

Educating, Developing & Representing



**Irish Taxation  
Institute**

# AITI Syllabus

**2009/2010**



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## The AITI Qualification

The Associateship of the Irish Taxation Institute (AITI) is Ireland's leading taxation qualification. Celebrating its thirtieth anniversary in 2009, the 3,686 qualified AITIs working throughout the public and private sector are testimony to the prestige of the qualification and the calibre of its graduates.

During your AITI studies, you will acquire the skills and competencies needed to provide commercially focused and technically sound taxation advice. The AITI course and examinations are offered by the Irish Taxation Institute and are normally completed over a three year period. Exemptions are available for holders of relevant undergraduate, postgraduate and professional qualifications.

The AITI is a cumulative and fully integrated curriculum. Each Part builds on the knowledge and skills acquired at previous Parts, meaning that every subject that you have successfully passed (or been exempted from) is relevant throughout the course of your studies.



## Competencies of an AITI Registered Tax Consultant

The AITI qualification is a comprehensive and cumulative curriculum which covers all taxes. Throughout your studies, you will acquire detailed tax knowledge and the requisite professional skills to work as a Registered Tax Consultant.

Tax is an ever-changing and ever-increasing body of legislation, precedents and practice. You will also attain the vital competency of 'learning to learn' so that you can keep abreast of relevant developments throughout your career.

### Learning objectives

As an AITI qualified Registered Tax Consultant, you will be able to:

#### Advisory Skills

- Provide comprehensive, clear and unambiguous taxation advice that is both technically sound and commercially appropriate across all taxes
- Apply analytical skills and in-depth knowledge of tax law to support taxpayers in being tax compliant
- Carry out focused research across Irish and international tax law and Revenue practice leading to technically sound conclusions
- Analyse and evaluate alternative potential solutions to assist taxpayers in managing and meeting their tax liabilities
- Translate complex legal concepts and communicate implications to taxpayers, including individuals, corporates and other entities

#### Technical knowledge

- Identify the relevant sources of law from Irish statutes to the Constitution to rulings from the European Court of Justice and guidance from the OECD
- Interpret taxation legislation, related case law and Revenue precedence and practice and apply this to meet the circumstances of individual and corporate taxpayers
- Integrate relevant legal and accounting considerations into business decisions, as well as the impact of risk, ethics, corporate governance and commercial issues to ensure sound business advice

#### Ethics

- Carry out professional activities with integrity, independence, to a high professional standard and with due care and consideration
- Adhere to statutory and regulatory obligations and observe the ITI Code of Conduct

## Assessment

Continuous assessment has been introduced for certain papers for the academic year 2009/2010.

NEW AITI ASSESSMENT	PART 1	PART 2	PART 3
	FUNDAMENTALS	APPLICATION & INTERACTION	ADVANCED
	Personal & Business Tax Fundamentals EXAM 90% CONTINUOUS ASSESSMENT 10%	Personal Taxes Application & Interaction EXAM 100%	Advanced Personal Taxes EXAM 85% CONTINUOUS ASSESSMENT 15%
	Financial Reporting & Tax Accounting Fundamentals EXAM 100%	Business Taxes Application & Interaction EXAM 90% CONTINUOUS ASSESSMENT 10%	Advanced Business Taxes EXAM 100%
	Law Fundamentals EXAM 100%	Indirect Taxes Application & Interaction EXAM 100%	Advanced Indirect Taxes EXAM 100%
Capital Gains Tax Fundamentals EXAM 90% CONTINUOUS ASSESSMENT 10%	Capital Taxes Application & Interaction EXAM 100%	Professional advice, audits and ethics EXAM 100%	
Tax Research Workshops	Tax Research Workshops	Tax Research Workshops	

\* Tax Research teaches you the essential skills to pass your continuous assessments and examinations

Full details on continuous assessment and examinations are contained in the AITI Student Handbook which is available to download at [www.taxireland.ie](http://www.taxireland.ie).

**You will not be expected to deal with legislation enacted or cases reported subsequent to 1 July 2009.**

## How To Use This Syllabus

This syllabus has been designed to be comprehensive and transparent. Each learning outcome maps exactly to your manuals. The individual learning outcomes appear as chapter or paragraph headings so that you can track your studies easily.

- Each module is divided into over-arching learning objectives.
- Each learning objective is sub-divided into detailed learning outcomes.
- For ease of reference these learning outcomes have been grouped together as chapters.
- Your student manuals follow this layout and each chapter in your student manuals will feed directly from this syllabus.

## Part 1 Syllabus

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## Part 1 Personal and Business Tax Fundamentals

This module is an introduction to the taxation of Irish individuals and Irish companies. It covers the fundamentals of Irish income tax (including PRSI, the health contribution and the income levy) and corporation tax, including the charge to tax, basis of assessments, reliefs available and the administration of tax. It involves referring to the relevant provisions of the Taxes Consolidation Act, 1997 for certain specific parts of the course.

### Learning objectives

Upon completion of this module, students will be able to:

1. Define residence, ordinary residence and domicile for Irish tax purposes and outline the scope of the charge to Irish income tax.
2. Explain the taxation of self-employed income, including the entitlement of a sole trader to capital allowances and apply these rules to calculate the tax adjusted profits of a trade or profession.
3. Recognise the different types of Irish and foreign passive income and foreign earned income and explain the taxation of each.
4. Explain the rules relating to the taxation of Irish rental income and apply certain specific reliefs.
5. Explain the taxation of employment income, including the operation of the PAYE system.
6. Explain the taxation of Irish dividend income.
7. Explain the Irish income taxation system as it relates to marginal rate reliefs, refundable and non-refundable personal tax credits and exemptions whether arising from the personal circumstances of a taxpayer or otherwise.
8. Explain how the marital status of an individual affects how they are assessed to income tax, including their position post marital breakdown.
9. Explain how PRSI, Health Contribution and the Income Levy apply to the earned and passive income of self-employed and employed individuals.
10. Explain and apply the administration of the income tax system, including the operation of tax relief at source.
11. Explain the taxation of company income, differentiating between income and corporation tax, and using the rules to compute the tax liability of a company.
12. Explain and apply the administration of the corporate tax system.
13. Use the Taxes Consolidation Act, 1997 to find the relevant provisions.
14. Compute the Irish tax liability due by a taxpayer (either individual or corporate).

### Assessment

Continuous assessment	10%
Examination	90%

## Part 1 Personal and Business Tax Fundamentals

### Introduction to income tax

- The charge to tax
- Territorial scope
- Schedular system
- Sources of law
- Income tax rates and bands

### 1. Define residence, ordinary residence and domicile for Irish tax purposes and outline the scope of the charge to Irish income tax

#### Residence, ordinary residence and domicile

- Define residence
- Define ordinary residence
- Define domicile
- Apply the relevant rules to determine an individual's residence, ordinary residence and domicile
- Outline the effect of residence, ordinary residence and domicile on an individual's liability to Irish income tax
- Describe how and when an individual can elect to be tax resident

### 2. Explain the taxation of self-employed income, including the entitlement of a sole trader to capital allowances and apply these rules to calculate the tax adjusted profits of a trade or profession

#### Taxation of sole traders

- Define what constitutes a profession
- Define what constitutes a trade and outline the "badges of trade"
- Outline the basis of assessment for Schedule D Case I and II including:
  - General position
  - Commencement
  - Cessation
  - Short lived businesses
  - Change in accounting dates
- Identify allowable / disallowable expenditure for the purposes of arriving at Case I / II taxable income including:
  - Principles of revenue v capital (including grants)
  - Principles of "wholly and exclusively for the purposes of trade"
  - Car related expenses
  - Other expenses specifically disallowed
- Identify taxable / non-taxable income for the purposes of arriving at Case I / II taxable income
- Calculate the taxable profit of a sole trader applying the above rules and reliefs
- Outline the relief available for trading losses under S.381 and S.382
- Calculate the tax loss for a sole trader and any available relief

#### Computation of capital allowances

- Outline the basis periods for capital allowances
- Explain how grants received are treated for the purposes of capital allowances
- Assess whether expenditure incurred qualifies as "Plant" for capital allowance purposes

**Part 1**  
**Personal and Business Tax Fundamentals**

List the conditions that must be fulfilled for capital allowances to be available and assess whether a given set of circumstances meets them  
Calculate the wear and tear allowances available on Plant and Machinery  
Calculate the balancing allowances / charges that arise on the disposal of Plant and Machinery  
Identify when relief for a replacement asset can be claimed and calculate that relief  
Explain the specific capital allowance rules that apply to motor cars  
Calculate the wear and tear allowances available on motor cars  
Calculate the balancing allowances / charges that arise on the disposal of motor cars including the restriction on sales proceeds  
Define industrial buildings including:  
    Specific exclusions  
    The 10% rule  
List the conditions that must be fulfilled for industrial buildings allowances to be available  
Calculate the wear and tear allowances available on new industrial buildings  
Calculate the balancing allowances / charges that arise on the disposal of an industrial building  
Calculate the wear and tear allowances available on second hand industrial buildings  
Prepare a pro-forma capital allowances layout showing each of the above allowances  
Explain how capital allowances interact with losses

**3. Recognise the different types of Irish and foreign passive income and foreign earned income and explain the taxation of each**

**Schedule D Case III**

Identify income which is taxed under Schedule D Case III  
Explain the basis of assessment for Schedule D Case III  
Calculate the tax liability for an individual in receipt of Irish income assessed under this Case, including:  
    Interest without deduction of tax at source  
    Investment discounts  
    Interest on government securities  
Identify the foreign sources of income assessable under Case III  
Explain when a foreign trade is subject to tax under Case III  
Explain how a dividend received by an Irish individual from a UK company is taxed

**Schedule D Case IV**

Identify income which is taxed under Schedule D Case IV and outline the basis of assessment  
Describe the application of Deposit Interest Retention Tax (DIRT) as it relates to  
    Relevant deposit accounts  
    The age exemption  
Calculate the tax liability for an individual in receipt of the two main categories income assessed under this Case, including  
    Income from which tax has been deducted at source  
    Covenant payments under deduction of tax  
Explain when EU institutions need to apply DIRT

**Part 1**  
**Personal and Business Tax Fundamentals**

**4. Explain the rules relating to the taxation of Irish rental income and apply certain specific reliefs**

**Schedule D Case V**

Identify income which is taxed under Schedule D Case V and outline the basis of assessment  
Describe the relief available for individuals who rent out a room in their own home, including how such relief is claimed  
Calculate the tax liability for an individual on their net income rental income, including:  
    Premiums on short leases  
    Deductions available  
    Rental losses

**5. Explain the taxation of employment income, including the operation of the PAYE system**

**Taxation of employment income**

Identify income which is taxed under Schedule E  
Outline the basis of assessment for Schedule E  
Calculate the taxable benefit arising to an individual and describe any reliefs or exemptions available in respect of:  
    General benefits  
    Employer provided car  
    Employer provided van  
    Employer provided parking facilities  
    Employer provided accommodation  
    Preferential loans  
Describe the test for determining what expenses are deductible in computing Schedule E income  
Outline when the reimbursement of expenses by an employer gives rise to a taxable benefit and when it does not, including:  
    General rules  
    Exclusions  
    Revenue approved rates and expenses  
    Revenue approved mileage  
    Revenue approved subsistence  
    Vouched expenses  
    Relocation expenses  
Assess whether the special termination payment relieving provisions apply  
Calculate the total value of a termination package  
Calculate the maximum amount of termination payments an individual can receive tax free including:  
    Calculation of tax free amounts (basic, increased and SCSB)  
    Foreign service relief  
    Top slicing relief  
    Aggregation rule  
Outline the administrative procedures surrounding any claim for relief from tax on termination payments

**Part 1**  
**Personal and Business Tax Fundamentals**

**PAYE**

- Explain the principles of the operation of the PAYE collection system including
  - Tax credit system
  - Standard rate cut-off point
  - Calculation of tax
- Describe the obligations of an employer in terms of:
  - Registration
  - Duties
  - Correct operation of PAYE system
- Describe the obligations of an employee in terms of registration
- Outline the practical considerations surrounding the application of the PAYE system including
  - Which system applies
  - Verifying PPS number of employees
- Calculate the PAYE due on an individual's emoluments, including:
  - Pension contributions
  - BIKs
  - Small benefits
  - Foreign emoluments
- Distinguish between the different forms that relate to PAYE, describing when each one should be filed

**6. Explain the taxation of Irish dividend income**

**Schedule F**

- Identify income which is taxed under Schedule F and explain the basis of assessment
- Describe the application of dividend withholding tax to dividends paid by Irish companies
- Calculate the tax liability for an individual in receipt of dividend income

**7. Explain the Irish income taxation system as it relates to marginal rate reliefs, refundable and non-refundable tax credits and exemptions whether arising from the personal circumstances of a taxpayer or otherwise**

