

Unit 30: Taxation

Unit code	Y/508/0568
Unit level	5
Credit value	15

Introduction

This unit introduces students to a range of taxation principles and many of the issues that organisations should consider to ensure that they comply with the taxation legislation of the country in which they operate. The unit also introduces students to the principles of personal and business taxation, the legal and ethical issues relating to taxation, the obligations of taxpayers, taxation systems and taxation planning.

An integral part of an organisation's operations is managing its taxation responsibilities and liabilities. Having a fundamental understanding of these responsibilities and how to determine taxation liabilities is important for all those who are employed in a management role within an organisation.

Successful completion of this unit will enable students to positively contribute to an organisation's responsibilities with regard to taxation as well as preparing them for progression onto a higher level of study.

Learning Outcomes

By the end of this unit a student will be able to:

- 1 Analyse taxation systems and the legislation which governs them.
- 2 Determine taxation liabilities for unincorporated organisations and individuals.
- 3 Determine taxation liabilities for incorporated organisations.
- 4 Evaluate the impact on organisations of the legal and ethical constraints associated with taxation responsibilities.

Essential Content

LO1 Analyse taxation systems and the legislation which governs them

Taxation systems:

These can be contextualised to the country of study but consideration can be given to taxation systems in other countries with close economic and/or trade links. The interrelationship between these systems is addressed.

Taxation legislation:

As with taxation systems these will be contextualised. In addition, consideration will be given to the implications on national taxation systems where countries are members of trade blocs such as the EU, APEC or NAFTA.

LO2 Determine taxation liabilities for unincorporated organisations and individuals

Unincorporated organisations:

The characteristics and background to these organisations will be addressed, giving consideration to the advantages and disadvantages of operating unincorporated.

Individuals:

Personal taxation and taxation relating to sole traders and partnerships.

The characteristics of each type of taxation.

The implications on personal taxation for those trading as sole traders or as a partnership.

Calculating taxation liabilities:

Using recognised models and formulae taking into account changes in allowances from one tax year to another and changes in legislation.

Key terms would include: personal allowance, capital gains tax, National Insurance contributions (or equivalent), inheritance tax and corporation tax.

LO3 **Determine taxation liabilities for incorporated organisations**

Incorporation:

Characteristics of incorporated organisations as separate entities. The advantages and disadvantages of incorporation.

Private v public limited companies:

How are they different?

Why set up as one but not the other?

What are the taxation advantages for each?

Calculating taxation liabilities:

Using recognised models and formulae, taking into account changes in allowances from one tax year to another and changes in legislation.

LO4 **Evaluate the impact on organisations of the legal and ethical constraints associated with taxation responsibilities**

Legal constraints:

Considering key aspects of relevant legislation at regional, national and international levels.

How do these apply to different business formats and to individuals?

Ethical considerations:

What is meant by ethics?

How does it differ from nation to nation?

How can ethical constraints be applied consistently across different cultures?

Compliance requirements:

Recording transactions, reporting income for taxation purposes and the role of organisations as collectors of tax (e.g. VAT, National Insurance and income tax through PAYE).

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
LO1 Analyse taxation systems and the legislation which governs them		D1 Provide supported and justified recommendations for developing effective tax systems and legislation that meet key principles in a global context
P1 Analyse taxation systems and consider taxation legislation that will have given implications on national taxation.	M1 Critically analyse and compare taxation systems in different countries.	
LO2 Determine taxation liabilities for unincorporated organisations and individuals		LO2 and LO3 D2 Investigate taxation liabilities and use appropriate application models and formulae to interpret and analyse data correctly.
P2 Explore and explain the implications of taxation liabilities for unincorporated organisations.	M2 Apply recognised models and formulae to interpret data appropriately to calculate and determine taxation liabilities for unincorporated organisations.	
LO3 Determine taxation liabilities for incorporated organisations		
P3 Explore and explain taxation liabilities for both private and public companies.	M3 Apply recognised models and formulae to interpret data and determine taxation liabilities, including late payment interest penalties, for incorporated organisations.	

Pass	Merit	Distinction
<p>LO4 Evaluate the impact on organisations of the legal and ethical constraints associated with taxation responsibilities</p>		
<p>P4 Evaluate the impact of key legal and ethical constraints on different organisations.</p>	<p>M4 Critically evaluate the impacts of key legal and ethical constraints on application to different organisations, providing supporting conclusions and recommendations.</p>	<p>D3 Provide supporting and justified recommendations for responding to and minimising the impact of legal and ethical constraints for a range of international examples.</p>

Recommended Resources

Textbooks

LYMER, A. and OATES, L. (2015) *Taxation: Policy and Practice*. 22nd Ed. Birmingham: Fiscal Publications.

SMITH, S. (2015) *Taxation: A Very Short Introduction*. Kindle Ed. Oxford: Oxford. University Press.

SPIKER, B. et al (2015) *Taxation of Individuals and Business Entities*. 6th Ed. New York: McGraw Hill.

Journals

Journal of Business Finance and Accounting

Review of Finance and Accounting

Links

This unit links to the following related units:

Unit 1: Business and the Business Environment

Unit 7: Business Law

Unit 18: Global Business Environment