

**NATIONAL UNIVERSITY OF SINGAPORE
NUS Business School
Department of Accounting
Semester 1, 2016/2017
ACC3605: Taxation**

INSTRUCTOR AND COORDINATOR

Associate Professor (Practice) Simon Poh (email: simonpoh@nus.edu.sg)

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.

BASIC ESSENTIAL TEXTBOOK

Taxation in Singapore 2015/16 Edition, Simon Poh, McGraw-Hill Singapore
ISBN No 978-9-814-62799-3

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 (Written Report and Presentation) 20%

Individual Assessment

Class Participation 20%

Mid Term Test 30%

Final Term Test 30%

TOTAL 100%

CLASSES

Students 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 and reading materials are downloadable from the IVLE 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.

Classes commence from Week 1 (week beginning 8 August 2016, i.e. first lesson on **Wednesday, 10 August 2016 or Friday, 12 August 2016**), and the respective sections and times are:

Section E1 - Wed 9am to 12pm (BIZ2 – Seminar Room B1-04)
Section E2 - Fri 9am to 12pm (BIZ2 - Seminar Room B1-04)
Section E3 - Wed 1pm to 4pm (BIZ2 – Seminar Room B1-04)

TUTORIALS

Groups will be assigned to prepare written reports and make class presentations for each of the 8 tutorials in this course. Tutorials will commence from Week 3 onwards. There would be approximately 5 students in each group. Groups have to be formed by the second week of class.

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.

MID TERM AND FINAL TERM TESTS

Both the Mid Term and Final Term Tests will be in closed book format with only prescribed materials allowed in the examination hall.

DETAILED SYLLABUS BY WEEK

Week 1: Introduction to Singapore Tax System (Topic 1 / Chapter 1)

- The Purpose of Taxation in a Modern Economy
- Different types of taxes
- 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
 - tax planning, tax avoidance and tax evasion

Week 2: Concept of Income (Topic 2 / Chapter 2)

- 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

Weeks 3: Tax Deductions (Topic 3 / Chapter 3)

- Distinction between revenue and capital expenditure
- General deduction formula
- Allowable expenses
- Prohibited expenses
- Special, further and double deductions
- Donations
- Productivity and Innovation Credit (PIC)

Week 4: Capital Allowances (Topic 4 / Chapter 4)

- Concept of capital allowances
- Plant & machinery allowances
- Writing Down Allowance (WDA)
- Productivity and Innovation Credit (PIC)
- Industrial Building Allowance (IBA) / Land Intensification Allowance (LIA)

Weeks 5&6: Taxation of Businesses (Topic 5 / Chapter 5)

- Scope of corporate income tax
- 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
- Comprehensive computation of corporate tax liability
- Use of exemptions and reliefs in deferring and minimising corporate tax

Week 7: Taxation of Non-Residents (Topic 6 / Chapter 8)

- Deeming provisions
- Withholding tax and statutory obligations
- Non-residents doing business in Singapore
- Permanent establishments

Week 8: Taxation of Foreign Income (Topic 7 / Chapter 9)

- 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 (DTR)
- Unilateral tax relief (UTR)
- Double taxation agreements (DTAs)

Week 8: Mid Term Test

Week 9: Goods and Services Tax (GST) (Topic 8 / Chapter 10)

- Overview and scope of GST and how it works
- Key concepts of GST including types of supply, time and value of supply
- Claiming input tax credits
- Exports and international services
- Common GST schemes and incentives
- Registration & Record-keeping
- Tax Receipts and Invoices
- Preparation of GST Return

Weeks 10&11: Taxation of Individuals (Topic 9 / Chapter 6)

- Basis of Assessment
- Tax Residence
- Income from self-employment vs employment income
- Taxation of employment income
- Joint and separate assessments
- Personal reliefs and allowable deductions
- Sample individual tax computation
- Comprehensive computation of individual tax liability
- Use of exemptions and reliefs in deferring and minimising individual tax

Week 12: Taxation of Partnerships (Topic 10 / Chapter 7)

- Determining the taxable profits of a partnership
- Allocation of partnership profits
- Changes in profit sharing ratio and partnerships
- Tax treatment of limited liability partnerships (LLPs)
- Tax treatment of limited partnerships (LLPs)

Week 12: Summary & Review

Week 13: Final Term Test

Please refer to the detailed teaching schedule which will be made one week before the first lesson, i.e. by 3 August 2016.