**Personal tax charges, allowances, credits and exemptions**

- Outline the conditions and calculate the tax relief available to an individual in respect of pension contributions
- Describe the tax reliefs available for various payments, including:
  - Covenants
  - Donations (charitable and to sports bodies)
  - Permanent health insurance
  - Employing a person to take care of an incapacitated individual
- Identify the personal tax credits and reliefs available to an individual by virtue of their personal circumstances and outline the related conditions
- Identify the tax credits available to an individual for various payments, outline the related conditions and calculate the credit due

**Part 1**  
**Personal and Business Tax Fundamentals**

- Outline the income tax exemptions that exist due to the personal circumstances of the taxpayer or the source of the income, including:
  - Child care income
  - Age based exemptions
- Describe the tax relief available for the long-term unemployed

**Tax relief at source**

- Identify qualifying mortgage interest
- Calculate the amount of mortgage interest relief due
- Outline how the relief is claimed
- Identify qualifying medical insurance premiums
- Outline how the relief is claimed and calculate the amount of relief due
- Compare this relief to the relief available for health expenses and permanent health insurance

**8. Explain how the marital status of an individual affects how they are assessed to income tax, including their position post marital breakdown**

**Taxation of married couples**

- Explain the different ways married couples may be assessed to income tax and prepare a tax computation based on each
- Calculate the relief available to a couple in the year of marriage
- Calculate the income tax liability arising for both the surviving spouse and the deceased spouse in the year of death, including any concessional treatment applied by Revenue
- Calculate the income tax liability for either spouse in the year of separation and following separation
- Explain the options available to couples in respect of maintenance payments
- Calculate the income tax liability of both spouses in respect of maintenance payments

**9. Explain how PRSI, Health Contribution and the Income Levy apply to the earned and passive income of self-employed and employed individuals.**

**PRSI, Health Contribution and Income Levy**

- Define an insurable employment
- Explain the concept of reckonable earnings
- Apply all relevant ceilings, exemptions, allowances and minimum payments to reckonable earnings
- Illustrate with an example how PRSI, Health Contribution and the Income Levy are applied to employment income
- Explain the concepts of reckonable income and reckonable emoluments
- Apply all relevant ceilings, exemptions, allowances and minimum payments to reckonable emoluments
- Illustrate with an example how PRSI, Health Contribution and the Income Levy are applied to self employed income

**Part 1**  
**Personal and Business Tax Fundamentals**

**10. Explain and apply the administration of the income tax system, including the operation of tax relief at source**

**Administration of self assessment for individuals**

- Outline the self-assessment system for the collection of tax and filing of returns for individuals
- Outline which individuals are subject to this specific administration system
- Detail the registration procedure
- Detail any returns of third party information that may be required
- Explain an individual's obligations under the Pay and File system including:
  - Payment of preliminary tax
  - Direct debit system
  - Reliefs that are ignored for the purposes of calculating preliminary tax
  - Payment of the balance of tax due
  - Filing a tax return
  - Typical compliance cycle
- State the time limits on Revenue for issuing a notice of assessment
- Describe the purpose and main features of ROS
- Outline the consequences of failing to pay a tax liability in full and on time
- Define the margin of error as it applies to preliminary tax and the balance of tax due
- Calculate any interest or surcharge due on the late payment of tax
- Describe the key Revenue offences and penalties under Section 1078 TCA 1997 and calculate any penalty or surcharges due
- State when Revenue offences may be made public
- Outline the requirement to maintain books and records
- Describe the appeals process

**11. Explain the taxation of company income, differentiating between income and corporation tax, and using the rules to compute the tax liability of a company**

**Introduction to corporation tax**

- Contrast income tax and corporation tax in terms of the scope of each, basis of assessment and applicable legislation.
- Define the meaning of certain terms relating to the scope of corporation tax, including:
  - Profit
  - Company
  - Branch
  - Residence of companies
- Identify income which is charged to corporation tax
- Outline the rates of corporation tax
- Define the meaning of certain terms relating to the basis of assessment for corporation tax, including:
  - Accounting period
  - Commencement / cessation

**Part 1**  
**Personal and Business Tax Fundamentals**

**Taxation of trading income**

- Compare the income tax and corporation tax treatment of trading income in relation to:
  - Disallowed expenses
  - Capital allowances
- Calculate the corporation tax liability of a trading company

**Taxation of investment income**

- Compare the income tax and corporation tax treatment of investment income in relation to:
  - Dividend income
  - Deposit interest
  - Rental losses
- Calculate the corporation tax liability of a company with investment income

**Computation of corporation tax**

- Outline the rules that apply to companies with unusual accounting periods (less than or greater than 12 months)
- Calculate the corporation tax liability of a company with an unusual accounting period
- Outline the relief available to companies for trading losses (S.396(1) and Section 396A only)
- Calculate the corporation tax liability of a company with trading and rental losses

**12. Explain and apply the administration of the corporate tax system**

**Administration of self assessment for companies**

- Describe the self assessment system as it applies to corporation tax
- Outline the corporation tax registration requirements for companies
- Describe a company's obligations under the Pay and File system including:
  - Preliminary tax
  - Forms to be filed
- Outline what reliefs can be denied to companies who fail to meet their Pay and File obligations

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 1 Personal and Business Tax Fundamentals module. These are:

- 13. Use the Taxes Consolidation Act, 1997, to find the relevant provisions**
- 14. Compute the Irish tax liability due by a taxpayer (either individual or corporate)**

## Part 1 Financial Reporting & Tax Accounting Fundamentals

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This module covers the preparation of books of first entry, using these to create financial statements and then analysing the information contained in the financial reports (such as the Directors' report and the notes to the financial statements). While this module is based on IFRS, it also includes preparing the financial statements of sole-traders and partnerships.

### Learning objectives

Upon completion of this subject, students will be able to:

1. Explain accounting terminology, conventions and standard accounting practice.
2. Describe the different types of entities and their different accounting requirements, and prepare basic financial accounts for each.
3. Explain the purpose of financial reporting and prepare simple financial reports.
4. Prepare the tax accounts and corporation tax disclosure for inclusion in financial reports.
5. Perform a basic interpretation and analysis of information from the financial reports.

### Assessment

Examination 100%

## Part 1 Financial Reporting & Tax Accounting Fundamentals

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### 1. Explain accounting terminology, conventions and standard accounting practice

#### Introduction to basic accounting concepts

- Define the main terms used in accountancy
- Explain the accounting equation
- Describe the basic principles which govern accounting

#### Sources of accounting rules and guidance

- Describe statute and the stock exchange as a source of rules and guidance
- Describe how GAAP are a source of rules and guidance

#### Introduction to basic accounting practice

- Define and explain the role of the books of prime entry
- Define and explain the role of the nominal ledger
- Apply the knowledge of double entry book-keeping to prepare journals
- Explain the role of the trial balance
- Extract specific required information from the trial balance

#### Accounting for specific items

- Describe the accounting treatment of the following specific items:
  - Property, plant & equipment
  - Intangible assets
  - Impairment
  - Inventory
  - Leases and hire purchases
  - Retirement benefit / Pensions
  - Equity and Financial liabilities
  - Reserves
- Describe the different foreign exchange rates that can be used to translate accounts to the entity's functional currency
- Outline which rate is used to translate different types of accounts

### 2. Describe the different types of entities and their different accounting requirements, and prepare basic financial accounts for each

#### Accounting for various entities

- Describe the different types of entities that prepare accounts
- Explain the background, capital structure and accounting for:
  - Sole traders
  - Partnerships
  - Companies
- Identify the nature of a business from a set of facts
- Explain what adjustments are necessary when preparing group accounts
- Outline how and why not-for-profit organisations prepare accounts

**Part 1**  
**Financial Reporting & Tax Accounting Fundamentals**

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**3. Explain the purpose of financial reporting and prepare simple financial reports**

**Introduction to the financial reports**

- Explain what is meant by the term 'Financial Statements'
- Prepare a basic cash flow statement for a company
- Explain the purpose of the statement of changes in equity
- Describe the main notes and disclosures that form part of financial statements

**4. Prepare the tax accounts and corporation tax disclosure for inclusion in financial accounts / reports**

**Account reconciliations**

- Explain the purpose of a VAT reconciliation and the main reconciling items
- Prepare a VAT reconciliation
- Explain the purpose of a PAYE reconciliation and the main reconciling items
- Prepare a PAYE reconciliation
- Explain the purpose of a current tax reconciliation and the main reconciling items
- Prepare a current tax reconciliation
- Explain why deferred tax would arise and in principle how to account for it

**Other accounts of relevance to AITI students**

- Identify the items on which withholding tax may be suffered
- Account for withholding tax withheld on:
  - Dividends
  - Royalties and interest
  - Domestic withholding taxes
- Explain the purpose of the Directors' current and loan accounts
- Outline the transactions that affect the Directors' current accounts
- Prepare a Director's current account

**Tax disclosures**

- Outline the tax disclosures that are relevant to the income statement
- Outline the tax disclosures that are relevant to the balance sheet
- Outline the tax disclosures that are relevant to the cash flow statement
- Explain the purpose of an effective current tax rate reconciliation
- Explain the main reconciling items
- Prepare an effective current tax rate reconciliation

**5. Perform a basic interpretation and analysis of information from the financial reports**

**Using information from the financial reports**

- Outline circumstances when a business / company needs to be valued
- Apply the three basic methods of valuing a company
- Explain what is meant by EBITA
- Explain the purpose of carrying out ratio analysis and analyse a set of financial reports using ratio analysis

**Part 1**  
**Financial Reporting & Tax Accounting Fundamentals**

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**The implications of financing decisions**

- Outline the main sources of finance available to businesses
- Compare the financial implications of the different sources of finance
- Outline the financial implications of investment decisions

**Calculate the distributable reserves of a company**

- Outline the legal rules that determine the distributable reserves of a company
- Outline the financial implications of a company's dividend policy

## Part 1 Law Fundamentals

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This module is an introduction to the court system in Ireland and the EU, the fundamentals of land law, contract law, company law, partnership law and employment law in Ireland.

### Learning objectives

Upon completion of this subject, students will be able to:

1. Describe the Irish legal system.
2. Describe the impact of Ireland's membership of the EU on the Irish legal system.
3. Outline the basic principles of land law and the law of tenancies including the nature of legal interests in land, the rules surrounding the disposal of land and the fundamentals of landlord and tenant relationships. Apply these principles to a practical example.
4. Explain the basic principles of contract law, interpreting and applying established case law in the area. Apply these principles to a practical example.
5. Outline the main principles of company law, including setting up and winding down of a company and the fiduciary duty of officers of the company. Apply these principles to a practical example.
6. Explain the basic principles of partnership law including the conditions which must be fulfilled for a partnership to exist, the responsibilities of all partners and the rules surrounding the dissolution of a partnership. Apply these principles to a practical example.
7. Outline the main principles of the law of trusts.
8. Outline the main principles of probate.
9. Outline the main principles of employment law.
10. Interpret key legislation and apply it to practical situations.
11. Apply relevant case law to the interpretation of law.

