent, royalties, salary and pensions.<sup>[2]</sup>

#### Excluded topics

- *Specific knowledge of the foreign income of residents and double tax relief, other than as specified above re UK sources*
- *Taxation of non-residents.*
- *Taxation of split residents.*
- *The treatment of individuals coming to and leaving Ireland.*
- *Income from trusts and settlements.*

### 2. Income from employment

- a) Recognise the factors that determine whether an engagement is treated as employment or self-employment.<sup>[2]</sup>
- b) Recognise the basis of assessment for employment income.<sup>[2]</sup>
- c) Compute the income assessable.<sup>[2]</sup>
- d) Recognise the allowable deductions, including travelling expenses.<sup>[2]</sup>
- e) Discuss the use of the Revenue approved mileage and subsistence allowances scheme.<sup>[2]</sup>
- f) Explain the PAYE system.<sup>[1]</sup>
- g) Compute the amount of benefits assessable.<sup>[2]</sup>
- h) Understand the treatment of profits/gains arising from the exercise of rights under unapproved share and share option incentive schemes.<sup>[2]</sup>

#### Excluded topics

- *Detailed knowledge of share and share option incentive schemes for employee, except as specified above.*
- *Payments on the termination of employment and other lump sum payments received by employees.*

### 3 Income from self-employment

- a) Recognise the basis of assessment for self-employment income.<sup>[2]</sup>
- b) Describe and apply the badges of trade.<sup>[2]</sup>
- c) Recognise the expenditure that is allowable in calculating the tax-adjusted trading profit. (including for a vocation/profession).<sup>[2]</sup>
- d) Recognise the relief that can be obtained for pre-trading expenditure.<sup>[2]</sup>
- e) Compute the assessable profits on commencement and on cessation (including a death situation).<sup>[2]</sup>
- f) Compute farming income on the income averaging basis.<sup>[2]</sup>
- g) Compute the assessable profits on a change of accounting date.<sup>[2]</sup>
- h) Capital allowances
  - i) Define plant and machinery for capital allowances purposes<sup>[1]</sup>
  - ii) Compute wear and tear allowances (including on motor cars)<sup>[2]</sup>
  - iii) Compute balancing allowances and balancing charges<sup>[2]</sup>
  - iv) Define an industrial building for industrial buildings allowance purposes<sup>[1]</sup>
  - v) Compute industrial buildings allowance for new and second-hand buildings<sup>[2]</sup>
  - vi) Compute the balancing adjustment on the disposal of an industrial building.<sup>[2]</sup>
  - vii) Compute farm buildings allowance<sup>[2]</sup>
  - viii) Recognise when the urban and rural renewal relief regimes were applicable and identify any ongoing tax consequences/implications<sup>[2]</sup>
  - ix) Minimum tax payable for individuals regime.<sup>[2]</sup>
- i) Relief for trading losses (including farming losses)
  - i) Understand how trading losses can be carried forward<sup>[2]</sup>
  - ii) Understand how trading losses can be claimed against total income<sup>[2]</sup>
  - iii) Explain the relief for trading losses in the early years of a trade<sup>[1]</sup>
  - iv) Explain terminal loss relief<sup>[1]</sup>
- j) Partnerships
  - i) Explain the partnership tax regime<sup>[2]</sup>
  - ii) Compute the assessable profits for each partner following a change in the profit sharing ratio<sup>[2]</sup>
  - iii) Compute the assessable profits for each partner following a change in the membership of the partnership<sup>[2]</sup>
- k) Describe and apply professional fees withholding tax (PWT), withholding tax on annual payments, interest and royalties.<sup>[2]</sup>
- l) Describe and apply the RCT rules.<sup>[2]</sup>

#### Excluded topics

- *Interest on capital and salaries paid to partners*

### 4. Property and investment income

- a) Describe and apply the special 20% income tax rate on gains from residential land.<sup>[2]</sup>
- b) Compute rental income.<sup>[2]</sup>
- c) Compute the capital allowances available for set off against rental income.<sup>[2]</sup>
- d) Describe rent-a-room relief.<sup>[2]</sup>
- e) Compute the amount assessable when a premium is received for the grant of a short lease.<sup>[2]</sup>
- f) Understand how relief for a rental deficiency and excess capital allowances is given.<sup>[2]</sup>
- g) Distinguish between tax exempt and taxable savings income.<sup>[2]</sup>
- h) Compute the withholding tax and final tax payable on savings income.<sup>[2]</sup>
- i) Compute the tax payable on dividend income.<sup>[2]</sup>



