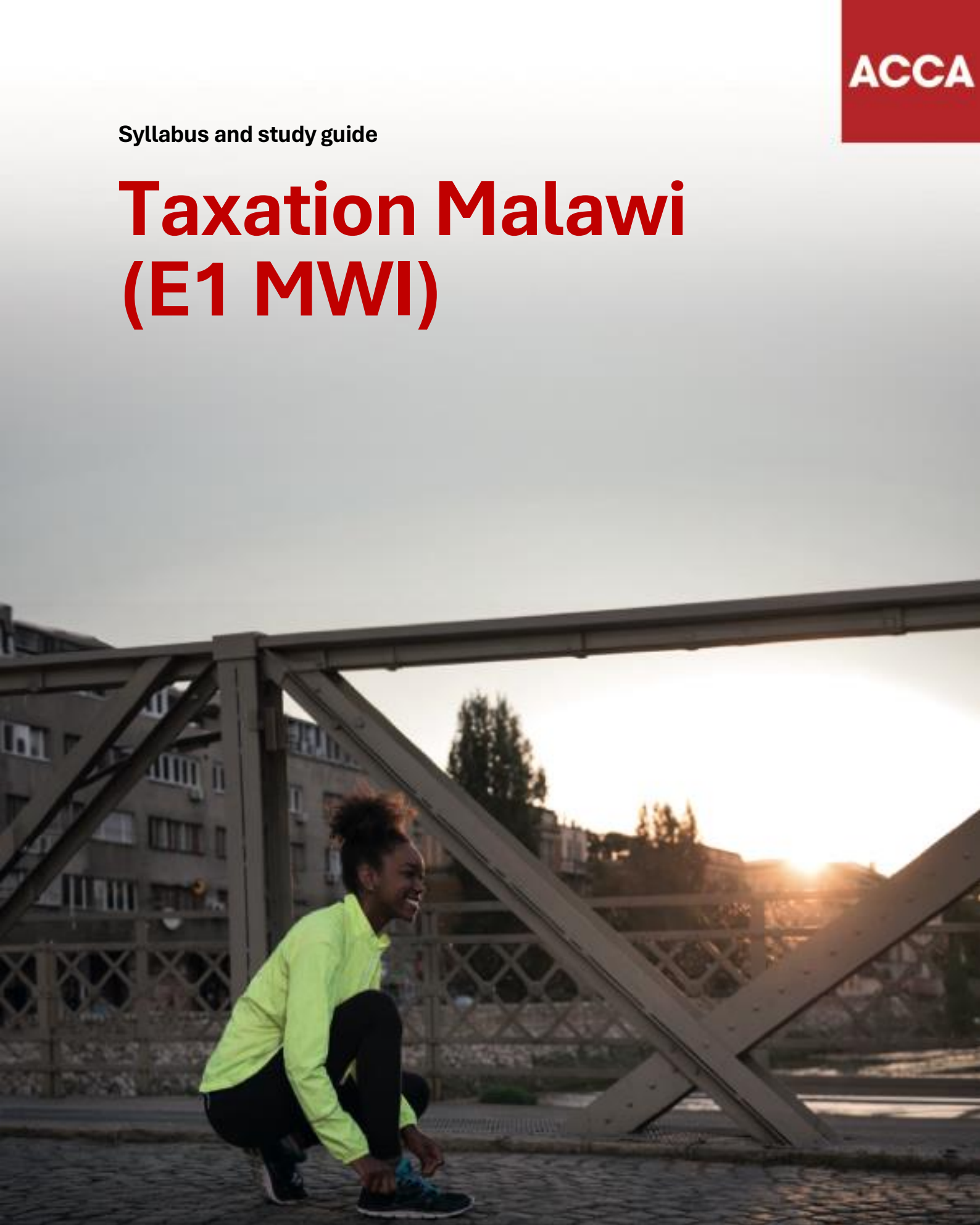
Syllabus and study guide

Taxation Malawi (E1 MWI)



December 2027

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

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1. Overall aim of the syllabus

The overall aim of the syllabus is to develop and enable the application of technical knowledge and skills relating to the Malawi tax system as applicable to individuals, companies and special trades and cases.

2. Introduction to the syllabus

The syllabus for E1 Taxation (E1 MWI) starts by introducing candidates to the functions and systems applicable to Malawi tax, including sources of revenue law and practice and the system for self-assessment.