### Assessment

Examination 100%

## Part 1 Law Fundamentals

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### 1. Describe the Irish legal system

#### The nature and history of Irish law

- Write a note on the nature of Irish law
- Write a note on the history of the Irish legal system

#### Sources of Irish law

- Identify the four principal sources of Irish law
- Define common law, outlining the main components thereof, including:

The different elements of a judgement, being:

- A finding of material fact
- A statement of principles of law
- The decision

Precedent as a source of law

Explain legislation as a source of law in Ireland, including:

- Forms of legislation
- How proposed legislation becomes an Act
- Interpretation of statutes

Explain the role played by the Constitution as a source of Irish law

#### The courts system in Ireland

- Outline the legal basis of the Irish courts
- Write a note on the hierarchy of the Irish courts including, Jurisdiction, including appellate jurisdiction
- Application of common law from foreign courts

### 2. Describe the impact of Ireland's membership of the EU on the Irish legal system

#### Introduction to the EU

- Write a note on the nature of the EU
- Outline the purpose of its primary institutions

#### Sources of EC law

- Explain the types of EC legislation, including:
  - Treaties
  - Directives
  - Regulations
- Describe the concept of direct effect
- Describe the principle of supremacy
- Explain what is meant by state aid
- Explain how EC law interacts with Irish law

#### The court system in the EU

- Outline the role of the ECJ and how it interacts with the Irish court system

**Part 1**  
**Law Fundamentals**

**3. Outline the basic principles of land law and the law of tenancies including the nature of legal interests in land, the rules surrounding the disposal of land and the fundamentals of landlord and tenant relationships. Apply these principles to a practical example**

**Land law**

- Define land
- Outline the main types of different interests in land:
  - Freehold interest
  - Leasehold interests
  - Co-ownership
  - Equitable interest
- Describe the different transfers of ownership that can occur, including:
  - Sub-leases
  - Assignments
  - Surrenders
  - Reversionary interests
- Compare registered and unregistered title to land
- Contrast joint tenants with tenants in common
- Explain the other interests in land that may exist, including:
  - Mortgages
  - Incorporeal Hereditaments, including:
    - Easements
    - Profits-à-prendre

**The law of landlord and tenants**

- Write a note on the development of the relationship between landlord and tenant
- Outline the type of tenancies that exist:
  - Fixed term
  - Periodic tenancy
  - Statutory tenancies
- Contrast a licence with a lease
- Describe the right of residence which exists under Irish land law
- Explain how the type of land being leased tends to impact the length of the lease:
  - Business leases
  - Agricultural land
  - Residential lettings
  - Group rents
- Outline any right to be compensated for improvements or disturbance

**Leases**

- Outline the essential contents of a lease and specify if they are quantifiable in monetary terms:
  - Demise
  - Rent
  - Covenants and agreements of the tenant
  - Covenants and agreements of the landlord
- Write a note on the legal means by which residential tenancy disputes are resolved

**Part 1**  
**Law Fundamentals**

**4. Explain the basic principles of contract law, interpreting and applying established case law in the area. Apply these principles to a practical example**

**Contract law**

- Outline how a contract can be formed, including describing:
  - The agreement (being offer and acceptance)
  - Intention to create legal relations
  - Consideration
- Define void, voidable and unenforceable in the context of contract law
- Outline the main terms of a contract
- Describe the doctrine of estoppel
- Explain a person's capacity to enter into binding contracts
- Explain the rules relating to invalid contracts, including:
  - Mistakes
  - Misrepresentations
  - Duress
  - Undue influence
- Explain the rules relating to unenforceable contracts, including:
  - Illegal contracts
  - Unconscionable bargains
- Describe the remedies available for breach of contract, including:
  - Damages
  - Specific performance
  - Injunction
  - Rescission
  - Rectification
- Describe the various ways the law regards a contract as discharged, including:
  - Performance
  - Agreement
  - Breach
  - Frustration

**5. Outline the main principles of company law, including setting up a company and the fiduciary duty of officers of the company. Apply these principles to a practical example**

**Incorporating a company**

- Define certain terms associated with forming companies, including:
  - Shareholders / subscribers / members
  - Authorised / nominal share capital
  - Issued share capital
  - Allotted share capital
  - Ordinary and preference shares
- Outline what is meant by a company, under Irish company law
- Explain the concept of limited liability
- Compare public and private companies
- Outline how a private company can convert to a public company and vice versa
- Explain the concept of separate legal personality (the veil of incorporation)
- Outline when the veil of incorporation can be looked through

**Part 1**  
**Law Fundamentals**

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Interpret key cases in this area  
Outline when the officers of a company can be held personally liable for its debts  
List the documents needed to form a company  
Describe the purpose and contents of each document, including:  
Articles of association  
Memorandum of association  
Describe the checks carried out by the Companies Registration Office before registering a company

**Directors of a company**

Set out who is eligible to be a director of an Irish company  
Outline how directors are appointed  
Explain the rules relating to how persons connected with directors are treated under Irish company law  
Outline the powers of directors  
Outline the duties of directors  
Outline to whom directors owe the duties  
Outline the statutory duty that directors owe to their company  
Outline the different type of directors that are involved in running a company, including:  
Managing director  
De Facto Directors  
Shadow Directors  
Alternate Directors  
Compare executive directors with non-executive directors  
Describe the role of the Office of the Director of Corporate Enforcement  
Outline why the measures enabling the restriction and disqualification of directors are necessary  
Outline when a director can become subject to a restriction order and outline its effect  
Outline who can bring the application for the restriction and how it is done  
Outline the defences to a restriction application  
Outline when a director can become subject to a disqualification order and outline its effect  
Outline the standard provisions of articles of association relating to the retirement of directors  
Outline how the shareholders of a company may remove a director prior to resignation  
Outline what information about the directors the ordinary shareholders are entitled to  
Describe any other avenues open to shareholders or the company against the directors of the company  
Outline the provisions of the Companies Acts that relate to directors' loan accounts

**Shares and share capital**

Outline the main categories of share capital  
Describe how a company can alter its share capital  
Explain the restrictions on a company acquiring its own shares  
Outline the main classes of shares  
Set out the rules affecting the issue of shares  
Explain what is meant by 'pre-emption rights' in the context of a company issuing shares

**Part 1**  
**Law Fundamentals**

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Describe other ways in which a company may increase its share capital, including:  
Rights issues  
Bonus issues  
Issue of shares at a discount  
Issue of shares at a premium

**Memorandum and Articles of Association**

Outline the clauses of a Memorandum of Association that are required by the Companies Act 1963  
Describe the standard contents of each clause and its purpose  
Explain the *ultra vires* rule  
Describe how Irish and EC legislation have changed the *ultra vires* rule  
Outline the purpose of the Articles of Association  
Describe the enforcement of provisions within the Articles of Association  
Explain how the Articles of Association can be altered  
Outline how a company's agents may bind it  
Explain the rule of Ostensible Authority

**Maintenance of accounts**

Explain why companies are obliged to keep books of account  
Describe the statutory obligation to prepare annual accounts and the penalty for failure to comply  
Describe the statutory obligation to make an annual return and the penalty for failure to comply  
Set out the requirements surrounding the directors' report  
Set out the requirements surrounding the auditors report  
Outline when a company can remove its auditor  
Set out the procedure to be followed when a company wishes to remove its auditor

**Insolvency and examinership**

Describe voluntary and involuntary liquidations  
Outline the difference between the voluntary and involuntary winding up of a company  
Outline the responsibilities of a liquidator  
Describe examinerships

**Company borrowing and security**

Set out where a company's power to borrow comes from  
Outline the different types of security a company can give for borrowings, including  
A legal mortgage  
Fixed charges  
Floating charges  
Compare the advantages of floating charges over fixed charges to a company  
Compare the advantages and disadvantages of fixed and floating charges to a lender  
Define debentures  
Outline the principal characteristics of debentures  
Outline the system for registering charges under the Companies Acts  
Describe the purpose of reservation of title  
Outline whether registration is required or not

**Part 1**  
**Law Fundamentals**

**6. Explain the basic principles of partnership law including what conditions must be fulfilled for a partnership to exist, the responsibilities of all partners and the rules surrounding the dissolution of a partnership. Apply these principles to a practical example**

**Partnership law**

- Outline the requirements for a partnership to exist
- Evaluate a set of circumstances and identify whether a partnership exists
- Describe the relationship of partners to one another
- Describe the relationship of partners to third parties
- Compare a general dissolution of a partnership and a technical dissolution of a partnership
- Contrast a limited partnership to a general partnership

**7. Outline the main principles of the law of trusts**

**Law of trusts**

- Define a trust
- Define the essential elements of a trust
- Outline the type of trusts which can exist and compare them
- Evaluate a set of circumstances and identify which types of trust exist

**8. Outline the main principles of probate**

**Probate**

- Explain what is meant by a will
- Outline how a will can be revoked
- Outline how and why an executor extracts a grant of probate
- Outline why a grant of administration is taken out
- Outline how a grant of administration is taken out and who is entitled to do so
- Explain how and why a grant of administration can be revoked
- Outline the court procedures in probate actions

**9. Outline the main principles of employment law**

**Employment law**

- Outline the standard provisions of an employment contract
- Explain what considerations should be taken into account in determining the status of a worker
- Outline the main rights of employees

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 1 Law Fundamentals module. These are:

**10. Interpret key legislation and apply it to practical situations**  
**11. Apply relevant case law to the interpretation of law**

**Part 1**  
**Capital Gains Tax Fundamentals**

This module is an introduction to the key features of taxation of capital gains for individuals, including what constitutes an asset or a disposal, the charge to CGT and the administration of the taxation system, as it relates to capital gains tax. It involves referring to the relevant provisions of the Taxes Consolidation Act, 1997 throughout.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Outline the charge to capital gains tax, including defining an asset and identifying when a disposal occurs.
2. Apply the capital gains tax rules relating to valuing acquisitions and disposals.
3. Explain the Irish capital gains tax system as it relates to individuals, including exemptions, allowances and reliefs whether arising from the personal circumstances of a taxpayer or otherwise.
4. Calculate loss relief available, explaining how the relief for losses interacts with other capital gains tax reliefs and exemptions.
5. Explain and apply the different methods of assessment to capital gains tax for married couples.
6. Explain and apply the taxation rules and reliefs relating to the sale of shares and business assets.
7. Explain and apply the taxation rules and reliefs relating to leases.
8. Explain and apply the administration of the capital gains tax system as it relates to individuals.
9. Use the Taxes Consolidation Act, 1997 to find the relevant legislation and apply this legislation as required.
10. Compute the tax liability for an individual.

**Assessment**

Continuous assessment	10%
Examination	90%

**Part 1**  
**Capital Gains Tax Fundamentals**

**1. Outline the charge to capital gains tax, including defining an asset and identifying when a disposal occurs**

**Introduction to capital gains tax**

- Identify profits or gains which are taxable under capital gains tax (CGT)
- Explain the basis of assessment for CGT
- Outline the territorial scope of the charge to CGT
- Outline the main sources of law
- Outline the tax rates applicable

**Residence, ordinary residence and domicile**

- Interpret legislation to define an individual's residence and ordinary residence
- Define the legal concept of domicile from a tax perspective
- Outline the CGT implications of an individual's residence, ordinary residence and domicile
- Explain when non-residents can be charged to Irish CGT
- Compare the effect of residence, ordinary residence and domicile on the scope of the charge to CGT and to income tax

**Assets**

- Define the meaning of asset for CGT purposes including its:
  - Ordinary meaning
  - Legislative meaning
- Set out the rules regarding:
  - The location of assets
  - Wasting assets
- Provide some examples of assets

**Disposals**

- Define the disposal of assets for CGT purposes and provide examples, including:
  - The ordinary meaning
  - The legislative meaning
  - Part disposals
  - Capital sums derived from an asset
- Describe the treatment of insurance and compensation monies
- Describe the treatment of assets used as security
- Describe the treatment of disposals by nominees and trustees
- Interpret legislation to identify when a disposal is made and provide worked examples, including disposals in the context of:
  - Unconditional contracts
  - Conditional contracts
  - Compulsory purchase orders
  - Hire purchase and similar transactions
  - Capital sums
  - General rule

**Part 1**  
**Capital Gains Tax Fundamentals**

**2. Apply the capital gains tax rules relating to valuing acquisitions and disposals**

**Valuation and consideration**

- Explain how to deal with consideration that is partly capital and partly revenue in nature
- Explain the interaction of CGT with balancing charges
- Explain why market value is sometimes imposed and identify occasions when this will happen on disposals

**Costs of acquisition**

- Interpret legislation to define the cost of an asset
- Explain how incidental costs are treated for CGT purposes, including
  - Interest
  - Costs incurred by trustees or personal representatives
- Explain the treatment of enhancement expenditure
- Explain why market value is sometimes imposed, identify occasions when this will happen on acquisitions and compare this to the position for disposals
- Explain how the costs of acquisition are arrived at in the case of assets derived from other assets
- Explain how the costs of acquisition are arrived at in the case of wasting assets

**3. Explain the Irish capital gains tax system as it relates to individuals, including exemptions, allowances and reliefs whether arising from the personal circumstances of a taxpayer or otherwise**

**Indexation relief and the annual exemption**

- Describe indexation relief and how it applies to assets acquired both before and after 6 April 1974
- Describe the restrictions on indexation relief:
  - Post 2003
  - When a gain is converted into a loss
  - When a loss is converted into a gain
  - When a loss is increased
  - When a gain is increased
- Outline an individual's entitlement to the annual exemption
- Apply indexation relief and the annual exemption to a disposal chargeable to CGT

**Other exemptions**

- Outline the main exemptions from CGT, comparing these to the equivalent exemption from income tax where relevant, including:
  - Government and other securities
  - Charities
  - Local authorities and other bodies
  - Works of art loaned for public display
  - Other exempt assets
- Identify when an asset is a chattel and apply the relevant exemption

**Part 1**  
**Capital Gains Tax Fundamentals**

**Reliefs**

Define what is Principal Private Residence (PPR) relief, including:

- The relief
- The residence
- Period of ownership
- Period of residence (actual and deemed)
- Computing the relief
- Apportionment based on use
- Dependent relatives
- Other aspects

Explain the interaction of PPR with rent a room relief

Outline the relief available on the disposal of a site to a child

**4. Calculate loss relief available, explaining how the relief for losses interacts with other capital gains tax reliefs and exemptions**

**Losses**

Describe how loss relief is granted for CGT purposes

Outline how relief is granted for losses on chattels (both those that qualify for capital allowances and those for personal use)