## 5 The comprehensive computation of taxable income and income tax liability

- a) Prepare a basic income tax computation involving different types of income.<sup>[2]</sup>
- b) Calculate the amount of health and other expenses deductible from total income.<sup>[2]</sup>
- c) Calculate the amount of personal tax credits available.<sup>[2]</sup>
- d) Compute the amount of income tax payable.<sup>[2]</sup>
- e) Explain the treatment of charges on income.<sup>[2]</sup>
- f) Distinguish between the joint and single assessment of married couples.<sup>[2]</sup>

### Excluded topics

- *The income of minor children.*
- *Year of marriage relief.*

## 6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

- a) Explain and compute the relief given for contributions to personal pension schemes.<sup>[2]</sup>
- b) Describe the relief given for contributions to occupational pension schemes excluding PRSA.<sup>[1]</sup>
- c) Explain how a married couple might seek to minimise their tax liabilities.<sup>[2]</sup>

### Excluded topics

- *The conditions that must be met in order for a pension scheme to obtain approval from the Revenue Commissioners.*

## C CORPORATION TAX LIABILITIES

### 1. The scope of corporation tax

- a) Define the term 'accounting period'.<sup>[1]</sup>
- b) Recognise when an accounting period starts and when an accounting period finishes.<sup>[1]</sup>

- c) Explain how the residence of a company is determined.<sup>[2]</sup>
- d) Explain the meaning of a permanent establishment under the Irish-UK double tax treaty.<sup>[2]</sup>

### Excluded topics

- *Investment companies.*
- *Close companies.*
- *Companies in receivership or liquidation.*
- *Reorganisations (other than paper-for-paper relief).*
- *The purchase by a company of its own shares.*
- *Foreign companies (other than UK companies)*

### 2. Profits chargeable to corporation tax

- a) Recognise the expenditure that is allowable in calculating the tax-adjusted trading profit.<sup>[2]</sup>
- b) Explain how relief can be obtained for pre-trading expenditure.<sup>[1]</sup>
- c) Compute capital allowances (as for income tax).<sup>[2]</sup>
- d) Compute rental income.<sup>[2]</sup>
- e) Compute the capital allowances available for set off against rental income.<sup>[2]</sup>
- f) Understand how trading losses can be carried forward.<sup>[2]</sup>
- g) Understand how trading losses can be claimed against income of the current or previous accounting periods (including terminal loss relief).<sup>[2]</sup>
- h) Understand the restriction of loss relief when a corporation tax return is filed late.<sup>[2]</sup>
- i) Recognise the factors that will influence the choice of loss relief claim.<sup>[2]</sup>

- j) Explain how relief for a rental deficiency and excess capital allowances is given.<sup>[1]</sup>
- k) Explain the treatment of charges on income.<sup>[2]</sup>
- l) Compute profits chargeable to corporation tax.<sup>[2]</sup>

#### Excluded topics

- *Specific rules with regard to reliefs available on expenditure on research and development, know how and the acquisition of patents*

### 3. The comprehensive computation of corporation tax liability

- a) Compute the corporation tax liability.<sup>[2]</sup>
- b) Explain the implications of receiving franked investment income.<sup>[2]</sup>
- c) Explain and calculate dividend withholding tax (DWT).<sup>[2]</sup>
- d) Describe and apply the withholding tax provisions with regards to payments to sub-contractors (RCT), annual payments (including interest) and royalties.<sup>[2]</sup>
- e) Explain how exemptions and reliefs can defer or minimise corporation tax liabilities.<sup>[2]</sup>

#### Excluded topics

- *Manufacturing companies – 10% rate*

### 4. The effect of a group corporate structure for corporation tax purposes

- a) Define a 75% group, and recognise the reliefs that are available to members of such a group.<sup>[2]</sup>
- b) Define a 75% capital gains group, and recognise the reliefs that are available to members of such a group.<sup>[2]</sup>
- c) Define a 51% group for interest and royalty payment purposes.<sup>[2]</sup>