The syllabus then moves on to provide the core knowledge of the major technical areas of Malawi taxation as they affect the activities of individuals and businesses, beginning with income tax for individuals. The syllabus covers the taxation of income from employment, self-employment, property and investments, including the availability of exemptions and reliefs.

The next technical area covered by the syllabus is corporate income tax, in particular the profits which are chargeable to corporate income tax, how the corporate income tax liability is computed and how withholding and provisional taxes can be credited against the tax payable.

The syllabus moves on to address chargeable gains, including the computation of gains and losses and the use of applicable exemptions and reliefs.

Next, the syllabus covers the scope and computation of fringe benefits tax and then the taxation of income from special trades and cases.

Lastly, the syllabus covers the indirect taxes of value added tax (VAT) and customs and excise duties, including their scope and how VAT and customs and excise duties are calculated and administered.

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3. Main capabilities

On successful completion of this course of study, candidates should be able to:

- Assess the operation and scope of the Malawi tax system, the obligations of taxpayers and/or their agents and the implications of non-compliance
- Analyse and calculate the income tax liabilities of individuals and the obligations of employees, employers and the self-employed, including the operation of fringe benefits tax
- Analyse and calculate the chargeable gains and losses arising on individuals and companies
- Analyse and calculate the corporate income tax liabilities of companies
- Analyse and calculate the effects of indirect taxes on incorporated and unincorporated businesses
- Assess the impact of relevant taxes which apply in a variety of business and personal contexts

4. Intellectual levels

The ACCA Qualification syllabus is designed to progressively broaden and deepen the technical knowledge, skills and professional values demonstrated by the candidate on their journey through the qualification.

The specific learning outcomes within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension
Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly these intellectual levels relate to the three levels of the ACCA Qualification: Knowledge, Expertise and Strategic Professional.

Each learning outcome included in the detailed study guide is given a 1, 2 or 3 superscript, denoting its intellectual level. This gives an indication of the intellectual depth at which a learning outcome could be assessed within the examination. However, while Level 1 broadly equates with the Knowledge level, Level 2 to the Expertise level and Level 3 to the Strategic Professional level of the ACCA Qualification, some lower-level skills can continue to be assessed as the candidate progresses through each level. This reflects that at each stage of study there will be the requirement to broaden, as well as deepen, capabilities.

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5. The syllabus

A The Malawi tax system and its administration

1. Malawi taxes
2. Principal sources of revenue law and practice
3. The system for self-assessment, the making of returns, submission of information, claims and the procedures relating to enquiries, appeals and disputes

B Income tax liabilities for individuals

1. The scope of income tax
2. Income from employment
3. Income from self-employment (unincorporated business)
4. Property and investment income
5. The comprehensive computation of taxable income and income tax liability
6. The use of exemptions and reliefs in deferring and minimising income tax liabilities
7. The use of withholding and provisional taxes paid as credit against tax liability
8. The time limits, including payments on account and penalties for non-compliance

C Corporate income tax liabilities

1. The scope of corporate income tax
2. Profits chargeable to corporate income tax
3. The comprehensive computation of corporate income tax liability
4. The use of withholding and provisional taxes paid as a credit against tax liability
5. The time limits, including payments on accounts and penalties for non-compliance

D Chargeable gains

1. The scope of the taxation of capital gains
2. The computation of gains and losses and the use of exemptions and reliefs
3. The time limits, including payments on account and penalties for non-compliance

E Fringe benefits tax

1. The scope of fringe benefits tax
2. The computation of fringe benefits tax
3. The time limits, including payments on account and penalties for non-compliance

F Special trades and cases

1. The scope of the taxation of special trades and cases
2. Basic principles for the taxation of income arising from trusts, insurance companies, co-operatives, clubs, societies and non-profit making organisations and farming activities
3. Taxation of business extending beyond the border of Malawi
4. Taxation of mining companies
5. The time limits, including payments on account and penalties for non-compliance

G Indirect taxes – value added tax, customs and excise duties

1. The scope of value added tax (VAT)

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2. The VAT registration requirements
3. The computation of VAT liabilities
4. The special retail scheme
5. The scope of customs and excise duties
6. The calculation and collection of duties on imports
7. Administration of indirect taxes and penalties for non-compliance

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6. Detailed study guide

A The Malawi tax system and its administration

1. Malawi taxes

a) Explain the difference between direct and indirect taxation.[1]

b) Summarise the different types of capital and revenue tax.[1]

c) Recommend an appropriate ethical action or response to a given tax situation.[2]

