



ICAS TAX PROFESSIONAL (ITP)

SYLLABUS 2014/15

ITP training provider

Tolley® Exam Training

ITP



Contents

Welcome	3
ITP Syllabus 2014/15	4
Syllabus and Learning Outcomes	5
Level 1 Principles	6
Principles of Taxation	6
Business Law	7
Financial Accounting	8
Level 2 Skills and Advice	9
Taxation of Individuals	9
Taxation of Companies	10
Indirect Taxation	11

Welcome to the ITP syllabus for 2014/15

ITP is comprised of seven technical subjects and assessments, along with training on business ethics and evidence of relevant work experience.

The objective of Level 1 of the qualification is to train candidates in the basic concepts and knowledge in the core areas of tax, accountancy and law to enable them to progress onto later levels.

The objective of Level 2 of the qualification is to equip candidates with the practical skills in core areas necessary for a professional tax adviser. This requires the development of an understanding of relevant technical concepts, principles and techniques, the ability to apply these in realistic settings and the exercise of judgement in selecting and advising on the most appropriate treatment. The Level 2 examinations test both the understanding and the application of these skills and techniques.

Level 3 of the qualification is the 'Test of Professional Tax Expertise' (TPTE). This assessment will allow the candidate to demonstrate the skills and techniques acquired at Level 1 and Level 2, providing professional advice to business people in real life situations. This will require the candidates to show that they can use their knowledge to analyse a given problem and, from that analysis, form an acceptable professional judgement to that situation. To succeed in this assessment the candidate must be able to present information in a clear and logical format and to prioritise the communication such that it addresses the major issues from both an objective professional viewpoint and the specific viewpoint and background of the reader.

This document provides detailed information on Level 1 and Level 2 of the qualification.

The ITP syllabus 2014/15

LEVEL 1 Principles



LEVEL 2 Skills and Advice



LEVEL 3 Expertise



Syllabus and Learning Outcomes

The syllabus for ITP is designed in such a way to ensure that, on completion of the qualification, the newly qualified tax adviser will have developed the necessary technical knowledge and skills combined with professional skills in judgement, analysis, communication and presentation to deal with a wide range of complex and often unpredictable issues and situations. The development of these technical and professional skills will also enable the newly qualified tax adviser to formulate and communicate professional solutions which are appropriate to the circumstances. They will also have developed the necessary professional and ethical values to deal with and make informed judgements on complex, ethical and professional issues.

The requirements for the ITP are set out in the syllabus in the form of learning outcomes. Learning outcomes are statements that identify what an individual will know or be able to do as a result of a learning activity within a subject and are usually expressed in terms of knowledge, skills or attitudes. The learning outcomes establish the breadth and depth of knowledge required for each of the subjects and are set in such a way as to ensure as a candidate progresses through the qualification they develop the depth and breadth of the required knowledge and skills.

The learning outcomes for ITP are organised into six hierarchical levels and move from the lowest level (knowledge) to the highest level (evaluation). The levels are identified within the syllabus for each learning outcome within a subject and the meaning of each level is described below:

Level & Meaning

Knowledge (K):

Remembering of previously learned material (recall of facts).

Comprehension (C):

Demonstrate understanding of facts and ideas by organising, comparing, translating, interpreting, giving descriptions and stating main ideas.

Application (A):

Use new knowledge. Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.

Analysis (An):

Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalisation.

Synthesis (S):

Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.

Evaluation (E):

Ability to judge the value of material for a given purpose.

Level 1 Principles

This syllabus applies to examinations scheduled for the period to September 2014 to August 2015.

Principles of Taxation							
On completion of this course students will be able to:							
		K	C	A	An	S	E
1.	describe the UK tax system and its role, and the role of HMRC	X					
2.	explain the impact of tax legislation, the courts, case law and precedence		X				
3.	identify the key UK tax administration rules	X					
4.	calculate a tax-adjusted trading profit or loss			X			
5.	calculate property income for an individual or company			X			
6.	calculate a basic chargeable gain or capital loss			X			
7.	calculate a basic income tax, corporation tax and capital gains tax liability			X			
8.	explain the key principles and administration of VAT		X				
9.	explain the different classes of UK NIC and how these are collected		X				
10.	explain when stamp taxes and environment taxes/reliefs will apply and calculate these		X				
11.	describe the way in which a tax adviser will adopt best practice and act ethically when dealing with clients and HMRC	X					