- d) Calculate double taxation relief for withholding tax and underlying tax.<sup>[2]</sup>

#### Excluded topics

- *The tax charge that applies where a company leaves a group within ten years of receiving an asset by way of a no gain/no loss transfer*
- *Consortia*
- *The anti-avoidance provisions where arrangements exist for a company to leave a group*
- *The method of calculating the credit or tax suffered on non-Irish dividends.*

### 5. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities (The use of such exemptions and reliefs is implicit within all of the above sections 1 to 4 of part C of the syllabus, concerning corporation tax)

#### D CHARGEABLE GAINS

### 1. The scope of the taxation of capital gains

- a) Describe the scope of capital gains tax.<sup>[2]</sup>
- b) Explain how the residence and ordinary residence of an individual is determined.<sup>[2]</sup>
- c) List those assets which are exempt.<sup>[1]</sup>

#### Excluded topics

- *Partnership capital gains*

### 2. The basic principles of computing gains and losses (including gains and losses on development land)

- a) Compute capital gains for both individuals and companies.<sup>[2]</sup>
- b) Explain the treatment of capital losses for both individuals and companies.<sup>[1]</sup>
- c) Explain the treatment of transfers between a husband and wife.<sup>[2]</sup>

- d) Compute the amount of allowable expenditure for a part disposal.<sup>[2]</sup>
- f) Explain the treatment where an asset is damaged, lost or destroyed, and the implications of receiving insurance proceeds and reinvesting such proceeds (assuming the reinvestment is capital expenditure).<sup>[2]</sup>

#### Excluded topics

- *Losses in the year of death*
- *Negligible value assets*

### 3. Gains and losses on the disposal of movable and immovable property

- a) Identify when chattels and wasting assets are exempt.<sup>[1]</sup>
- b) Compute the chargeable gains when chattels are disposed of.<sup>[2]</sup>
- c) Compute the exemption when a principal private residence is disposed of.<sup>[2]</sup>
- d) Calculate the chargeable gain when a principal private residence has been used for business purposes.<sup>[2]</sup>
- e) Identify the amount of principal private residence relief available when a principal private residence has been let out.<sup>[2]</sup>
- f) Calculate the capital gain when the sale price of a principal private residence reflects development potential.<sup>[2]</sup>

#### Excluded topics

- *The disposal of leases and the creation of sub-leases.*

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

- a) Calculate the value of quoted shares where they are disposed of by way of a gift.<sup>[2]</sup>
- b) Explain and apply the share identification rules.<sup>[2]</sup>

- c) Explain the treatment of bonus issues, rights issues, takeovers and reorganisations.<sup>[2]</sup>

### 5. The computation of the capital gains tax payable

- a) Compute the amount of capital gains tax payable by individuals.<sup>[2]</sup>
- b) Explain and apply capital gains withholding tax.<sup>[2]</sup>
- c) Compute the liability to tax on the capital gains of companies.<sup>[2]</sup>

### 6. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

- a) Explain and apply retirement relief.<sup>[2]</sup>
- b) Explain and apply the favourable holding company relief.<sup>[2]</sup>
- c) Explain and apply the incorporation relief that is available upon the transfer of a business to a company.<sup>[2]</sup>
- d) Explain and apply capital gains withholding tax.<sup>[2]</sup>

## E SOCIAL INSURANCE AND HEALTH CONTRIBUTIONS

### 1. The scope of social insurance

- a) Describe the scope of social insurance.<sup>[1]</sup>

### 2. Social insurance contributions for self-employed persons and employees

- a) Compute the contributions payable by self-employed persons (Class S).<sup>[2]</sup>
- b) Compute the contributions payable by and on behalf of employees (Class E).<sup>[2]</sup>

### 3. Health contributions

- a) Describe the scope of health contributions.<sup>[2]</sup>
- b) Compute the contributions (levies) payable.<sup>[2]</sup>