Outline the timing of loss relief with respect to other reliefs and exemptions

Explain how the market value rules on transactions between connected persons interact with loss relief

Interpret legislation to explain the basis for negligible value claims

Outline how losses in the year of death are treated

Analyse a set of circumstances and determine whether any of these are applicable

**5. Explain and apply the different methods of assessment to capital gains tax for married couples**

**Taxation of married couples**

Explain the methods of assessment to CGT for a married couple, namely:

- Joint
- Separate

Outline how certain reliefs apply for married couples, including:

- Annual exemption
- PPR
- Loss relief

Outline the specific reliefs available on the transfer of assets between spouses, including:

- Disposals between spouses living together
- Disposal to surviving spouse on death

Compare this to the treatment of the transfer of assets between spouses on separation

Compare this to the treatment of the transfer of assets between spouses on divorce

Prepare a CGT computation for a married couple

Analyse a set of circumstances, determine whether any of these reliefs are applicable and calculate any CGT arising

Compare the CGT treatment to the treatment of married couples for income tax

**Part 1**  
**Capital Gains Tax Fundamentals**

**6. Explain and apply the taxation rules and reliefs relating to the sale of shares and business assets**

**Companies and their shareholders**

Outline the legal relationship between companies and their shareholders

Outline the basic rules relating to the disposal of shares for CGT purposes

Outline how certain events interact with the basic rules on share disposals:

- Bonus issues
- Rights issues
- Rights issues involving different classes of shares
- The sale of rights issues
- Share splits
- Scrip dividends

Explain the capital gains tax implications of other common share transactions:

- Shares acquired by way of gift
- Share subscriptions

Describe how share for share exchanges are treated for tax purposes, including:

- Describe the basic share for share relief
- Compare this treatment when there is cash consideration and where there is no cash consideration
- Contrast this where there is a cash payment
- Compare a share for share exchange to an exchange including debentures and loan notes

Explain the reason for the introduction of the "four week rule" on share disposals

Interpret legislation that provides for the "four week rule"

Prepare a pro-forma share history

Analyse a set of circumstances, determine whether any of these are applicable and calculate any CGT arising

**Retirement relief on the disposal of business or farm assets**

Interpret the legislation providing for "retirement relief" from CGT, specifically:

- On a disposal to a person other than a child
- On a disposal to a child

Define terms specific to this relief, including

- Qualifying asset
- Chargeable business assets

Explain how the relief applies in the context of disposing of:

- A family business
- A farm
- Partnership assets
- A family company
- A family holding company

Contrast the relief available for sole traders and shareholders

Explain if / when marginal relief is available in each of the above scenarios

Outline the impact of change in ownership on the eligibility to claim the relief due to:

- Death of a spouse
- Company re-organisation or amalgamation

**Part 1**  
**Capital Gains Tax Fundamentals**

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**7. Explain and apply the taxation rules and reliefs relating to leases**

**The CGT treatment of leases of land and property**

Apply your knowledge of leases from Law Fundamentals to calculate the CGT arising on leases

Outline the computation rules for the lessor and lessee relating to granting:

- A long lease out of a freehold / long lease
- A short lease out of a freehold / long lease
- A short lease out of a short lease

Outline how the sale of a lease differs from its grant, including:

- Sale of a long lease
- Sale of a short lease

Compare the CGT treatment of short leases to the income tax treatment

**8. Explain and apply the administration of the capital gains tax system as it relates to individuals**

**Withholding tax provisions**

List the occasions when withholding tax applies to capital transactions

Outline the procedure the purchaser must follow to account for and return this withholding tax

Outline the procedure for gaining a tax clearance certificate

Explain how this applies in situations where no cash changes hands

**Self assessment**

Outline the legislative obligation to file a return

Outline the legislative obligation to pay tax and list the tax payment deadlines

Explain how the self assessment system applies in the context of a non-resident person chargeable to Irish CGT

Describe when the Inspector of Taxes can raise an assessment and why he might wish to do so

Compare self-assessment for CGT and self-assessment for income tax

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 1 Capital Gains Tax Fundamentals module. These are:

**9. Use the Taxes Consolidation Act, 1997, to find the relevant legislation and apply this legislation as required**

**10. Compute the tax liability for an individual**

**Part 1**  
**Research Skills Workshop**

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These workshops develop students' ability to find legislation relevant to an individual taxpayer's particular circumstances. Students must then interpret this legislation and apply it to the facts in a given case study. Finally, students must draft advice to the taxpayer clearly setting out their tax obligations.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Identify the relevant sources of Irish law
2. Carry out focused research across Irish tax law leading to technically sound conclusions
3. Interpret taxation legislation and apply this to meet the circumstances of individual taxpayers
4. Translate complex legal concepts and communicate implications to taxpayers

**Research materials**

Taxes Consolidation Act, 1997

**Part 1**  
**Research Skills Workshop**

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**1. Identify the relevant sources of Irish law**

Describe the wider context in which the Irish taxation system sits (the Irish legal system)  
Identify the different sources of law applicable to taxation in Ireland and explain how each of the sources comes to be law  
Differentiate between primary, secondary and other sources of law, and identify whether the source is of binding or persuasive authority

**2. Identify the relevant sources of Irish law**

Research all of the sources of law applicable to tax issues using the appropriate taxation database(s)

**3. Interpret taxation legislation and apply this to meet the circumstances of individual taxpayers**

Apply the sources of law to the potential issues in the correct order, knowing which take precedence  
Use the aids to interpretation to reach a more conclusive understanding of the law

**4. Translate complex legal concepts and communicate implications to taxpayers**

Identify any and all potential tax issues under all tax heads included in a narrative case study  
Advise the client of the tax issues, and conclude on any options open to reduce the client's tax exposure

**Part 2 Syllabus**

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## Part 2 Personal Taxes: Application & Interaction

This module draws on knowledge from Part 1 on the taxation of individuals. It covers income tax (including PRSI, the health contribution and the income levy), capital gains tax and stamp duty as they apply to an individual. It involves referring to and interpreting the relevant provisions of the Taxes Consolidation Act, 1997 and the Stamp Duty Consolidation Act, 1999 and applying the findings of relevant case law.

### Learning objectives

Upon completion of this subject, students will be able to:

1. Explain how the charge to Irish income tax, capital gains tax and stamp duty relates to individuals, as well as the exemptions, reliefs and charges on income that apply.
2. Advise on the taxation of Irish source employment, trade and professional income.
3. Explain the taxation of the different types of foreign source profits, investment income and the application of non-property tax incentive schemes.
4. Explain the taxation of property transactions and the application of property based tax incentive schemes.
5. Calculate and advise on the reliefs available on the sale or succession of incorporated and unincorporated businesses.
6. Describe the transactions that give rise to and the relief available for the deduction of income tax at source.
7. Apply specific anti-avoidance rules.
8. Interpret key legislation and apply it to practical situations.
9. Apply relevant case law to the interpretation of tax law.
10. Draft letters of advice to clients, displaying an ability to apply theoretical knowledge to practical situations.
11. Compute the Irish tax liability for an individual, incorporating the taxing and relieving measures relevant to their personal circumstances.

### Assessment

Examination 100%

## Part 2 Personal Taxes: Application & Interaction

1. Explain how the charge to Irish income tax, capital gains tax and stamp duty relates to individuals, as well as the exemptions, reliefs and charges on income that apply

### Residence, ordinary residence and domicile

Interpret case law and apply the principles to the basic definition of domicile  
Explain the factors that determine domicile and where the burden of proof lies  
Explain an individual's right of appeal against Revenue's decision on their domicile  
Assess the domicile of a person  
Describe the remittance basis of taxation and the anti-avoidance provisions that can apply  
Summarise how residence, ordinary residence and domicile affect an individual's charge to income tax, CGT and stamp duty

### Taxation of married couples

Explain how residency impacts on the taxation of married couples  
Explain the options available to a separated / divorced couple in relation to the taxation of maintenance payments  
Outline the entitlement of a separated couple to claim certain tax credits  
Describe the tax issues surrounding the payment of a mortgage on a family home in the context of divorce / separation  
Explain the CGT and stamp duty reliefs available on the transfer of assets between spouses on separation and on divorce and list the conditions  
Explain the interaction of restriction of specified reliefs for high earners and the taxation of married couples  
Outline the tax treatment of the transfer of properties subject to tax incentives between spouses on separation  
Evaluate a set of circumstances and determine which of these provisions need to be applied, and calculate the tax liability of all parties

### Exemptions and reliefs

Describe the statutory exemptions from income tax, capital gains tax and stamp duty that are available and any claw-back provisions including those relating to:  
Charities (income tax, CGT and stamp duty)  
Patents and intellectual property (income tax, CGT and stamp duty)  
Woodlands (income tax, CGT and stamp duty)  
Artists (income tax)  
Lotteries (income tax and CGT)  
An individual's principal residence (income tax, CGT and stamp duty)  
Life assurance and deferred annuities (CGT)  
Superannuation funds (CGT)  
Wasting assets and wasting chattels (not qualifying for capital allowances) (CGT)  
Government securities (income tax, CGT and stamp duty)  
Outline the liability to PRSI, health contribution and the income levy apply in relation to the above  
Analyse a set of circumstances, select the exemptions that can apply and calculate any relief due  
Describe and apply any interaction these exemptions have with other provisions of the TCA 1997

**Part 2**  
**Personal Taxes: Application & Interaction**

**Charges for income tax purposes**

- Outline the relief available for individuals on loans to acquire an interest in a company
- Explain the restrictions that apply in relation to this relief
- Calculate any relief, including restrictions, due under this relief
- Outline the relief available for individuals on loans to acquire an interest in a partnership
- Explain the restrictions that apply in relation to this relief
- Calculate any relief, including restrictions, due under this relief
- Write a brief note on the relief available for individuals on annual payments and patent royalties
- Analyse a set of circumstances, select the reliefs / restrictions that can apply and calculate any relief due
- Outline how charges on income impact an individual's liability to PRSI, health contribution or the income levy

**Restriction of 'specified reliefs' for high earners**

- Explain the restriction on 'specified reliefs' for high earners
- Describe the information which an affected taxpayer must provide to Revenue
- Evaluate a set of circumstances and calculate the restriction applicable

**2. Advise on the taxation of Irish source employment, trade and professional income**

**Taxation of employment income**

- Distinguish between the terms "employee" and "self-employed" and outline the taxation implications of an individual's employment status
- Interpret case law and use the principles to distinguish between the terms "employee" and "self-employed"
- Interpret case law, using the principles to distinguish between the terms "office" and "employment"
- Interpret case law and apply the principles to define the terms "emoluments" and "perquisite"
- Apply principles from established case law to the basic benefit-in-kind rules
- Describe the tax treatment of other payments for employees, including:
  - Salary sacrifice schemes
  - Pre-employment and post-employment payments
  - Voluntary payments
  - Termination payments
  - Restrictive covenants
- Calculate the income tax, PRSI, health contribution and income levy due on each of the above payments
- Apply the rules derived from case law and legislation to determine what expenses are deductible against Schedule E income

**Part 2**  
**Personal Taxes: Application & Interaction**

**Moving from employment into running an incorporated business**

- Explain the tax relief available for seed capital investments
- Describe any requirements which must be fulfilled before an individual is entitled to the relief
- Describe how relief under this scheme is claimed
- Outline the tax implications on the disposal of shares acquired under this scheme

**Taxation of trading / professional income**

- Interpret case law and use the principles to define what income is assessed under Case I and II ("profits or gains of the year")
- Compare activities that constitute a trade or profession with those that constitute capital transactions, using case law and legislation to support your comparison
- Apply case law and legislation to distinguish between allowable and disallowable expenditure
- Apply case law and legislation to explain when a trade commences and when it ceases, applying the rules to practical examples
- Calculate the tax, PRSI, health contribution and income levy payable by an individual on their trading or professional income

**Trading or professional loss relief**

- Define pre-trading expenses and explain any relief available for them
- Explain the rules relating to the tax treatment of a loss arising on commencement of a trade or profession (including strict legal basis)
- Explain the rules relating to the tax treatment of a loss arising on cessation of a trade or profession (including strict legal basis)
- Calculate the loss relief available for a loss on commencement or cessation of a trade or profession
- Explain when and how trade charges create / augment a loss
- Describe the relief available for Case IV losses
- Calculate the loss relief available
- Assess how best to use the available loss relief

**Case I and II capital allowances**

- Outline how loss relief interacts with capital allowances
- Explain the interaction of relief for losses on a cessation / commencement and relief granted for capital allowances
- Calculate the relief available for a period where these interact
- Describe the interaction of losses in a leasing trade and capital allowances

