

**NATIONAL UNIVERSITY OF SINGAPORE
NUS Business School
Department of Accounting
Semester 1, 2020/2021
ACC3703/ACC3605: Taxation**

INSTRUCTOR AND COORDINATOR

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

PRE-REQUISITES

BSP1004 Legal Environment of Business
ACC1701/ACC1002 Accounting for Decision Makers

AIM

To introduce students to the important concepts and issues relating to taxation of income for businesses and individuals in Singapore.

MODULE 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 2020/21 Edition, Simon Poh, McGraw-Hill Singapore
ISBN No 978-9-814-82199-5

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](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 (35%)

Tutorials and Case Studies	15%
Group Project	20%

Individual Assessment (65%)

Class Participation	15%
Final Exam – 3 hours (closed-book) – all topics are tested	<u>50%</u>
TOTAL	<u>100%</u>

CLASSES

Due to the current COVID-19 pandemic, Half of the students enrolled in each section (i.e. A1, A2 or A3) will turn up physically in class for one week, whilst the other half will join the class through Zoom remotely. This is rotated the following week. Students turning up in class are also expected to bring their devices and join the session through Zoom to facilitate communication with all. All students are expected to attend classes 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 LumiNUS. All materials from lectures, readings, assignments and tutorials may be included in the examinations.

Classes commence from Week 1 (week beginning 10 August 2020, i.e. first lesson on **Tuesday, 11 August 2020**, and the respective sections and times are:

Section A1	-	Tue 8.30 to 11.30 am	(BIZ1 – Seminar Room 205)
Section A2	-	Tue 12.00 to 3.00 pm	(BIZ1 – Seminar Room 205)
Section A3	-	Tue 3.00 to 6.00 pm	(BIZ1 - Seminar Room 205)

TUTORIALS

Groups will be assigned to 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.

GROUP PROJECT

More details will be released. Assigned groups are expected to prepare a written report and make class presentations. The groups for the project will be the same as those for the tutorials

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. Participation marks are only awarded for participations during class sessions, and not through emails or enquiries sent outside class session.

FINAL EXAM

The Final Examination will be “Closed Book” with authorized materials. You are allowed to bring into the examination hall only ONE A4-sized piece of paper typed or written on both sides for reference purposes.

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)
- Industrial Building Allowance (IBA) / Land Intensification Allowance (LIA)

Weeks 5: 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
- Mergers and acquisition (M&A) scheme
- 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 6: Taxation of Non-Residents (Topic 6 / Chapter 8)

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

Week 7: 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: 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

Week 9: Stamp Duty (Topic 9 / Chapter 11)

- Overview of Stamp Duty Regime in Singapore
- Stamp Duty on transfer of shares
- Stamp Duty on transfer of immovable properties
- Stamp Duty on lease and tenancy agreements
- Administration of Stamp Duty and penalties

Week 10: Taxation of Individuals (Topic 10 / 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 11: Taxation of Partnerships (Topic 11 / 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: Group Projects Due & Completion of Tutorials

Week 13: Revision plus Summary & Review of Module

Students should refer to the detailed weekly teaching schedule which will be made available one week before the first lesson, i.e. by 4 August 2020

Updated as at 16 July 2020