
Prescription: 606 Taxation

Elective prescription

Level	6
Credit	20
Version	2
Aim	Students will apply knowledge of taxation rules to New Zealand taxable entities in a range of situations.
Prerequisites	Nil
Recommended prior knowledge	500 <i>Accounting Principles</i> or equivalent knowledge and skills

Assessment weightings

Learning outcomes	Assessment weighting %
1. Students will recognise and calculate income.	10
2. Students will recognise and calculate deductions and prepare a statement of taxable income.	20
3. Students will apply the rules associated with the calculation and payment of taxes.	15
4. Students will summarise features of Inland Revenue administered schemes, calculate tax credits for individuals, and prepare the IR3 return.	15
5. Students will apply the taxation rules for partnerships and close companies and prepare the relevant Inland Revenue returns.	15
6. Students will apply the Goods and Service Tax (GST) rules and prepare the GST return.	15
7. Students will apply the Fringe Benefit Tax (FBT) rules and calculate FBT payable.	10
Total	100

All learning outcomes must be evidenced; a 10% aggregate variance is allowed.

Assessment notes

1. Assessment materials should reflect relevant and current legislation, standards, regulations and acknowledged good industry/business practices.

Learning outcome one

Students will recognise and calculate income.

Key elements:

- a) Derivation of income:
 - capital and/or revenue receipts
 - timing excluding financial arrangements and the accrual regime
 - exempt and excluded income.
- b) Determination of whether an entity is a business for tax purposes.
- c) Tax residency.

Learning outcome two

Students will recognise and calculate deductions and prepare a statement of taxable income.

Key elements:

- a) Capital/Revenue expenditure.
- b) Commonly claimed deductions including but not limited to:
 - entertainment
 - private use adjustment
 - interest.
- c) Depreciation:
 - common business assets
 - disposal or change of use of business assets
 - depreciation schedule.

Learning outcome three

Students will apply the rules associated with the calculation and payment of taxes.

Key elements:

- a) Employee and independent contractor.
- b) Taxes including due dates:
 - Provisional tax
 - Terminal tax
 - PAYE including ESCT
 - Schedular payments
 - Resident Withholding Tax (RWT).
- c) Use of money interest and penalties (calculation not required).

Learning outcome four

Students will summarise features of Inland Revenue administered schemes, calculate tax credits for individuals, and prepare the IR3 return.

Key elements:

- a) Schemes:
 - family assistance
 - kiwisaver
 - students loans.
- b) Tax credits:
 - IR526 tax credits
 - IETC.

Learning outcome five

Students will apply the taxation rules for partnerships and close companies and prepare the relevant Inland Revenue returns.

Key elements:

- a) Partnerships
- b) Dividends (including RWT)
- c) Qualifying companies
- d) Look-Through Companies (LTC)
- e) Inland Revenue return completion:
 - IR4 return including a simple imputation credit account
 - IR7 return.

Learning outcome six

Students will apply the Goods and Service Tax (GST) rules and prepare the GST return.

Key elements:

- a) Obligations of GST registered persons.
- b) GST return, incorporating:
 - supplies
 - GST adjustments.

Learning outcome seven

Students will apply the Fringe Benefit Tax (FBT) rules and calculate FBT payable.

Key elements:

- a) Non-cash benefits including motor vehicle benefit.
- b) Taxable value of benefit.
- c) Calculate FBT payable.

Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Introduced	1	2006	31 October 2014
Review	2	October 2012	31 December 2020