**Rules relating to the taxation of specific businesses carried on by an individual**

- Explain the taxation implications of appropriations to and from trading stock
- Calculate the tax due on such an appropriation
- Explain the income averaging basis of assessment which is available to full-time farmers
- Describe the capital allowances available to farmers in relation to plant and machinery and milk quotas
- Describe how stock relief is granted to farmers
- Describe how loss relief is restricted in relation to farmers
- Apply the general PRSI, health contribution and income levy rules to farmers
- Apply these special farmer rules to calculate the tax payable by an individual farmer

**Part 2**  
**Personal Taxes: Application & Interaction**

Analyse a set of circumstances and determine whether any of these are applicable  
Distinguish between a partnership, a sole trader and other collective arrangements  
Outline the special rules relating to the basis of assessment and scope of income tax in relation to partnerships  
Describe the special loss relief rules that apply to losses incurred by a partnership  
Outline the relief available for charges paid by a partnership  
Outline how capital allowances are apportioned between partners  
Calculate the partnership profit or loss after charges and capital allowances attributable to each partner using the appropriate steps  
Distinguish between a general partner and a limited partner  
Explain the restrictions that apply to limited partnerships  
Apply the general PRSI, health contribution and income levy rules to partners  
Analyse a set of circumstances and determine whether any of these rules relating to specific businesses are applicable

**3. Explain the taxation of the different types of foreign source profits, investment income and the application of non-property tax incentive schemes**

**Schedule D Case III**

Categorise the types of income assessable under Case III  
Describe how and when the remittance basis applies  
Describe how and when split year residence relief applies  
Calculate any tax, PRSI, health contribution or income levy arising or deductions available

**Foreign source losses**

Explain any relief available for losses in a foreign trade and the basis for this relief  
Describe how relief for losses on the disposal of assets by non-residents is granted

**Schedule D Case IV**

Categorise the statutory sources of income assessable under Case IV including:  
Refund of pension contributions  
Post cessation receipts  
Bond washing  
Categorise the non-statutory sources of Case IV income  
Analyse a set of circumstances and determine whether any of these are applicable  
Calculate any tax, PRSI, health contribution or income levy arising or deductions available

**Schedule F**

Apply the scope and basis of assessment of Schedule F to shares received in lieu of dividends (scrip dividends)  
Illustrate how tax relief is given for dividend withholding tax suffered  
Categorise dividend income which is exempt from Irish income tax when received by an Irish individual  
Analyse a set of circumstances and determine whether it is Schedule F income, and if so, how it should be subject to tax

**Part 2**  
**Personal Taxes: Application & Interaction**

**Film relief and BES relief (non-property tax incentives)**

Explain the tax relief available for investments in a qualifying film / film company  
Describe any requirements which must be fulfilled before an individual is entitled to the relief  
Outline how relief under this scheme is claimed, including any additional administrative requirements  
Outline the tax implications (CGT and any clawback of relief) on the disposal of shares / investment acquired under this scheme  
Explain the tax relief available for investments in the Business Expansion Scheme  
Describe any requirements which must be fulfilled before an individual is entitled to the relief  
Outline how relief under this scheme is claimed, including any additional administrative requirements  
Outline the tax implications (CGT and any clawback of relief) on the disposal of shares acquired under this scheme  
Compare the rules on the disposal of these investments in shares with the normal rules for the disposal of shares  
Analyse a set of circumstances and determine whether any of these are applicable and calculate any tax, PRSI, health contribution and income levy arising or deductions available

**4. Explain the taxation of property transactions and the application of property based tax incentive schemes**

**Leases and lease premiums**

Describe the scope and basis of assessment of Schedule D Case V for lease premiums  
Calculate the 'income' portion of a lease premium on short leases ( $\leq 50$  years)  
Describe the tax treatment of sub-letting premises where a premium was paid on the head lease  
Describe the tax treatment of assigning a lease on a premises at undervalue where a premium was paid on the lease  
Describe the tax treatment of a reverse premium on the lease  
Calculate the Case V income / expense on the 'income' portion of these premiums  
Describe the scope and basis of assessment of CGT on lease premiums  
Contrast the tax treatment of long and short leases  
Describe the tax treatment and calculate the CGT due on granting a:  
Short lease out of a freehold / long lease  
Short lease out of a short lease  
Describe the tax treatment of selling a short lease and calculate the CGT due  
Describe the tax treatment of surrendering a lease for consideration and calculate the CGT due  
Describe the scope and charge to stamp duty and calculate the stamp duty due in relation to:  
Leases  
Agreements for lease  
Sales subject to an agreement for lease  
Voluntary leases  
Transfer or surrender of a lease

**Part 2**  
**Personal Taxes: Application & Interaction**

Analyse a set of circumstances and determine whether any of the issues relating to leases are applicable  
Calculate any tax, PRSI, health contribution, income levy or deduction arising on a lease or lease premium

**Case V capital allowances (including property based tax incentives)**

Outline the capital allowances available against Case V income  
Explain a lessor's entitlements to capital allowances  
Summarise the restrictions that can apply to Case V allowances  
Explain the property incentives included within Section 268 TCA 1997 in terms of:  
The relief  
Disposal of assets on which the relief was claimed  
Explain urban and rural renewal schemes included within Chapters 7, 8 and 11, Part 10 TCA 1997 in terms of:  
The relief  
Disposal of assets on which the relief was claimed  
Explain the interaction of the restriction of specified reliefs for high earners with certain Case V capital allowances, deductions and losses

**Withholding tax on rental income / expenses**

Interpret legislation relating to withholding on rents paid to non-residents  
Outline the administrative requirements where there is a non-resident landlord  
Analyse a set of circumstances and determine whether these provisions apply

**Stamp duty on property**

Outline the stamp duty requirements specific to property  
Define a "conveyance on sale" for stamp duty purposes  
Calculate the stamp duty payable on a conveyance on sale  
Summarise the legislation and case law surrounding the stamp duty payable on properties transferred at under value  
Contrast the market value requirements of stamp duty and income tax / CGT  
Identify who is entitled to claim the following stamp duty reliefs, explain when they can be claimed and calculate any duty payable after applying the reliefs:  
Consanguinity relief  
Transfer of a site to a child  
Sub-sales, including the relevant anti-avoidance provisions  
Outline the stamp duty that applies on the purchase of residential property by:  
First time buyers  
Other owner-occupiers  
Investors  
Calculate any stamp duty payable  
Outline the stamp duty that applies on the purchase of non-residential property and describe the stamp duty treatment when a mix of residential and non-residential property is purchased  
Compare the treatment of interlocked and non-interlocked contracts for the sale of sites and partially completed buildings  
Outline the treatment of exchanges and partitions for stamp duty purposes and calculate the stamp duty payable on an exchange or partition  
Outline the following specific anti-avoidance provisions relating to certain property transactions, including:

**Part 2**  
**Personal Taxes: Application & Interaction**

Resting on contract  
Building licence  
Agreement for lease exceeding 35 years  
Analyse a set of circumstances, determine whether any of these provisions are applicable and calculate any tax arising or tax deductions available

**Development land**

Explain the meaning of development land for CGT purposes  
Compare the disposal of development land with normal disposals for CGT, specifically in relation to the application of:  
Indexation relief  
Losses  
Small gains  
Interaction with PPR  
Describe the tax treatment of receipts from dealing in or developing land  
Explain the rules for calculating profits from dealing in or developing land  
Outline the anti-avoidance rules in relation to dealing in or developing land  
Explain how profits and gains from residential property are taxed  
Analyse a set of circumstances and determine what provisions are applicable  
Calculate any tax, PRSI, health contribution, income levy or tax deduction arising

**5. Calculate and advise on the reliefs available on the sale or succession of incorporated and unincorporated businesses**

**Sale or succession of companies**

Outline any taxes that apply on the disposal of shares in a company (family or otherwise)  
Outline reliefs that apply on the disposal of shares in a family company  
Analyse a set of circumstances and determine what provisions are applicable  
Calculate the tax, PRSI, health contribution or income levy due or relief available

**Sale or succession of unincorporated businesses**

Summarise the taxation implications of disposing of a family business by a sole trader, including:  
Retirement relief  
Ceasing to trade  
Interaction with other reliefs and provisions  
Analyse a set of circumstances and determine what provisions are applicable  
Calculate the tax, PRSI, health contribution or income levy due or relief available

**6. Describe the transactions that give rise to and the relief available for the deduction of income tax at source**

**Withholding taxes which apply to individuals**

Identify when withholding tax must be applied and calculate the credit available in an income tax or CGT computation for withholding tax:  
Payments of rent to non-residents  
DIRT  
Interest / annual payments  
Loans to participators

**Part 2**  
**Personal Taxes: Application & Interaction**

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Patent royalties  
Withholding tax on capital disposals

**Other payments that attract withholding tax**

Apply withholding tax, calculate the credit available and explain the administrative requirements for professional services withholding tax (PSWT)

Apply withholding tax, calculate the credit available and explain the administrative requirements for payments to sub-contractors

**7. Apply specific anti-avoidance rules**

**Imposition of market value**

Explain how stamp duty is calculated on market value regardless of relationship between parties in the context of gifts and sales at undervalue

Compare the stamp duty treatment of a plain gift and a gift subject to a liability

Calculate the stamp duty on a gift or sale at undervalue

Explain and apply the specific penalty and procedures that apply in the context of gifts

Compare the stamp duty requirement to the CGT and income tax requirements

**Assets subject to a right or restriction**

Explain how assets subject to a right or restriction are valued for CGT purposes

**Disposal in a series of transactions**

Explain how disposals which are carried out in a series of transactions are treated for the purposes of CGT and stamp duty

Outline the certification requirements for stamp duty where one of the lower rates of stamp duty applies

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 2 Personal Taxes: Application and Interaction module. These are:

**8. Apply relevant case law to the interpretation of tax law**

**9. Draft letters of advice to clients, displaying an ability to apply theoretical knowledge to practical situations**

**10. Compute the Irish tax liability for an individual, incorporating the taxing and relieving measures relevant to their personal circumstances**

**Part 2**  
**Business Taxes: Application & Interaction**

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This module draws on knowledge from Part 1 on the taxation of a company's profits, gains and transactions. It covers corporation tax, capital gains tax, stamp duty and accounting for tax. It involves referring to and interpreting the relevant provisions of the Taxes Consolidation Act, 1997 and the Stamp Duty Consolidation Act, 1999 and applying the findings of relevant case law.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Extract relevant information from the accounts of different enterprises and calculate the corporation tax for each one (all cases).
2. Explain the charge to stamp duty and the administrative procedures surrounding it.
3. Explain and evaluate the taxation of business assets (capital allowances, capital gains tax and stamp duty).
4. Advise on the taxation of investment companies and close companies.
5. Account for business taxation and explain its impact on the disclosures in the financial reports.
6. Describe the common business transactions that can give rise to withholding taxes.
7. Describe the administration of business taxation.
8. Interpret key legislation and apply it to practical situations.
9. Apply relevant case law to the interpretation of tax law.
10. Calculate the Irish tax liability of a company.