Syllabus coverage

UK TAX SYSTEM

- Direct and indirect taxes
- Role of tax system within economy
- Role of HMRC
- Role of tax adviser
- Precedence
- UK court structure
- Use of case law
- Statue & other sources of law
- Residence & domicile

ADMINISTRATION

- Self-assessment system
- Operation of PAYE system
- Capital taxes administration
- VAT system
- Collection of taxes
- Penalty for non-compliance

TAX-ADJUSTED PROFIT/LOSS

- Badges of trade
- Adjustment of profits
- Plant and machinery allowances

NATIONAL INSURANCE

- Classes and collection

PROPERTY INCOME

- Basic principles
- Capital expenditure
- Lease premiums
- Losses

CHARGEABLE GAIN/LOSS

- Computing a basic gain/loss
- Exempt assets
- Indexation for companies
- Rebasing to 1982- individuals
- Spousal transfers
- Enhancement expenditure
- Part disposals
- Chattels
- Leasehold disposals
- Share disposals – individuals

INCOME TAX LIABILITY

- Basic calculation
- Different sources of income
- Treatment of interest
- Treatment of UK dividends
- Exempt income
- Rates of taxation
- Payments on account

CAPITAL GAINS TAX LIABILITY

- Application of annual exemption
- Rates of tax
- Use of losses

CORPORATION TAX LIABILITY

- Chargeable Accounting Periods
- Calculation of taxable profits
- Loan relationships
- Small companies
- Marginal rates

VALUE ADDED TAX

- Basic principles
- Registration
- Returns and payments

STAMP TAXES

- Taxes and rates

ENVIRONMENTAL TAXES AND RELIEFS

- Taxes and rates
- Reliefs and rates

ETHICS AND PROFESSIONAL CONDUCT

- Principles of best practice
- Tax avoidance & GAAR
- Disclosure of tax avoidance
- Meeting legal requirements
- Ethical considerations

Financial Accounting							
On completion of this course students will be able to:							
		K	C	A	An	S	E
1.	Apply fundamental accounting concepts			X			
2.	Prepare journal entries to record transactions in the books of prime entry using double entry book-keeping			X			
3.	Apply control techniques used in financial accounting information			X			
4.	Explain the structure and accounting requirements of sole traders, partnerships, limited companies and not-for-profit entities.		X				
5.	Prepare financial statements for sole traders, partnerships and limited companies			X			

Syllabus coverage

PREPARATION OF FINANCIAL STATEMENTS

- Trial balance extraction
- Sole trader, partnerships and limited companies under international formats
- Cash flow statements

RECORDING TRANSACTIONS

- The accounting equation and double entry
- Books of prime entry and the nominal ledger
- Recording transactions
- Correction of errors and incomplete records

BUSINESS STRUCTURES AND ACCOUNTING REQUIREMENTS

- Sole trader
- Partnership
- Private company
- Public company
- Not-for-profit organisations
- UK statutory format
- International accounts formats
- Form of the notes to the accounts
- Historical development of accounts
- Other primary statements

FUNDAMENTAL ACCOUNTING CONCEPTS

- The reporting entity
- The profit and loss account and balance sheet
- Measurement and recognition
- Accrual concept
- Prudence principle

CONTROL TECHNIQUES

- Computerised accounting packages
- Bank reconciliations
- Use of the trial balance

Business Law

On completion of this course students will be able to:

		K	C	A	An	S	E
1.	Identify the sources of law	X					
2.	Explain the legal status of various types of company and how to form a company		X				
3.	Explain the nature of a company's constitution and the administration rules which apply to a company		X				
4.	Explain the legal implications of issuing share and loan capital		X				
5.	Explain the roles and responsibilities of the officers of a company		X				
6.	Explain the elements of a legally binding contract and factors affecting the validity of a contract		X				
7.	Explain how a contract may be discharged and the remedies for breach		X				
8.	Explain the legal issues relating to agency, partnership and employment contracts		X				
9.	Explain the legal issues surrounding the concept of negligence		X				

Syllabus coverage

INTRODUCTION TO LAW

- Role and nature of law
- Sources of law
- EU Law
- Human Rights Act
- The UK courts

FORMATION OF COMPANIES

- Nature, function and classification of companies
- Corporate personality
- Formation procedure
- Company's constitution and its effect
- Minority protection

