

# FOCUS ON PER

## PO 19: EVALUATE AND COMPUTE TAXES PAYABLE

### LINKED TO ACCA QUALIFICATION PAPERS F6 AND P6

ALL FINANCE PROFESSIONALS NEED TO BE WELL-GROUNDED IN THE FUNDAMENTALS OF TAXATION. THIS STARTS WITH DEVELOPING THE ABILITY TO CALCULATE TAXES OF ALL TYPES FOR INDIVIDUALS AND ORGANISATIONS, IN LINE WITH CURRENT LEGISLATION.

**All finance professionals need to be well-grounded in the fundamentals of taxation. This starts with developing the ability to calculate taxes of all types for individuals and organisations, in line with current legislation.**

You'll need to be aware of potential tax liabilities and their implications; be able to identify and collect relevant data; ensure calculations and returns comply with legal requirements; and keep up to date with changes to those requirements. You should also be able to help individuals and companies plan for tax and identify relevant compliance issues in different scenarios.

To effectively demonstrate your competency, you might:

- ▣ Prepare computations of revenue taxes for individuals; capital taxes; and taxes for incorporated businesses.
- ▣ Report to the tax authorities on payroll taxes, and to relevant authorities on sales taxes.
- ▣ Communicate with the tax authorities on issues arising from the submission of tax correspondence.
- ▣ Understand (and communicate where necessary) the obligations of tax payers (your organisation or clients), including deadlines, procedures and penalties for non-compliance.

The next step is to answer the challenge questions for this objective in the trainee development matrix (TDM):

- ▣ Outline your experience in evaluating and computing taxes payable
  - As well as your own specific responsibilities, describe the various types of tax you have had experience in computing, along with the types of taxpayer, categories of tax and which tax jurisdictions.
  - If you have been involved in completing periodic tax returns (eg quarterly or annual), you might explain where you sourced data or relevant correspondence records, how you used that information and at what point your work was handed over to a colleague or client.
- ▣ How have you ensured that the information you have used is complete?
  - Consider how you checked that relevant data was prepared in line with appropriate accounting standards, or that dates in which accounting records fall are in line with the dates against which tax needs to be computed.
  - If you've created, or helped to create, specific systems (which could be as simple as a bespoke spreadsheet) to help analyse and classify the data, state the purpose of the systems and your involvement in their creation, implementation and/or training.

- ▣ How have you ensured that your information is made best use of by the organisation?
  - This could be as simple as ensuring your client or employer is compliant with regulatory requirements, including deadlines.
  - If you liaised on behalf of your client with tax collection authorities, you could detail how your communications helped the organisation avoid penalties previously incurred as a result of non-compliance.
  - Consider activities you may have undertaken to ensure you stay up to date with taxation regulations, eg reading relevant newsletters or technical journals; liaising with technical colleagues, client tax or finance teams, or external consultants; or attending relevant training courses.
  - If your role involves keeping others updated on changes to regulations, state who those people are, in what way they rely on your knowledge, how you communicate with them, and the steps they might take as a result.

**Performance objective 19 is linked to Paper F6, *Taxation*, and Paper P6, *Advanced Taxation***