**Assessment**

Continuous assessment	10%
Examination	90%

**Part 2**  
**Business Taxes: Application & Interaction**

**1. Extract relevant information from the accounts of different enterprises and calculate the corporation tax for each one (all cases)**

**Using information from the financial reports in the preparation of the corporation tax computation**

- Identify the disclosure notes that are relevant to the preparation of the corporation tax computation
- Identify the disclosure notes that are relevant to other taxes
- Extract the relevant information from the financial reports necessary to prepare the corporation tax computation
- Identify where additional information needs to be sought

**Residence of companies**

- Apply principles from established case law to the company residence rules covered at Part 1

**Corporation tax on both trading and passive income**

- Apply principles from established case law to the trade / profession question covered at Part 1
- Outline other factors to consider when determining whether income is taxed at 12.5% or 25%
- Apply principles from established case law to the revenue / capital question covered at Part 1
- Outline the statutory adjustments to accounting profits and their application, including:
  - Specifically disallowed Case I expenses
  - Specifically allowable Case I expenses
  - Expenses which are disallowed or allowable under the “wholly and exclusively” test in s. 81(2) TCA 1997
  - Exempt trading or professional related income and income taxed under another Schedule or Case
- Apply principles from established case law to questions of allowable expenses / deductions
- Calculate the taxable profits of an Irish corporate taxpayer
- Justify the deduction or otherwise of expenses / income based on legislation and case law
- Apply principles from established case law to determine whether the trade is carried on in Ireland or abroad
- Calculate an Irish corporate's tax liability on its foreign trade
- Outline when foreign dividends are taxable at 12.5% and when they are taxable at 25%
- Compare the deductibility of expenses for incorporated and unincorporated businesses in Ireland

**Relief for losses**

- Apply the rules for loss relief in detailed computations to include the following:
  - Basic relief for trading losses and excepted trading losses
  - Pre trading expenses
  - Terminal loss relief

**Part 2**  
**Business Taxes: Application & Interaction**

- Disallowance of certain losses
- Explain the restriction to loss relief that occurs on a change in ownership and in the nature or conduct of a trade

Compare the loss relief available to an Irish company for its Irish trade to that available for foreign trades (with a Euro functional currency)

Outline the special loss relief rules relating to relief for:

- Farming losses
- Capital losses
- Case IV losses

- Apply these rules to calculate the applicable relief
- Outline the relief available for rental losses
- Outline the relief available for excess rental capital allowances
- Compare the relief available for Irish properties and foreign properties
- Calculate the relief available
- Apply all loss reliefs and restrictions in the correct order and identify any relief to be carried forward
- Plan the optimal use of losses for a given set of circumstances

**Interest and charges on income**

- Explain what is meant by a charge on income and identify when it arises
- Outline the four ways in which interest paid by a company can be treated, including interest as a charge
- Describe how recovery of capital, or deemed recovery of capital, can affect relief for interest
- Outline the relief available for other charges on income, for example:
  - Relevant trade charges
  - Non-relevant trade charges
- Calculate the relief available for charges on income
- Explain the use of charges to create or augment a loss
- Plan the optimal use of charges for a given set of circumstance

**2. Explain the charge to stamp duty and the administrative procedures surrounding it**

**Introduction to stamp duty**

- Outline the charge to stamp duty
- Outline the heads of charge for stamp duty
- Outline the territorial scope of stamp duty
- Describe the principles of stamp duty law
- Define consideration for stamp duty purposes, including
  - Payment by instalments
  - Non-cash consideration
  - Debts and liabilities taken over
  - Unascertainable consideration
- Identify the accountable person for stamp duty and payment of the tax due
- Describe adjudication, assessments, appeals and refunds for stamp duty purposes
- Describe the proposed e-Stamping system
- Describe penalties and Revenue powers included in the Stamp Duties Consolidation Act, 1999
- Apply the penal provisions of the Taxes Consolidation Act, 1997 to stamp duty

**Part 2**  
**Business Taxes: Application & Interaction**

**3. Explain and evaluate the taxation of business assets (capital allowances, capital gains tax and stamp duty)**

**Capital allowances**

- Apply principles from established case law to the question surrounding the definition of plant
- Compute capital allowances for plant and machinery
- Compute capital allowances for motor vehicles
- Compute capital allowances for energy efficient equipment
- Compute capital allowances for other assets
- Explain the entitlement to capital allowances available for new industrial buildings
- Calculate the capital allowances available for new industrial buildings
- Explain and calculate the capital allowances available for second hand industrial buildings
- Describe how farming capital allowances apply in the context of a corporate taxpayer
- Calculate the balancing allowances and charges on each of the above classes of assets
- Explain the reason for anti-avoidance provisions relating to capital allowances
- Apply the anti-avoidance provisions relating to capital allowances

**Issues relating to intellectual property**

- Advise on whether licensing of intellectual property through Ireland is trading or passive
- Outline the application of the R&D tax credit
- Set out the capital allowances available to companies in relation to specified intangible assets
- Outline the relief available for interest incurred on borrowings used to invest in or loan to a company which acquires specified intangible assets
- Set out any other corporation tax, CGT or stamp duty reliefs available for expenditure on intellectual property
- Calculate the relief available for these types of expenditure

**Disposals of business assets and investments**

- Identify when a company is liable to tax on its chargeable gains
- Apply the rules of CGT to gains of a company
- Describe the application of open market value for CGT purposes
- Explain the reliefs available for replacement of business assets
- Explain the interaction between capital gains / losses and capital allowances
- Explain how grants received are treated for the purposes of CGT
- Explain compensation and insurance relief for CGT purposes
- Explain the possible treatments of interest charged to capital for CGT purposes

**Stamp duty on the purchase of assets and investments**

- Define a "contract for sale" for stamp duty purposes
- Apply the rules surrounding a conveyance on sale to the sale of business assets
- Calculate the duty applicable to a contract for sale
- Outline the stamp duty exemptions that apply on the sale of certain business assets

**Part 2**  
**Business Taxes: Application & Interaction**

**4. Advise on the taxation of investment companies and close companies**

**Investment companies**

- Outline the meaning of "investment companies", including the principles from relevant case law
- Explain any relief available for management expenses
- Calculate any relief available for management expenses

**Close companies**

- Explain the reason behind close company rules
- Outline the meaning of terms specifically related to the close company rules
- Outline which companies are specifically excluded from being close companies
- Explain the disadvantages of close company status
- Detail the issues surrounding benefits to participators and associates
- Detail the issues surrounding interest paid to directors and directors' associates
- Detail the issues surrounding the transfer of assets at an undervalue
- Detail the issues surrounding loans to participators
- Calculate the surcharge on undistributed investment and estate income
- Calculate the surcharge on service companies
- Devise an alternative course of action that meets the commercial objective of the taxpayer while minimising the surcharge payable

**5. Account for business taxation and explain its impact on the disclosures in the financial reports**

**Accounting for tax charges and provisions**

- Outline the requirements for accounting for current tax in the income statement and balance sheet
- Calculate the current tax expense (or income) for the income statement
- Calculate the current tax provision for the balance sheet
- Outline the requirements for accounting for deferred tax in the income statement and balance sheet
- Calculate the deferred tax expense (or income) for the income statement
- Calculate the deferred tax provision for the balance sheet

**Reporting tax charges and provisions**

- Set out the requirements of the accounting standards (under IFRS) relevant to the reporting of current tax and deferred tax
- Apply the accounting standards to reconcile the expected tax charge with the tax expense or income included in the income statement
- Identify what entities are most likely to report under FRS and which under IFRS
- Set out the main differences between financial statements prepared under FRS and under IFRS.
- Set out the differences in requirements for tax disclosures under FRS and IFRS
- Set out the main requirements for disclosing uncertainties in income tax provisions (FIN 48)
- Apply the rules of consolidation and the requirements of accounting standards to prepare a simple tax note for inclusion in the group accounts of a company reporting under IFRS

**Part 2**  
**Business Taxes: Application & Interaction**

**6. Describe the common business transactions that can give rise to withholding taxes**

**Distributions**

- Define a distribution
- Outline how dividend withholding tax applies to a distribution
- Calculate the dividend withholding tax applicable to a distribution
- Outline the administrative procedures related to dividend withholding tax
- List the exemptions from dividend withholding tax
- Outline the administrative requirements to claim these exemptions
- Outline the tax implications of distributions *in specie*
- Outline the tax implications of scrip dividends
- Calculate the taxes payable on a company distribution to:
  - An individual (Schedule F)
  - A corporate (franked investment income)
- Compare the taxation of distributions to the taxation of other methods of extracting cash from companies
- Conclude on when different methods of cash extraction are most appropriate

**Annual payments**

- Explain the application of withholding tax under Irish domestic legislation
- Explain the administrative requirements for withholding tax on:
  - Royalties
  - Interest
  - Loans to participators
  - Others
- Calculate the withholding tax on each of the above

**7. Describe the administration of business taxation**

**Administration**

- Outline the relief available for small companies in relation to payments of preliminary tax
- Describe when an error or mistake claim may be made and the reasons for so doing
- Describe when an expression of doubt may be made and the benefits of so doing
- Outline tax clearance procedures
- Describe the process for repayment claims and claiming interest on repayments
- Outline other reporting requirements
- Explain company secretaries' liability to pay certain penalties

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 2 Business Taxes: Application and Interaction module. These are:

- 8. Interpret key legislation and apply it to practical situations**
- 9. Apply relevant case law to the interpretation of tax law**
- 10. Calculate the Irish tax liability of a company**

**Part 2**  
**Indirect Taxes: Application & Interaction**

This module covers how indirect taxes apply to transactions within the EU and the administration of each indirect tax. It involves referring to and interpreting the relevant provisions of the VAT Acts, 1972 (as amended) and applying the findings of relevant case law.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Explain why and how Ireland imposes VAT.
2. Outline the charge to VAT and how it applies to the supply of goods and services.
3. Explain how VAT applies to supplies between Member States.
4. Explain how VAT applies to property transactions, calculating the VAT due.
5. Identify the correct amount chargeable to VAT, explaining how under and overpayments are treated.
6. Identify the correct deduction available for VAT incurred or paid.
7. Explain and apply the administration of the VAT system.
8. Describe the application of other indirect taxes.
9. Use the VAT Act 1972 as amended to find the relevant legislation and apply this legislation as required.
10. Apply relevant case law to the interpretation of tax law.
11. Compute the tax liability for a taxpayer.

**Assessment**

Examination 100%

**Part 2**  
**Indirect Taxes: Application & Interaction**

**1. Explain why and how Ireland imposes VAT**

**VAT in Ireland**

Describe how VAT is a tax on transactions rather than a tax on people, including the treatment of:

- Actual transactions
- Deemed transactions
- Self supplies
- Chains of transactions

Outline how the collection of tax is effected by chains of transactions

Outline some basic rules and concepts of VAT

**Irish VAT in the EU context**

Outline the European dimension to Irish VAT

Identify the key sources of VAT law applicable to Irish VAT, including:

- EU Directives
- Consolidated VAT Acts and Regulations
- Case law

Describe how a change in VAT rates takes effect

Describe the role of the EU VAT Rates Directive in determining the VAT rates applicable in Ireland

**2. Outline the charge to VAT and how it applies to the supply of goods and services**

**Charge to VAT**

Identify the different rates of VAT in Ireland and the principal supplies they apply to

Outline briefly the scope of VAT

Outline what is meant by "the charge to VAT"

Identify the charging sections of the VAT Acts

Outline the five requirements for a supply to be chargeable to VAT

Define the term "business" for VAT purposes, including any necessary sub-definitions

Outline any specific exclusions from being "in business" for VAT purposes

Define the term "accountable person"

Outline the legislative list of accountable persons

Outline any other types of accountable persons

Outline when the receipt (not the supply) of goods / services can make a person an accountable person

Outline the implications of being an accountable person

Outline who is required to register for VAT

Set out when a trader may elect to become VAT registered

Describe why a trader may wish to elect to become VAT registered or to cancel such an election

Describe the anti-fragmentation rule

Explain what is meant by a VAT exempt activity

Identify whether an activity is an exempt activity, per the First Schedule of the VATA 72

Differentiate between a transaction which is outside of the scope of VAT and one which is VAT exempt

Distinguish between "VAT exempt" and "zero rated"

**Part 2**  
**Indirect Taxes: Application & Interaction**

Explain why the concept of VAT exempt activities exists  
Explain how a person can engage in both VATable and VAT exempt activities  
Assess the taxable status of a person making different supplies

**Supply of goods**

Define what is meant by goods

Define what is meant by the supply of goods

Outline the VAT registration thresholds for the supply of goods

Describe what is meant by a self supply in the context of:

Use for VAT exempt business purposes

Use for non business purposes

Explain the effect of a self supply

Outline transactions that are deemed not to be a supply of goods

Describe the implication of a transaction being deemed a non-supply

Define a gift for VAT purposes and outline the VAT treatment of gifts

Explain any relief available for small gifts

Explain any relief available for other gifts, such as advertising goods

Explain the VAT treatment of gifts to oneself

Analyse a set of circumstances and identify what supplies have taken place and the VAT applicable

**Supply of services**

Define what is meant by services

Define what is meant by the supply of services

Outline the VAT registration thresholds for the supply of services

Apply the self supply rules in relation to services

Compare the self-supply rules that apply to goods and services

Analyse a set of circumstances and identify what supplies have taken place and the VAT applicable

**Agents**

Outline what is meant by an "agent", including:

Disclosed agents

Undisclosed agents

Compare the treatment of supplies made by a disclosed agent and an undisclosed agent

Compare the treatment of supplies of goods and supplies of services made to agents

**Rates of VAT**

Outline what is meant by a 'determination' under Section 11(1B) VATA72

Describe how the Revenue Commissioners may issue a "determination" in relation to VAT rates

Define "composite" supplies

Define "multiple" supplies

Outline what is meant by the "two-thirds rule"

State how the VAT due on these supplies is calculated, incorporating any simplification measures

Outline what is meant by "goods made up"

Describe the VAT treatment of "goods made up"

**Part 2**  
**Indirect Taxes: Application & Interaction**

Describe the VAT treatment of certain supplies of goods, including:  
Food and drink prepared by a caterer  
Intra-Community acquisitions of goods

**3. Explain how VAT applies to supplies between Member States**

**Cross border supplies (goods)**

Outline the place of supply rules for the supply of goods, including the supply of goods which are:

- Not dispatched or transported
- Dispatched or transported
- Installed or assembled
- Supplied on board aircraft / vessels / trains travelling within the EU

Outline the distance selling rules

Outline the treatment of goods dispatched to persons in other EU Member States

Differentiate between intra-Community dispatches to persons registered for VAT in other EU Member States and those not registered for VAT

