

The last date for assessment is 31 October 2014

PRESCRIPTION: 606 TAXATION

This prescription replaces *206 Taxation*

ELECTIVE PRESCRIPTION

LEVEL	6
CREDIT	20
VERSION	1
INTRODUCED	2006
AIM	Students will apply knowledge of taxation rules to New Zealand taxable entities in a range of situations.
PREREQUISITES	Recommended <i>400 Accounting Principles</i> or the equivalent knowledge and skills.

ASSESSMENT WEIGHTINGS

Learning outcomes	Assessment weighting %
1. Students will apply taxation rules to given taxable income situations.	10
2. Students will understand the nature of deductions for taxation purposes and prepare a statement of taxable income for a given situation.	20
3. Students will demonstrate an understanding of the rules associated with the reporting, calculation and payment of taxes.	10
4. Students will apply the associated tax rules for individuals and trusts and prepare the IR3 return for individuals.	20
5. Students apply the taxation rules for a close company and prepare the IR4 return.	10
6. Students will apply the Goods and Service Tax (GST) rules and prepare the GST return.	15
7. Students will understand the nature of, and calculate, Fringe Benefit Tax (FBT) payable.	15
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.
2. Learning outcome four requires that students are provided with the opportunity to evaluate the benefit of trusts as opposed to other entities to minimise tax liability.
3. Learning outcome seven includes compliance/equity issues to allow students to show critical thinking capability to address the present/future compliance problems associated with fringe benefit tax.

LEARNING OUTCOME ONE

Students will apply taxation rules to given taxable income situations.

Key elements

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

LEARNING OUTCOME TWO

Students will understand the nature of deductions for taxation purposes and prepare a statement of taxable income for a given situation.

Key elements

- a) Capital/Revenue expenditure.
- b) Commonly claimed deductions including but not limited to:
 - entertainment
 - private use adjustment.
- c) Depreciation:
 - common business assets including buildings and pooled assets
 - disposal or change of use of business assets.
- d) Calculation of taxable income.

LEARNING OUTCOME THREE

Students will demonstrate an understanding of the rules associated with the reporting, calculation and payment of taxes.

Key elements

- a) Employee and independent contractor.
- b) Reporting, calculation and payment of Provisional, Terminal Tax, and one of:
 - PAYE
 - Withholding Tax
 - Resident Withholding Tax.
- c) Compliance and penalty rules.

LEARNING OUTCOME FOUR

Students will apply the associated tax rules for individuals and trusts and prepare the IR3 return for individuals.

Key elements

- a) IR3 form.
- b) Rebates and assistance and one of:
 - applicable rebates
 - family assistance.
- c) Qualifying trusts.

LEARNING OUTCOME FIVE

Students will apply the taxation rules for a close company and prepare the IR4 return.

Key elements

- a) IR4 form including a simple imputation credit account.
- b) Dividends.
- c) Loss Attributing Qualifying Company (LAQC).

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 101 return, incorporating:
 - supplies
 - input/output tax adjustments.

LEARNING OUTCOME SEVEN

Students will understand the nature of, and calculate, Fringe Benefit Tax (FBT) payable.

Key elements

- a) Non-cash benefits including but not limited to:
 - motor vehicle benefit.
- b) Taxable value of benefit.
- c) Calculate FBT payable.
- d) Compliance and/or equity issues.