2. Principal sources of revenue law and practice

a) Explain the overall structure of the Malawi tax system.[1]

b) Summarise the different sources of revenue law.[1]

c) Assess the interaction of the Malawi tax system with that of other tax jurisdictions.[2]

d) Compare and contrast tax avoidance and tax evasion.[2]

3. The system for self-assessment, the making of returns, submission of information, claims and the procedures relating to enquiries, appeals and disputes

a) Analyse the features of the self-assessment system and apply to individuals.[2]

b) Analyse the features of the self-assessment system and apply to companies.[2]

c) Apply the time limits to the filing of returns and the making of claims.[2]

d) Apply the due dates for the payment of tax, including those on filing and assessment.[2]

e) Calculate provisional tax payments and balancing payments/repayments.[2]

f) Analyse the provisions as regards the operation of the provisional tax system for companies and self-employed individuals.[2]

g) Summarise the information and records which taxpayers need to retain for tax purposes.[1]

h) Analyse the circumstances in which the Commissioner can enquire into the affairs of a taxpayer as regard the submission of returns of income.[2]

i) Explain the procedures for dealing with appeals and disputes.[2]

B Income tax liabilities for individuals

1. The scope of income tax

a) Explain the basis of determining the taxable income of an individual.[1]

b) Explain how foreign income is treated and the applicability of double tax treaties.[1]

2. Income from employment

a) Assess the factors which determine whether an engagement is treated as employment or self-employment.[2]

b) Analyse the basis of assessment for employment income.[2]

c) Calculate the income assessable.[2]

d) Analyse the allowable deductions from assessable income.[2]

e) Analyse how different remuneration packages can result in different amounts of taxable income and tax liability.[2]

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f) Explain how the PAYE system works.[1]

g) Calculate the amount of benefits assessable on the individual taxpayer.[2]

3. Income from self-employment (unincorporated businesses)

a) Analyse the basis of assessment for self-employment income.[2]

b) Analyse the expenditure which is allowable in calculating the taxable profit.[2]

c) Analyse the relief which can be obtained for pre-trading expenditure.[2]

d) Analyse and calculate the taxable profits on commencement and on cessation.[2]

e) Calculate overlap profits in the year of cessation.[2]

f) Change of accounting date:

(i) Analyse the factors which will influence the choice of accounting date.[2]
(ii) Explain the conditions which must be met for a change of accounting date to be valid.[1]
(iii) Calculate the taxable profits on a change of accounting date.[2]

g) Capital allowances:

(i) Explain which assets qualify for capital allowances.[1]
(ii) Explain an industrial building for capital allowance purposes.[1]
(iii) Calculate investment allowance for new and second-hand buildings and plant and machinery.[2]
(iv) Calculate initial and annual allowances for qualifying assets.[2]
(v) Calculate balancing allowances and balancing charges.[2]

h) Relief for trading losses:

(i) Analyse how trading losses can be carried forward.[2]
(ii) Analyse how trading losses can be carried forward following the incorporation of a business and the restrictions which can apply.[2]
(iii) Analyse how trading losses can be claimed against total income and chargeable gains and the restrictions which can apply.[2]

i) Partnerships:

(i) Analyse and calculate how a partnership is assessed to tax.[2]
(ii) Calculate the assessable profits for each partner taking into account the profit sharing ratios.[2]

4. Property and investment income

a) Assess and apply the treatment of expenses incurred in relation to property.[2]

b) Calculate property business profits.[2]

c) Analyse how relief for a property business loss is given.[2]

d) Calculate the tax payable on interest income.[2]

e) Assess and apply the treatment of dividend income.[2]

5. The comprehensive computation of taxable income and income tax liability

a) Prepare and calculate a basic income tax computation involving different types of income.[2]

b) Calculate the amount of income tax payable.[2]

c) Assess and apply the scope of withholding tax.[2]

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d) Calculate the withholding taxes payable in respect of payments made.[2]

e) Assess and apply the treatment of donations and provisions.[2]

f) Explain the treatment of property owned jointly by a married couple.[1]

6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

a) Assess and calculate the relief given to employers for contributions to pension schemes.[2]

b) Assess and apply how a married couple are taxed and how they can minimise their tax liabilities.[2]

c) Assess and apply how withholding taxes deducted from income can be credited against income tax payable.[2]

