



NATIONAL UNIVERSITY OF SINGAPORE
Department of Accounting



ACC3605: Taxation
Semester 2, 2017/2018

Instructor and Coordinator:
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Consultation Hrs. By appointment through email

Course Objective

This course is designed to introduce students to the important principles, concepts and issues relating to taxation of income for businesses and individuals in Singapore.

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 and double taxation agreements.

Learning Outcome

On completion of this module, students should be able to:

- Obtain 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.

Motivation

With the globalization of business at a rapid pace, it is important for accounting/tax professionals and business managers to develop an awareness of how the role of taxation impacts upon business and investment decisions and transactions undertaken by both companies and individuals. To do so, accounting/tax professionals and business managers should be equipped with good working knowledge of fundamental tax principles and how to apply them i.e., meeting tax compliance objectives. With the ability to compute and understand the impact of tax costs, the professional should also be aware of how tax costs can be controlled through legitimate tax planning strategies and exercises. Additionally, the

professional should have an appreciation of how policy considerations drive changes in tax law and in wider contexts such as economic, social, and political and administration. This compact course will provide a broad coverage on these areas.

Mode of Teaching

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, reading materials and assignments are downloadable from the 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 15 January 2018, i.e., 1st lesson on Thursday 18 January 2018 for Sectional Groups E1 and E2 and Friday 19 January 2018 for Sectional Group E3). The respective sections and times are:

Section E1	-	Thu 8am to 11am	(BIZ2 - Seminar Room 04-13C)
Section E2	-	Thu 2pm to 5pm	(BIZ2 - Seminar Room 04-13B)
Section E3	-	Fri 8am to 11Am	(BIZ2 - Seminar Room 04-13A)

Pre-requisite

BSP1004 Legal Environment of Business
ACC1002 Financial Accounting

Reference Texts

Textbook:

- The Essential Guide to Income Tax in Singapore, Lim Cher Hui, CCH Singapore (2014)

Reference guides:

- CCH Singapore Master Tax Guide Handbook 2017/2018, 36th Edition.
- CCH Singapore Tax Workbook 2017/2018, 20th Edition

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/>

Keep abreast of changes to policy and regulation in Singapore, past Singapore Budgets and news about the latest Singapore Budget via the Ministry of Finance website i.e., <http://www.mof.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 the Attorney-General Chambers' "Singapore Statutes Online" website: <http://statutes.agc.gov.sg>

Assessment

This is a 100% CA course. The weight distributions for the different components are as follows:

Group Assessment	
Tutorials (Written Report and Presentation)	20%
Individual Assessment	
Class Participation	20%
Mid Term Test	30%
Final Term Test	30%
Total	100%

Tutorials

Groups will be assigned to prepare written answers and make class presentations for each of the 8 tutorials in this course. There would be approximately 4 students (maximum) in each group.

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 conducted in Closed Book format, with restricted materials i.e., where only **ONE** double-sided **A-4** sized sheet of paper (written or typed) will be allowed into the examination hall.

Other points to note

- **Attendance:** Since 20% of the Total Module Assessment weightage has been allocated to the Class Participation component for Individual Assessment, students must not miss more than 2 classes (not including absence due to medical (accompanied by medical certificates) or compassionate reasons).
Violators will be heavily penalized or may even fail the entire module.
- **CA Attendance:** Students who miss any CA component will receive zero marks for that particular component. Absentees can submit their reason for absence from class due to medical reason by submission of medical certificate or in the case of compassionate reasons by way of written explanation.
- Students are encouraged to always feedback to the instructor comments and suggestions that may help the class to learn better.
- Students are to check the IVLE weekly for announcements.
- Please use NUS e-mail for e-mail communications.

DETAILED SYLLABUS

1. Introduction to Singapore Tax System

- Introduction & overview
- 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

2. Concept of Income

- 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

3. Tax Deductions

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

4. Capital Allowances

- Concept of capital allowances
- Plant & machinery allowances
- Deduction for Renovation or Refurbishment (R&R) works
- Writing Down Allowance (WDA)
- Productivity and Innovation Credit (PIC)
- Industrial Building Allowance (IBA) / Land Intensification Allowance (LIA)

- 5. Taxation of Businesses**
 - 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 corporate tax computation
 - Comprehensive computation of corporate tax liability
 - Use of exemptions and reliefs in deferring and minimizing corporate tax

- 6. Taxation of Individuals**
 - 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 minimizing individual tax

- 7. Taxation of Partnerships**
 - 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)

- 8. Taxation of Non-Residents**
 - Deeming provisions
 - Withholding tax
 - Non-residents doing business in Singapore
 - Permanent establishments

- 9. Taxation of Foreign Income**
 - 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)

- 10. Goods and Services Tax (GST)**
 - 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

A detailed teaching schedule will be provided before the first lesson i.e., 18 January 2018.