ADMINISTRATION OF THE COMPANY

- Role and responsibilities of company officers
- Bribery Act 2010
- Meetings, resolutions and records

SHARE AND LOAN CAPITAL

- Types, features and classes of share capital
- Allotment, payment and transfer of shares
- London Stock Exchange and issue of securities to the public
- Charges – fixed and floating
- Capital maintenance

CONTRACT LAW

- Types, terms and construction of contracts
- Essential elements of a valid contract
- Restrictive covenants: common law and statutory rules
- Breach of contract and remedies
- Partnership
- Agency
- Electronic contracts
- Employment law

NEGLIGENCE

- The meaning of negligence
- Duty of care and breach of duty of care
- Causation and remoteness of damage
- Defences
- Vicarious liability

Level 2 Skills and Advice

This syllabus applies to examinations scheduled for the calendar year 2015. It is the responsibility of candidates to ensure their knowledge and skills are up to date. Level 1 learning outcomes are assumed knowledge for Level 2.

Taxation of Individuals							
On completion of this course students will be able to:							
		K	C	A	An	S	E
1.	apply knowledge of use of legislation to locate and interpret legislation			X			
2.	prepare tax-adjusted trading profits for a sole trader or partner			X			
3.	construct full income tax and NIC calculations for an individual					X	
4.	recommend appropriate uses of tax losses for an individual						X
5.	compare appropriate tax-efficient investments				X		
6.	compare the tax treatment of different pension schemes				X		
7.	calculate capital gains tax on the disposal of a range of assets			X			
8.	recommend appropriate planning in relation to an individual's capital gains tax liability						X
8.	construct inheritance tax calculations on transfers during life and on death					X	
10.	recommend appropriate inheritance tax planning						X
11.	advise on the tax implications of the choice of business structure and the disposal of an individual's business						X
12.	advise on the tax and NIC implications of acting as an employer						X
13.	explain how residence, ordinary residence and domicile affect an individual's tax liabilities		X				
14.	advise an individual on international aspects in relation to their personal tax affairs						X

Syllabus coverage

LEGISLATION

- Use of legislation
- Interpretation of legislation

INCOME TAX LIABILITY

- Sources of income
- Personal reliefs
- Taxation of spouses
- Use of losses
- Deductible payments
- Charitable donations
- Pre-owned assets
- Administration & payment
- Planning advice

TRADING INCOME

- Basis periods
- Opening and closing rules
- Change of accounting date
- Treatment of partners

EMPLOYMENT INCOME

- Employment status
- Personal Service Companies
- Benefits and exemptions
- Deductions
- Disguised remuneration
- Share schemes
- Restricted securities
- Termination payments

ACTING AS AN EMPLOYER

- Employer administration
- NIC – employer and employee

PROPERTY INCOME

- UK and overseas property
- Treatment of leases
- Rent-a-room relief
- Furnished Holiday Lets
- REITs

CAPITAL GAINS TAX

- Computational principles
- Leases and land transactions
- Reliefs and exemptions
- Losses
- Shares and securities
- Interaction with IHT
- Partnerships
- Planning advice

INHERITANCE TAX

- Computational principles
- Valuation principles
- Reliefs – BPR/APR
- Administration & payment
- Interaction with CGT
- Planning advice

BUSINESS STRUCTURES

- Appropriate business structures
- Extraction of funds
- Incorporation
- Tax implications of disposal
- Available reliefs
- Planning advice

PENSION SCHEMES

- Types of UK schemes
- Tax relief for contributions
- Tax treatment of receipt
- HMRC approved schemes
- Unapproved schemes

INVESTMENTS

- Tax treatment of investment income
- Tax-efficient investments
- Share schemes

NATIONAL INSURANCE

- Classes and collection

INTERNATIONAL ISSUES

- Residence and domicile
- Treatment of foreign income
- Remittance basis
- Double tax relief