7. The use of withholding and provisional taxes paid as credit against tax liability

a) Explain the scope of withholding and provisional taxes.[1]

b) Calculate the withholding and provisional taxes payable in respect of payments made.[2]

c) Assess and apply how withholding taxes can be credited against tax payable.[2]

8. The time limits, including payments on account and penalties for non-compliance

a) Apply the due dates for the payment of tax and calculate payments and repayments for individuals.[2]

b) Calculate the late payment interest and the penalties which can be applied.[2]

C Corporate income tax liabilities

1. The scope of corporate income tax

a) Explain the terms 'period of account', 'year of assessment' and 'financial year'.[1]

b) Assess how where a company is registered affects the determination of the tax payable.[2]

2. Profits chargeable to corporate income tax

a) Analyse the expenditure which is allowable in calculating the tax-adjusted trading profit.[2]

b) Assess and apply the relief which can be obtained for pre-trading expenditure.[2]

c) Calculate capital allowances (as for income tax for individuals).[2]

d) Calculate property business profits and explain how relief for a property business loss is given.[2]

e) Assess and apply the treatment of donations and provisions.[2]

f) Analyse how trading losses can be carried forward.[2]

g) Analyse how trading losses can be claimed against income of the current or future accounting period.[2]

h) Assess and apply the factors which will influence the choice of loss relief claim.[2]

i) Calculate taxable total profits.[2]

j) Assess and calculate how the income of Malawi branches of non-resident companies is taxed, including the effect of double tax relief.[2]

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3. The comprehensive computation of corporate income tax liability

a) Calculate the corporate income tax liability.[2]

b) Assess the implications of and calculate the tax on the receiving and paying of dividends.[2]

c) Assess how withholding and provisional taxes are applied to total tax liability and calculate relevant liabilities.[2]

d) Calculate corporate income tax where a company has total revenue of more than K5 billion and apply minimum tax carry forward.[2]

4. The use of withholding and provisional taxes paid as a credit against tax liability

a) Explain the scope of withholding and provisional taxes.[1]

b) Calculate the withholding taxes payable in respect of payments made.[2]

c) Assess how withholding and provisional taxes can be credited against tax payable and calculate the amounts.[2]

5. The time limits including payments on account and penalties for non-compliance

a) Apply the due dates for payment of tax for companies, including any provisional tax payments.[2]

b) Calculate late payment penalties and the interest which can be applied.[2]

D Chargeable gains

1. The scope of the taxation of capital gains

a) Analyse the scope of, and application of, capital gains tax (CGT).[2]

b) Explain which assets are exempt.[1]

2. The computation of gains and losses and the use of exemptions and reliefs.

a) Calculate capital gains for both individuals and companies.[2]

b) Calculate the basis of valuation of an asset for capital gains purposes, as adjusted for inflation where applicable.[2]

c) Assess the basis of valuation of quoted shares.[2]

d) Calculate and analyse the treatment of capital losses for both individuals and companies.[2]

e) Assess and apply the treatment of transfer of assets between a husband and wife.[2]

f) Calculate the amount of allowable expenditure for a part disposal.[2]

g) Analyse the treatment where an asset is damaged, lost or destroyed, and the implications of receiving insurance proceeds and reinvesting such proceeds.[2]

h) Assess and apply rollover relief as it applies to individuals and companies.[2]

i) Assess and apply the exemptions applicable when a principal private residence is disposed of.[2]

3. The time limits including payments on account and penalties for non-compliance

a) Apply the due dates for the payment of taxes and calculate payments/repayments.[2]

b) Calculate late payment penalties and the interest which can be applied.[2]

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E Fringe benefits tax

1. The scope of fringe benefits tax

a) Explain the scope of fringe benefits tax.[1]

2. The computation of fringe benefits tax

a) Calculate the value of fringe benefits.[2]

b) Assess and apply the tax treatment of cash benefits.[2]

c) Calculate the fringe benefits tax liability.[2]

3. The time limits including payments on account and penalties for non-compliance

a) Apply the due dates for the payment of taxes and calculate payments.[2]

b) Calculate late payment penalties and the interest which can be applied.[2]

F Special trades and cases

1. The scope of the taxation of special trades and cases

a) Explain what constitutes a special trade or case.[1]