Outline the treatment of goods acquired from persons in other EU Member States

Explain how the acquisition of a new means of transport is treated differently to other intra-Community acquisitions

Outline how intra-Community acquisitions can affect unregistered businesses

Differentiate between intra-Community acquisitions by persons registered for VAT in Ireland and those not registered for VAT

Outline what is meant by triangulation relief and explain why the relief is necessary

Describe when the relief is available and outline how the relief is claimed

Analyse a set of circumstances and identify what supplies have taken place and the VAT applicable

**Cross border supplies (services)**

Outline the general place of supply rules for the supply of services

Outline the main exceptions to this general rule, including:

- Services connected with land and buildings
- Services treated as supplied where they are physically performed
- Transport services

Explain the VAT treatment of "Fourth Schedule services"

Outline any documentation requirement in relation to Fourth Schedule services

Describe the VAT treatment of services connected with immovable goods located in Ireland

Describe the VAT treatment of services connected with immovable goods located outside of Ireland

Describe the VAT treatment of the transport of goods intra-Community:

- From Ireland to another EU Member State
- To Ireland from another EU Member State

Explain how the VAT treatment of cross border supplies is affected when an agent is involved

Analyse a set of circumstances and identify what supplies have taken place and the VAT applicable

**Part 2**  
**Indirect Taxes: Application & Interaction**

**Administration arising from cross-border supplies**

Distinguish between an INTRASTAT return and a VIES statement in terms of:

- Requirement to file
- Information included
- Reason for filing

Describe how Irish VAT may be recovered by foreign traders and how foreign VAT may be recovered by Irish traders

Outline any reliefs that are available to Irish persons principally involved in cross-border supplies

Outline any reliefs that are available to non-Irish traders

Compare the relief available in these two scenarios

**4. Explain how VAT applies to property transactions, calculating the VAT due**

**Introduction to VAT on property (pre-1 July 2008 rules)**

Define "a supply of immovable goods" for pre-1 July 2008 VAT purposes

Define an "interest" in immovable goods for VAT purposes, including:

- Freehold interest
- Long lease
- Short lease

State the rate of VAT which applies to certain property related transactions

Explain why the pre-1 July 2008 rules are still relevant

**Property transactions pre-1 July 2008**

List the requirements for VAT to arise on the supply of a property

Define "development" for VAT purposes

Describe the Economic Value Test

Describe the VAT treatment of the sale of a freehold interest

Describe the VAT treatment of long leases, including:

- Granting a lease of  $\geq 20$  years
- Rental payments
- Capitalised value of long leases
- Granting a lease of  $\geq 10$  years and  $< 20$  years

Sub-leases

Any reliefs available

Expenses related to the letting

Assignment or surrenders of leaseholds

Describe the VAT treatment of transactions taking place after a surrender

Describe the VAT treatment of short leases, including:

- Granting the lease
- Rental payments
- Expenses related to a VAT exempt lease
- Sub-leases of short leases
- Any reliefs available

Explain the "no second supply" rule and describe any cases where this rule does not apply

## Part 2 Indirect Taxes: Application & Interaction

### Post-1 July 2008 transactions involving property

Outline the VAT treatment of sales of immovable property completed post 1 July 2008  
Outline when the supply of immovable property is liable to VAT  
Describe how supplies of residential property are treated for VAT purposes  
Explain how the joint option to tax supplies of property operates  
Describe why a sales agreement over property should contain a VAT clause  
Outline the VAT registration threshold in relation to the supply of property  
Describe the VAT treatment of leases granted from 1 July 2008  
Define a "capital good" in the context of VAT on property  
Describe the Capital Goods Scheme, including:  
Neutrality  
The life of a capital good  
VAT recovery available at each interval

### 5. Identify the correct amount chargeable to VAT, explaining how under and overpayments are treated

#### Amount chargeable to VAT

State the general rule for the amount chargeable to VAT  
Explain how expenses incurred and re-charged on invoices are treated for VAT purposes  
Explain the VAT treatment and calculate the amount chargeable to VAT in relation to the following:  
Intra-Community acquisitions  
Bad debts  
Non-refundable deposits in the event of customer cancellation  
Self-supplies of goods or services  
The receipt of Fourth Schedule Services in Ireland from EU countries  
Analyse a set of circumstances and identify what supplies have taken place and the VAT applicable

#### Consideration

Explain the VAT treatment of non-monetary consideration  
Explain when the open market value is imposed instead of the actual consideration  
Compare the market value requirement under VATA72 to that contained in the TCA 1997  
Explain the VAT treatment of excess consideration received by a supplier  
Analyse a set of circumstances and identify what supplies have taken place and the VAT applicable

### 6. Identify the correct deduction available for VAT incurred or paid

#### Deductible and non-deductible VAT

Outline the general rule on the deductibility of VAT  
List the categories of costs on which an input VAT credit generally is available  
List the categories of costs on which an input VAT credit generally is not available  
Define "qualifying activities" within the EU for VAT purposes and explain their relevance to the recovery of VAT paid  
Analyse a set of circumstances and calculate the VAT deduction available

## Part 2 Indirect Taxes: Application & Interaction

### Overpaid VAT

Outline when a taxpayer is entitled to a repayment of VAT  
State the time limits for VAT repayments  
Define "mistaken assumption"  
State when a taxpayer is entitled to statutory interest on the repayment of VAT

### 7. Explain and apply the administration of the VAT system

#### Schemes for accounting for VAT

Outline the methods of accounting for VAT on sales, including the invoice basis and cash receipts basis  
Explain the concessional retailers schemes that exist

#### Farmers and other unusual VATable persons

Outline what is meant by a "farmer" for VAT purposes  
Describe what is meant by a flat rate farmer  
Explain how the normal VAT rules relating to the obligation to register, refunds etc. apply in the context of a farmer  
Explain how the normal VAT rules are applied to fishermen  
Explain how the normal VAT rules are applied to State and local authorities  
Analyse a set of circumstances and identify any obligation to register for VAT and calculate the VAT liability / refund

#### Administrative aspects of VAT

Define a 'taxable period' for VAT purposes  
Describe the different VAT returns and when each is applicable  
Outline when the different VAT returns must be filed  
Outline how to complete a VAT3 return  
Outline the penalties that apply in the case of non-compliance with filing requirements  
Outline the options available to Revenue when a person under-declares their VAT or over-claims a refund  
Outline the options available to Revenue when a person fails to register for VAT or fails to file a return  
Outline the requirements of a valid VAT invoice  
Explain how these requirements are met by electronic invoicing  
Outline the time limits for issuing invoices  
Outline the requirements of a valid credit note  
Outline the requirements of a valid debit note  
Outline the penalties that apply to non-compliance in relation to invoices  
Describe the taxpayer's obligation to keep records  
Compare this to the obligation to keep records under other tax heads  
Outline the Revenue's obligations in relation to VAT registrations  
Outline the taxpayer's obligations and choices in relation to VAT registration  
Outline how a taxpayer registers for VAT  
Describe Revenue's power to enter premises  
Outline what information an accountable person must furnish to an authorised officer  
Describe the circumstances in which Revenue can seek security from taxpayers  
Describe some of the other powers of Revenue  
Describe the expression of doubt facility contained within the VAT Acts  
Compare the VAT expression of doubt to that contained in TCA 1997

**Part 2**  
**Indirect Taxes: Application & Interaction**

**Accounting for VAT**

Explain the purpose of a VAT control account

**8. Describe the application of other indirect taxes**

**National Excises**

State what Vehicle Registration Tax ('VRT') is and when it arises

Identify the sources of law that govern VRT

Calculate VRT due

Outline where VRT may be relieved

Outline where VRT may be refunded

Outline any additional rules regarding the registration of vehicles in Ireland

Identify the other main national excise taxes

Identify the sources of law that govern these excises

Calculate the excise duties payable

**Harmonised excises**

List the main harmonised excises

Explain when each of the harmonised excises is due, how the excise is calculated, how intra-Community commercial movements are treated and any reliefs available, including:

Alcohol products

Mineral oil

Tobacco products

Calculate the excise duties payable

**Interaction between VAT and the National/Harmonised Excises**

Explain the interaction of VAT with excises

Calculate the VAT and excises applying on a single transaction

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 2 Indirect Taxes: Application and Interaction module. These are:

**9. Use the VAT Act 1972 as amended to find the relevant legislation and apply this legislation as required**

**10. Apply relevant case law to the interpretation of tax law**

**11. Compute the tax liability for a taxpayer**

**Part 2**  
**Capital Taxes: Application & Interaction**

This module covers the taxation of gifts and inheritances, the use of trusts and family partnerships for succession planning and the administration of capital acquisitions tax. It involves applying the relevant provisions of the CAT Consolidated Acts, 2003 (CATCA 2003) and relevant case law.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Explain the Irish capital acquisitions tax (CAT) system as it relates to the taxation of gifts and inheritances.
2. Advise on the administration of an estate and the taxation of inheritances including any tax planning opportunities available.
3. Examine and explain the international aspects of CAT including the territoriality of the charge to CAT and any double tax relief available.
4. Explain how different types of gifts and inheritances are valued for capital acquisitions tax purposes. Apply the key capital acquisitions tax reliefs which lower the taxable value of gifts and inheritances. Distinguish these valuation methods and reliefs from those which relate to capital gains tax.
5. Differentiate between types of trust, define the key characteristics that determine the type of trust for tax purposes, and explain the taxation of the different types of trusts.
6. Explain and apply the system for the administration of CAT.
7. Apply specific anti-avoidance rules.
8. Use the CATCA 2003 to find specific provisions and apply them to practical situations.
9. Identify a disposition and compute the capital acquisitions tax liability arising thereon.

**Assessment**

Examination 100%

**Part 2**  
**Capital Taxes: Application & Interaction**

**1. Explain the Irish capital acquisitions tax (“CAT”) system as it relates to the taxation of gifts and inheritances**

**Introduction to capital acquisitions tax**

Identify the main sources of the law of CAT

Outline the statutory definition of:

Taking a gift

Taking an inheritance

Outline the charge to CAT, including the meaning of:

A disponer

A donee

A successor

Outline the main factors which determine the amount of the CAT liability

**Arriving at the taxable value**

Summarise how to calculate the taxable value of a gift or inheritance

Define the incumbrance free value of a benefit for CAT purposes

Describe allowable and non-allowable deductions for CAT purposes

Analyse a set of circumstances and determine whether any of these provisions are applicable in determining the taxable value of a gift or inheritance

Compute the taxable value of a gift or inheritance

Contrast the taxable value rules for CAT purposes to those for CGT and income tax purposes

**Calculating the tax**

Use the CATCA 2003 to define group thresholds, including defining a “child”

Outline how aggregation applies, using illustrative examples

Outline how to determine the rate of CAT applicable

Explain the taxation of same day benefits

Describe how the benefit of freedom from tax is subject to CAT

Apply these rules to calculate the CAT arising on a gift or inheritance

Explain how credit for CGT paid on the same event is granted

Apply these rules to calculate the CAT due on a gift or inheritance

**Paying the tax**

Outline the payment dates for CAT

Interpret legislation to define the valuation date for gifts or inheritances

Contrast the valuation date of gifts and inheritances with the date a gift or inheritance is deemed to be taken and explain the significance of each

**Taxation of married couples**

Outline any reliefs available on the transfer of assets between spouses

Outline how separated spouses are treated for CAT purposes

Outline how divorced spouses are treated for CAT purposes

Outline any relief available for a surviving spouse

Analyse a set of circumstances and determine whether any of these provisions are applicable

Calculate any CAT arising

Compare the CAT / CGT treatment of disposals between spouses

**Part 2**  
**Capital Taxes: Application & Interaction**

**Exemptions**

List the types of gifts / inheritances that are exempt from CAT and outline any conditions that need to be met, including:

Small gifts

Charities

Objects of national interest and heritage property

Retirement benefits including ARF and AMRFs

Certain securities

Certain receipts

Benefits from self

Certain inheritances taken by a parent

Dwelling house

List the types of donees that are exempt and outline any conditions that need to be met, including:

Incapacitated individuals

Publicly funded trusts for incapacitated individuals

Describe the CAT treatment of gifts between associated companies

Analyse a set of circumstances and determine whether any of these provisions are applicable

Calculate any CAT arising

**2. Advise on the administration of an estate and the taxation of inheritances including any tax planning opportunities available**

**Administering an estate**

Outline the steps involved in the administration of an estate

Explain what an Inland Revenue Affidavit is and when it is used

Outline the main terms of the Succession Act 1965, including:

The rules of intestacy

The requirements to provide for certain family members

The effect of separation or divorce on succession rights

Assets passing outside the estate

Appropriation of a part of the estate

Analyse a set of circumstances and determine whether any of these provisions are applicable