Taxation of Companies							
On completion of this course students will be able to:							
		K	C	A	An	S	E
1.	apply knowledge of use of legislation to locate and interpret legislation			X			
2.	analyse all income and expenditure of a company to determine the appropriate tax treatment				X		
3.	calculate chargeable gains on the disposal of a range of assets			X			
4.	apply tax principles to different types of companies			X			
5.	construct a full corporation tax computation for a company					X	
6.	advise on a company's corporation tax liability and self-assessment responsibilities						X
7.	analyse the tax implications of changes of ownership, reconstructions and cessation of trade				X		
8.	recommend appropriate uses of tax losses for a company						X
9.	advise on the tax implications of being part of a group of companies						X
10.	recommend appropriate tax planning for a single company						X
11.	recommend appropriate tax planning for a group of companies						X
12.	apply principles of residence, international tax and double tax treaties to a company's situation			X			
13.	advise on the implications of international aspects of a company's tax affairs						X

Syllabus coverage

LEGISLATION

- Use of legislation
- Interpretation of legislation

TAX LAW & ACCOUNTING PRACTICE

- Accounting Standards
- GAAP
- Deferred tax

CORPORATION TAX LIABILITY

- Adjustment of profits – items specific to companies
- Capital allowances
- Associated companies
- Long periods of account
- Use of trading losses
- Use of other losses

CORPORATION TAX ADMINISTRATION

- Corporation tax self-assessment
- Corporation tax payments
- Interest on late payments
- Administration within group

PROPERTY INCOME

- Basic principles
- Losses
- Reverse premiums

CORPORATION TAX ISSUES

- Loan relationships
- Intangible assets
- R&D expenditure
- Close companies
- Companies with investment business
- REITs
- Purchase of own shares
- Administration/liquidation
- Value shifting
- Derivatives and FOREX

CHARGEABLE GAINS

- Rebasing to 1982
- Treatment of leases
- Reliefs and exemptions
- Share pooling
- Issues specific to shares
- Value shifting

GROUP OF COMPANIES

- Group relief
- Overseas companies
- Consortium relief
- Group consortium companies
- Chargeable gains group
- Leaving a group
- Substantial shareholding exemption
- Reorganisations and reconstructions
- Sale of shares v assets

INTERNATIONAL ISSUES

- Residence of a company
- Permanent establishment
- Migration
- Transfer pricing
- Controlled Foreign Companies (CFCs)
- Double tax treaties
- Double tax relief
- Worldwide debt cap
- Foreign currency in accounts

Indirect Taxation

On completion of this course students will be able to:

		K	C	A	An	S	E
1.	apply knowledge of use of legislation to locate and interpret legislation			X			
2.	apply the principles of the UK VAT system to the transactions of a business			X			
3.	interpret legislation to determine the correct VAT rates to apply to transactions		X				
4.	advise on VAT registration and the calculation of VAT for a business						X
5.	advise a business on the payment and administration of VAT, and appropriate VAT accounting schemes						X
6.	apply the principles of VAT to transactions involving land and buildings			X			
7.	advise a business on the implications of a group relationship and the transfer of a trade						X
8.	advise a business on the VAT implications of trading on an international basis						X
9.	apply the principles of the Customs Duty system to the movement of goods			X			
10.	advise a business on the calculation and payment of Customs Duty						X

Syllabus coverage

LEGISLATION

- Use of legislation
- Interpretation of legislation

PRINCIPLES OF VAT

- Taxable persons
- Types of transaction
- Rates of tax
- Scope of VAT
- Territorial scope
- Agency
- Charities

VAT REGISTRATION

- Compulsory registration tests
- Voluntary registration
- Deregistration
- Group registration
- Divisional registration

CHARGING OUTPUT VAT

- Definition of 'supplies'
- Business/non-business activities
- Goods v services
- Single v multiple supplies
- Deemed supplies
- Self-supplies
- Time of supply
- Value of supplies
- TOGC
- Land and buildings
- Option to tax

RECOVERY OF INPUT VAT

- Basic principles
- Blocked input VAT
- Partial exemption
- Capital goods scheme
- Option to tax

ACCOUNTING FOR VAT

- VAT returns
- VAT payments
- VAT groups
- Annual accounting
- Cash accounting
- Flat rate scheme
- Second-hand goods scheme
- Retail schemes
- Bad debt relief
- Unjust enrichment
- Control visits
- Appeals and assessments
- Penalties and interest
- Refunds and interest

INTERNATIONAL ASPECTS OF VAT

- Value of cross-border supplies
- Transactions within EC
- International goods
- International services
- Tour operators' margin scheme

CUSTOMS DUTIES

- Scope of duty within EU
- Preferences
- Classification
- Origin
- Valuation
- Reliefs
- Customs warehousing
- Accounting and record keeping
- Payment



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