ACC3605 TAXATION

Lecturers: A/P Simon Poh and A/P Linda Foo
Session: Semester 2, 2009/2010

PRE-REQUISITES
BSP1004 Legal Environment of Business
ACC1002 Financial Accounting

AIM
To introduce students to the important concepts and issues relating to taxation of income for businesses and individuals in Singapore.

OBJECTIVES
On completion of this module, students should be able to:
• have a practical understanding of the taxation system in Singapore for both businesses and individuals.
• prepare both corporate and individual tax computations.
• explain and apply the provisions of the goods and services tax in Singapore.
• explain the use of exemptions and reliefs in basic tax planning.

KEY AREAS OF THE SYLLABUS
Key topic areas are as follows:
• Explanation as to who is a taxable entity.
• Explanation as to how income is to be measured and what income falls within the provisions of the Income Tax Act of Singapore.
• Explanation as to what are the allowable tax deductions and capital allowances.
• Explanation as to what are the reliefs available to the individuals and companies and how they can be used.
• Explanation on the major provisions of GST in Singapore.
• Explanation on taxation of foreign income and double taxation agreements.

BASIC TEXTBOOK

REFERENCE TEXTBOOK
OTHER REFERENCES

Selected e-Tax Guides issued by the Inland Revenue Authority of Singapore (IRAS). These can be found at http://www.iras.gov.sg/

TAX STATUTES

Income Tax Act, Cap 134
Goods and Services Tax Act, Cap 117A
Both statutes are available for on-line viewing at http://statutes.agc.gov.sg

ASSESSMENT & EVALUATION

Group Assessment
Tutorials 10%
Group Project 20%

Individual Assessment
Class Participation 20%
Final Exam (Closed book) 50%

TOTAL 100%

CLASSES

You are expected to come to class well prepared and be ready to respond to questions as required. This means doing the required readings or problem assignments before each session.

All lecture notes, tutorial questions, reading materials and assignments are downloadable from the course website. Lectures may not necessarily relate directly to your readings and assignments. However, all materials from lectures, readings, assignments and tutorials may be included in the examinations.

TUTORIALS

Groups will be assigned to prepare written answers and make class presentations for each of the 8 tutorials in this course.

GROUP PROJECT

More details will be released. Assigned groups will also be expected to prepare a written report and make class presentations

CLASS PARTICIPATION

Students are strongly encouraged to actively participate in class discussions. Students will be graded on an individual basis according to their contributions to the class discussions. In this respect, students should come well prepared for every session in this course.

FINAL EXAMINATION

The Final Examination will be in closed book format with only the prescribed textbook allowed in the examination hall.
DETAILED SYLLABUS

1. Introduction to Singapore Tax System
   - Introduction & overview
   - Legislative framework for taxation
   - Income tax administration
   - Structure of Income Tax Act
   - Basic tax concepts
     - territorial basis
     - tax entities
     - year of assessment and basis period
     - tax residence

2. Concept of Income
   - Distinction between income and capital
   - Source of Income
   - “Trading in” vs. “Trading With”
   - Concept of Permanent Establishment
   - Charging Provision: Section 10(1)
   - Deemed Remittance Rules
   - Trade, business, profession, vocation
   - Employment income
   - Dividends, interest or discount
   - Pension, charge or annuity
   - Rents, royalties, premiums, etc
   - Any other gain of an income nature
   - Tax exempt income
   - Deemed source income

3. Tax Deductions
   - Distinction between revenue and capital expenditure
   - General deduction formula
   - Allowable expenses
   - Prohibited expenses
   - Special, further and double deductions
   - Donations

4. Capital Allowances
   - Concept of capital allowances
   - Plant & machinery allowances
   - Deduction for renovation or refurbishment (R&R) works
   - Writing Down Allowances (WDA)
   - Industrial building allowances (IBA)

5. Taxation of Businesses
   - Chargeable income and tax liability
   - Relief for unabsorbed trade losses, capital allowances & donations
   - Loss transfer system of group relief
   - Loss carry-back system
   - Dividends & distributions of corporate profits
   - One-tier corporate tax system
   - Sample tax computation
6. **Taxation of Individuals**
   - Basis of Assessment
   - Taxation of employment income
   - Area Representative and NOR schemes
   - Joint and separate assessments
   - Personal reliefs and allowable deductions
   - CPF & SRS

7. **Taxation of Partnerships**
   - Partnership tax computation
   - Partnership tax filing obligations
   - Limited liability partnership

8. **Taxation of Non-Residents**
   - Deeming provisions
   - Withholding tax
   - Non-residents doing business in Singapore
   - Permanent establishments
   - Appointment of agents
   - Reliefs for non-residents

9. **Taxation of Foreign Income**
   - Basis of taxation of foreign income
   - Deemed remittance rules
   - Tax exemption for foreign source income
   - Methods of relieving double taxation
   - Claims for foreign tax credits
   - Double taxation relief
   - Unilateral tax relief
   - Commonwealth tax relief
   - Double taxation agreements

10. **Goods and Services Tax**
    - Overview of GST and how it works
    - Key concepts of GST
    - Claiming input tax credits
    - Exports and international services
    - Registration & Record-keeping
    - Tax Receipts and Invoices