## **F VALUE ADDED TAX**

### **1. The scope of value added tax (VAT)**

- a) Describe the scope of VAT.<sup>[2]</sup>
- b) List the principal zero-rated and exempt supplies.<sup>[1]</sup>
- c) Immovable property.<sup>[2]</sup>
  - i) Understand what constitutes a supply of immovable property, including the treatment of leases of less than ten years <sup>[2]</sup>
  - ii) Explain when the exemption on short term lettings can be waived and the circumstances in which it is advantageous to do so <sup>[2]</sup>

#### **Excluded topics**

- *VAT on immovable property other than as included above.*

### **2. The VAT registration requirements**

- a) Recognise the circumstances in which a person must register for VAT.<sup>[2]</sup>
- b) Explain the advantages of voluntary VAT registration.<sup>[2]</sup>
- c) Explain the circumstance in which pre-registration input VAT can be recovered.<sup>[2]</sup>
- d) Explain how and when a person can deregister for VAT.<sup>[1]</sup>

#### **Excluded topics**

- *Group registration.*

### **3. The computation of VAT liabilities**

- a) Explain how VAT is accounted for and administered.<sup>[2]</sup>
- b) Recognise the tax point when goods or services are supplied.<sup>[2]</sup>
- c) Understand and explain the composite and single supply rules.<sup>[2]</sup>

- d) List the information that must be given on a VAT invoice.<sup>[1]</sup>
- e) Explain and apply the principles regarding the valuation of supplies.<sup>[2]</sup>
- f) Recognise the circumstances in which input VAT is non-deductible.<sup>[2]</sup>
- g) Compute the relief that is available for losses on trade debts.<sup>[2]</sup>
- h) Compute the VAT payable or repayable in a given VAT period.<sup>[2]</sup>
- i) State the circumstances in which interest and penalties apply.<sup>[2]</sup>

#### **Excluded topics**

- *Imports, exports and trading within the European Community*
- *Partial exemption rules in connection with a transfer of undertaking*
- *Vat on property is also excluded other than:*
  - *What constitutes a supply of immovable property for VAT purposes*
  - *Leases of less than 10 years*
  - *Waiving of VAT exemption on short-term lettings*

### **4. The effect of special schemes**

- a) Explain the circumstances in which a taxable person can account for VAT on a cash basis, and identify the advantage(s) of this.<sup>[2]</sup>
- b) Describe the annual accounting scheme, and recognise when it will be advantageous to use the scheme.<sup>[2]</sup>

#### **Excluded topics**

- *Flat rate scheme for farmers*
- *Second-hand goods scheme*

- *Special schemes for retailers*

## **G THE OBLIGATIONS OF TAX PAYERS AND/OR THEIR AGENTS**

### **1. The systems for self-assessment and the making of returns**

- Explain and apply the features of the self-assessment system as it applies to individuals.<sup>[2]</sup>
- Explain and apply the features of the self-assessment system as it applies to companies.<sup>[2]</sup>

### **2. The time limits for the submission of information, claims and payment of tax, including preliminary tax**

- Recognise the time limits that apply to the filing of returns and the making of claims.<sup>[2]</sup>
- Recognise the due dates for the payment of tax under the self-assessment system.<sup>[2]</sup>
- List the information and records that taxpayers need to retain for tax purposes.<sup>[1]</sup>

### **3. The procedures relating to Revenue audits/enquiries, appeals and disputes**

- Explain how the Revenue can audit a self assessment return.<sup>[2]</sup>
- Explain the procedures for dealing with appeals and disputes.<sup>[1]</sup>

### **4. Penalties for non-compliance**

- Calculate interest on overdue tax.<sup>[2]</sup>
- State the penalties that can be charged.<sup>[2]</sup>

## **READING LIST**

BPP Business Taxation (Irish)  
5 Lad Lane Dublin 2  
Email: dublinreception@bpp.com  
Tel: 01-662-3395  
Fax: 01-662-3375

Taxation Manual for Irish ACCA tax examinations -  
Julie Hawkins  
Dublin Business School 13/14 Aungier Street  
Dublin 2 Ireland  
Tel: + 353 (0) 1 4177500

The Student Tax Handbook – McKeown Murray  
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Butterworths Ireland Tax Guide

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