2. Basic principles for the taxation of income arising from trusts, insurance companies, co-operatives, clubs, societies, non-profit making organisations and farming activities

a) Assess and apply how the income from farming, including timber growing, and from insurance business is determined and the available allowances.[2]

b) Assess how the income arising from trusts, co-operatives, clubs, societies and other non-profit making organisations is determined and apply the rates of tax.[2]

c) Analyse and apply the tax incentives available under the Investment Promotion Act.[2]

3. Taxation of businesses extending beyond the borders of Malawi

a) Analyse how the income of a business extending beyond the borders of Malawi is taxed, including the effect of double tax relief.[2]

4. Taxation of mining companies

a) Calculate the taxable profits.[2]

b) Assess and apply allowable expenditure and deductions.[2]

c) Explain and calculate resource rent tax.[2]

5. The time limits including payments on account and penalties for non-compliance

a) Apply the due dates for the payment of taxes and calculate payments/repayments.[2]

b) Calculate late payment penalties and the interest which can be applied.[2]

G Indirect taxes – value added tax, customs and excise duties

1. The scope of value added tax (VAT)

a) Explain the scope of VAT.[1]

b) Summarise the treatment of zero-rated and exempt supplies.[1]

2. The VAT registration requirements

a) Assess the circumstances in which a person must register or deregister for VAT.[2]

b) Assess the advantages of voluntary VAT registration.[2]

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c) Assess the circumstances in which preregistration input VAT can be recovered.[2]

3. The computation of VAT liabilities

a) Calculate the amount of VAT payable/recoverable.[2]

b) Assess and apply the tax point when goods or services are supplied.[2]

c) Assess and apply the principles regarding the valuation of supplies.[2]

d) Analyse and apply the circumstances in which input VAT is non-deductible.[2]

e) Analyse and apply the relief which is available for doubtful or bad trade debts.[2]

4. The special retail scheme

a) Analyse the special retail scheme and when it will be advantageous to use the scheme.[2]

b) Calculate VAT payable using the special retail scheme.[2]

5. The scope of customs and excise duties

a) Explain the scope of customs and excise duty and apply the rules relating to its administration and collection.[2]

6. The calculation and collection of duties on imports

a) Calculate customs and excise duty on imported items.[2]

7. Administration of indirect taxes and penalties for non-compliance

a) Analyse how VAT and indirect taxes are accounted for and administered.[2]

b) Calculate late payment penalties and the interest which can be applied for VAT and indirect taxes.[2]

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7. Reading list

Students are expected to be familiar with the contents of the relevant Acts indicated in this list:

The Taxation Act

The Tax Administration Act (Act 13 of 2021)

The Value Added Tax Act and the regulations

Customs and Excise Act

8. Approach to examining the syllabus

The syllabus for E1 Taxation (E1 MWI) is assessed by a three-hour computer-based examination.

The examination will consist of two sections:

Section A will contain 15 two-mark objective test questions (OTs).

Section B will contain six constructed response questions (CRs). Four of the CR questions will be worth 10 marks each and two of the CR questions will be worth 15 marks each. The two 15-mark questions will focus on income tax liabilities for individuals (syllabus area B) and corporate income tax liabilities (syllabus area C).

All other questions can cover any area of the syllabus.

Tax rates, allowances and information on certain reliefs will be given in the examination.

9. Guide to ACCA examination structure and delivery mode

The structure of examinations varies, depending on the level of the qualification.

The Expertise examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All Expertise examinations are assessed by three-hour computer-based examinations.

The pass mark for all Expertise examinations is 50%.

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10. Guide to ACCA examination assessment

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For specified financial accounting, audit and tax examinations, except if indicated otherwise, ACCA will publish examinable documents once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions. For most examinations (not tax), regulation issued, or legislation passed on or before 31 August annually, will be assessed from 1 September of the following year to 31 August of the year after. Please refer to the examinable documents for the examination (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable if the effective date is in the future, unless explicitly stated otherwise in the syllabus and study guide or examinable documents. The terms 'issued' or 'passed' relate to when regulation or legislation has been formally approved.

The term 'effective' relates to when regulation or legislation must be applied to entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list, where applicable.

For E1 MWI, generally examinations in June and December will be based on legislation passed by the previous 30 September. Note: Exceptionally, the examination in June 2027 will be based on legislation passed by 30 September 2025 and only the examination in December 2027 will be based on legislation passed by 30 September 2026.

11. Learning hours and education recognition

The ACCA Qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA candidates find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.

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