

Course Title	Tax Compliance III				
Course Code	AEF430				
Course Type	Elective				
Level	Bachelor (1 st Cycle)				
Year / Semester	4 th Year / 8 th Semester				
Teacher's Name	TBA				
ECTS	6	Lectures / week	3 Hours / 14 weeks	Laboratories / week	None
Course Purpose and Objectives	This course will enable students to analyse, evaluate and calculate taxes related to Income Tax, Taxation of Individuals, Businesses and Capital Gains Tax. Explain the use of exemptions and reliefs in deferring or minimizing tax liabilities. Prepare Capital Gains Tax Computations for all Capital Gains transactions.				
Learning Outcomes	<p>Upon successful completion of this course students should be able to:</p> <ul style="list-style-type: none"> • Apply Cyprus Income Tax Laws to determine and calculate income tax and corporation tax to be paid by individuals and companies • Compute the special defence contribution (SDC) of individuals and companies • Compute capital gains tax liabilities of individuals and companies • Compute the effect of social insurance contributions (SDC) and general healthcare system (GHS) contributions on employees, employers and self-employed persons • Explain and compute the effects of VAT on incorporated and unincorporated businesses • Explain the relevance and importance for individuals and companies of complying with the laws and regulations regarding ethical issues and the consequences of non-compliance 				
Prerequisites	AEF345	Co-requisites	None		
Course Content	<p>1. Ethics and the Law Fundamental principles, threats, safeguards.</p> <p>2. Income Tax Scope of income tax, determination of residence of an individual.</p>				

Income from employment – computation of assessable income, explanation and treatment of benefits-in-kind received, explanation of debit balance maintained in a company by a director/shareholder, recognition of deductions and allowances, exemptions available for first-time employment of non-Cyprus resident individuals, availability of 90-day rule exemption, explanation of PAYE system.

Income from self-employment – basis of assessment for self-employment income, application of badges of trade, calculation of tax adjusted trading profit.

Capital allowances – computation of wear and tear allowances, balancing allowances and balancing charges.

Relief for trading losses – claim of trading losses against total income of current year, understanding how capital losses can be carried forward

Partnerships – consideration of trading goodwill, computation of profits assessable for each partner.

Other income, pensions and investment income – computation of assessable rental income, explanation of treatment of interest and dividend income, treatment of different types of pensions. Income from trusts, understanding the difference between Cyprus trusts and Cyprus international trusts.

Comprehensive calculation of taxable income, income tax liability and income tax payable. Computation of double taxation relief available. Use of exemptions and deductions in deferring and minimizing income tax liabilities.

3. Corporation Tax

Scope of corporation tax. Year of assessment and accounting period, determination of company residence. Definition and consequences of a permanent establishment. Calculation of profits chargeable to corporation tax, calculation of capital allowances, treatment of dividends, interest and property income and relief of losses. Define a group and the granting of reliefs. Comprehensive computation of corporation tax liability. Computation of double taxation relief available.

The taxation of insurance and shipping companies. Use of exemptions and deductions in deferring and minimizing corporation tax liabilities.

4. Special Defence Contribution

Scope of special defence contribution (SDC) for resident and domiciled individuals. Computation of income subject to SDC. Calculation of SDC liability and payment dates. Computation of double taxation relief available.

Deemed distribution provisions and the comprehensive computation of accounting profit after tax.

5. Social Insurance Contributions

Scope of social insurance contributions. Contributions to the social insurance and other relevant funds (including social cohesion fund) for employed persons made by employees and employers and for self-employed persons.

6. General Healthcare System Contributions

Scope of general healthcare system (GHS) contributions made by employees, employers, self-employed persons, pensioners and income earners.

7. Capital Gains Tax

Scope of capital gains tax. Understanding what constitutes a chargeable disposal. Computation of capital gains and losses on the disposal of immovable property and on the disposal of shares in private companies for individuals and companies. Exemptions available to individuals, treatment of gifts and donations, treatment of deductions and indexation allowance, relief of capital losses. Exchange of properties. Calculation of capital gains tax liability and payment dates. Use of exemptions and deductions in deferring and minimizing capital gains tax liabilities.

8. Capital Taxes

Transfer fees

Calculation and use of transfer fees based on values of the Land Registry Office.

Stamp duty

	<p>Concept of stamp duty and liability arising on transfers of immovable property.</p> <p>9. VAT</p> <p>Scope of VAT, registration requirements, explanation of how VAT is accounted for and administered, explanation of treatment of imports and exports and trading within the EU and outside the EU. Different treatment between provision of goods and services. VAT imposed on land transactions for business purposes and on the letting of immovable property, pre-requisites for application of the reduced rate of 5% on new residences.</p> <p>10. Tax Administration</p> <p><i>Assessment and collection of taxes</i></p> <p>The obligations of taxpayers and/or their agents and the systems for self and temporary assessment and the making of returns.</p> <p>The time limits for the submission of returns, information, objections, claims and payment of tax. The procedure relating to enquiries, objections and appeals. Penalties for non-compliance.</p>		
Teaching Methodology	Face to Face		
Bibliography	<p>Suggested Textbooks:</p> <p>Advanced Cyprus Taxation: Study Text (Latest edition) P.J. Michael</p> <p>Cyprus Taxation: A Comprehensive Guide (Latest edition) P.J. Michael</p> <p>Cyprus Taxation: TX Question Bank (Latest edition) P.J. Michael</p> <p>Recommended/Additional Readings:</p> <p>Tax Reforms (Circulars) - Cyprus Inland Revenue Department</p> <p>Cyprus Tax Alerts - Deloitte, Ernst & Young, KPMG</p>		
Assessment	Examinations	80%	
	Class Participation and Attendance	10%	
	Assignments	10%	
		100%	
Language	English		