Rearrange the proposed plan of action so as to achieve the same commercial goal but availing of any reliefs available

Calculate any CAT arising

**Miscellaneous issues relating to estates**

Outline issues surrounding payments out of estates, including:

Money held in the name of two or more persons

Estates subject to litigation

Outline the CAT implications of legacies lapsing

Analyse a set of circumstances and determine whether any of these provisions are applicable

Calculate any CAT arising

**Part 2**  
**Capital Taxes: Application & Interaction**

**Policies of assurance**

Outline the CAT treatment of payments under life assurance policies  
Outline the CAT treatment of insurance proceeds paying inheritance tax and gift tax (“Section 60” and “Section 119” type policies)  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Calculate any CAT arising

**Disclaimers**

Define a disclaimer and outline what happens to a benefit that has been disclaimed  
Compare the effect of a disclaimer on intestacy to a disclaimer under a will  
Describe the CAT consequences of disclaimers  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Calculate any CAT arising

**3. Examine and explain the international aspects of CAT including the territoriality of the charge to CAT and any double tax relief available**

**Territorial scope of the charge to CAT**

Outline the impact that residence and domicile have on a person’s liability to CAT

**Anti-avoidance**

Outline why anti-avoidance rules relating to foreign controlled private registered companies were introduced  
Outline the main provisions of these rules  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Calculate any CAT arising

**Double taxation relief**

Outline how double taxation relief is granted in Ireland for tax suffered on a gift or inheritance in other jurisdictions, including:  
Unilateral relief  
Bilateral relief  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Calculate any CAT arising

**4. Explain how different types of gifts and inheritances are valued for capital acquisitions tax purposes. Apply the key capital acquisitions tax reliefs which lower the taxable value of gifts and inheritances. Distinguish these valuation methods and reliefs from those which relate to capital gains tax**

**Basic valuation rules**

Explain how the market value of a benefit is defined for CAT purposes  
Outline any exceptions to the general open market value requirement  
Compare this requirement to the CGT market value requirement

**Part 2**  
**Capital Taxes: Application & Interaction**

**Annuities and limited interests**

Outline how rights derived from other assets are valued for CAT purposes using the slice principle  
Describe how gifts or benefits with claims arising are valued  
Describe how the cessation of the claims on these benefits is treated for CAT purposes  
Describe how annuities not charged on property are valued  
Describe how limited interests are valued, including:  
Single lives  
Two or more lives  
A period certain  
Describe how the payment of CAT in instalments applies to limited interests  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Apply these provisions in conjunction with other provisions of the CATCA 2003  
Calculate any CAT arising

**Powers of revocations and contingencies**

Describe how a benefit, which is subject to a power of revocation, is treated for CAT purposes  
Describe how the cessation of this right or power is treated for CAT purposes  
Explain the interaction of the rules on the free use of property and those on gifts subject to a power of revocation  
Describe how a benefit, which is subject to a contingency, is treated for CAT purposes  
Describe the CAT treatment when such a contingency eventually arises/does not arise  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Apply these provisions in conjunction with other provisions of the CATCA 2003  
Calculate any CAT arising

**Property, including real property**

Outline how mortgages charged to a property are treated for the purposes of CAT  
Contrast joint tenants with tenants in common  
Explain how the CAT treatment of property transactions involving joint tenants is the same as those involving tenants in common  
Outline how the free use of property is charged to CAT  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Calculate any CAT arising

**Private companies**

Apply the tests set out in Irish tax law to decide if a company is a private company for CAT purposes  
Outline how shares in private companies should be valued for CAT purposes  
Compare the valuation for CAT with the valuation used for CGT  
Analyse a set of circumstances and determine whether any of these provisions are applicable  
Calculate any CAT arising

**Part 2**  
**Capital Taxes: Application & Interaction**

**Family businesses, including farms**

- Describe the relief available for "favourite nephews"
- Outline the conditions which must be met in order to qualify for this relief
- Outline the conditions which must be met in order to qualify for agricultural relief
- Define terms specifically associated with agricultural relief
- Outline any clawback provisions applicable to agricultural relief
- Outline the conditions which must be met in order to qualify for business relief
- Define terms specifically associated with business relief
- Outline any clawback provisions applicable to business relief
- Compare agricultural and business relief
- Compare these two CAT reliefs with the CGT available to the disponent
- Analyse a set of circumstances and determine whether any of these provisions are applicable
- Calculate any CAT arising

**5. Differentiate between types of trust, define the key characteristics that determine the type of trust for tax purposes, and explain the taxation of the different types of trusts**

**Introduction to trusts**

- Define the essential elements of a trust
- Contrast the different types of trusts
- Outline the commercial reasons for using trusts
- In relation to the trustee, outline the:
  - Office of the trustee
  - Duties of the trustee
  - Powers of the trustee
- Outline how a family partnership may be used as an alternative to a trust
- Compare a general power of appointment to a special power of appointment
- Outline how a power of appointment can affect the tax payable on the benefit
- Analyse a set of circumstances and determine whether any of these provisions are applicable
- Calculate any CAT arising

**Fixed trusts**

- Define a fixed trust
- Apply the charge to CAT to a fixed trust
- Explain the tax arising on disposals of interests created under a fixed trust, including:
  - Limited interests
  - Remainder interests
- Explain how the failure of a limited interest affects the charge to CAT
- Analyse a set of circumstances and determine whether any of these provisions are applicable
- Apply these provisions in conjunction with other provisions of the CATCA 2003
- Calculate any CAT arising

**Part 2**  
**Capital Taxes: Application & Interaction**

**Discretionary trusts**

- Define a discretionary trust for CAT purposes and contrast this with its legal definition
- Outline the appointments from a discretionary trust that give rise to gift or inheritance tax
- Apply the valuation, date of gift / inheritance rules in the context of a discretionary trust
- Interpret the main provisions of the CATCA 2003 relating to the 6% once off discretionary trust tax including:
  - The charge to tax
  - Payment
  - Exemptions and reliefs
- Interpret the main provisions of the CATCA 2003 relating to the 1% annual discretionary trust tax including:
  - The charge to tax
  - Payment
  - Exemptions and reliefs
- Analyse a set of circumstances and determine whether any of these provisions are applicable
- Apply these provisions in conjunction with other provisions of the CATCA 2003
- Calculate any CAT arising

**6. Explain and apply the system for the administration of CAT**

**Administration of taxes included in CATCA 2003**

- Identify who the accountable persons are for CAT
- Outline the self-assessment system as it relates to CAT, including:
  - Obligation to file a return
  - Filing and tax payment dates
  - Surcharge, interest on underpaid and overpaid tax, penalties and appeals
  - Revenue's powers
- Calculate any interest, penalty or surcharge due

**7. Apply specific anti-avoidance rules**

**Gift splitting**

- Interpret legislation to define connected dispositions, including onward gifts before first gift
- Outline any exceptions to the gift-splitting rules

**Dispositions enlarging the value of property**

- Explain the need for rules relating to dispositions enlarging the value of property
- Outline the rules relating to dispositions enlarging the value of property
- Analyse a set of circumstances and determine whether any of these provisions are applicable
- Apply these provisions in conjunction with other provisions of the CATCA 2003
- Calculate any CAT arising

**Part 2**  
**Capital Taxes: Application & Interaction**

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**Provisions affecting companies**

Explain why dispositions to a company are deemed to be taken by its beneficial owners

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 2 Capital Taxes: Application and Interaction module. These are:

- 8. Use the CATCA 2003 to find specific provisions and apply them to practical situations**
- 9. Identify a disposition and compute the capital acquisitions tax liability arising thereon**

**Part 2**  
**Research Skills Workshop**

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These workshops take the students' ability to use Irish tax legislation, as developed during the Part 1 workshops, and develop their ability to find Irish and International cases relevant to an individual or corporate taxpayer's particular circumstances. Students must then interpret this legislation and case law and apply it to the facts in a given case study. Finally, students must draft advice to either the taxpayer or another Registered Tax Consultant clearly setting out the tax consequences.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Identify the relevant sources of law from Irish and European sources
2. Carry out focused research across Irish law and Irish and International case law leading to technically sound conclusions
3. Interpret taxation legislation and related case law and apply this to meet the circumstances of individual and corporate taxpayers
4. Translate complex legal concepts and communicate implications to other Registered Tax Consultants or to taxpayers

**Research materials**

Taxes Consolidation Act 1997  
Stamp Duty Consolidation Act 1999  
Value Added Tax Acts  
Capital Acquisitions Tax Consolidation Act 2003  
Case law

**Part 2**  
**Research Skills Workshop**

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**1. Identify the relevant sources of law from Irish and European sources**

Describe the wider context in which the Irish taxation system sits (the Irish legal system)  
Identify the different sources of law applicable to taxation in Ireland and explain how each of the sources comes to be law  
Differentiate between primary, secondary and other sources of law, and identify whether the source is of binding or persuasive authority

**2. Carry out focused research across Irish law and Irish and International case law leading to technically sound conclusions**

Research all of the sources of law applicable to tax issues using the appropriate taxation or legal database(s)

**3. Interpret taxation legislation and related case law and apply this to meet the circumstances of individual and corporate taxpayers**

Apply the sources of law to the potential issues in the correct order, knowing which take precedence  
Use the aids to interpretation to reach a more conclusive understanding of the law

**4. Translate complex legal concepts and communicate implications to other Registered Tax Consultants or to taxpayers**

Identify any and all potential tax issues under all tax heads included in a narrative case study  
Advise the client of the tax issues, and conclude on any options open to reduce the client's tax exposure  
Prepare a technical memo using statutory references and the appropriate legal writing guidelines (citations etc)

**Part 3 Syllabus**

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### Part 3 Advanced Personal Taxes

This module draws on knowledge from Part 1 and Part 2 on the taxation of individuals. It covers the international aspects of personal taxes, such as double tax agreements, as well as some of the more complex areas of income tax, capital gains tax, capital acquisitions tax and stamp duty. It involves applying legislation, commentaries, statements of practice or case law to practical case studies.

#### Learning objectives

Upon completion of this subject, students will be able to:

1. Apply the relief available under double tax agreements to the taxation of Irish and foreign source profits arising to Irish resident and non-resident individuals.
2. Explain the taxation of foreign employments, overseas secondments and share-based methods of employee remuneration.
3. Explain the tax treatment of pension contributions and benefits and advise how pensions may be used to provide for retirement in a cost effective way.
4. Explain and apply the rules regarding onshore and offshore investments by individuals in the context of wealth management.
5. Explain and apply the reliefs and anti-avoidance rules that apply to property investments in Ireland and abroad.
6. Advise on the taxation of estates and trusts and identify any related succession planning opportunities.
7. Advise on the taxation implications of marital breakdown in Ireland.
8. Apply Ireland's general anti avoidance rules in practical situations.
9. Interpret tax legislation and case law and analyse commentaries and practices, applying a theoretical knowledge to a variety of scenarios involving individual clients.
10. Demonstrate an awareness of the interaction of taxes.
11. Draft reports in a coherent and structured manner, demonstrating commercial awareness.

#### Assessment

Continuous assessment	15%
Examination	85%

### Part 3 Advanced Personal Taxes

#### 1. Apply the relief under double tax agreements to the taxation of Irish and foreign source profits arising to Irish resident and non-resident individuals

##### Residence

Outline the tax credit entitlements of non-residents

##### Double tax agreements

Define what double taxation is and illustrate when it arises  
Define the need for double tax agreements (DTAs), bi-lateral agreements on social security and exchange of information agreements and explain their purpose  
Summarise the principles of double taxation relief  
Describe the legal standing of Ireland's DTAs  
Describe the legal effect of the OECD model treaty and its commentary  
Define the terms of the OECD model treaty as it relates to individuals  
Interpret and apply the Ireland-UK DTA as it relates to individuals (including stamp duty)  
Apply the terms of the Ireland-UK DTA to calculate relief from double taxation  
Interpret and apply the Ireland-USA DTA as it relates to individuals  
Apply the terms of the Ireland-USA DTA to calculate relief from double taxation

#### 2. Explain the taxation of foreign employments, overseas secondments and share-based methods of employee remuneration

##### Secondments and foreign employments

Describe what constitutes a foreign employment and how it is charged to tax in Ireland  
Describe how the PAYE system can operate in relation to mobile workers and employments not wholly exercised within the State  
Compare the different reliefs available in relation to employees of non-resident employers, calculate any relief due, outline its interaction with DTAs, and outline how the relief is claimed including:  
Non-resident employers  
Relief for cross-border workers  
Outline how the relief is claimed  
Describe the tax issues that may apply to outbound and inbound secondments specifically regarding:  
Residence  
Reliefs  
Collection of PRSI and the health contribution  
Available corporate tax deductions in Ireland  
Describe how the PAYE system can operate in relation to secondees  
Modify a secondment proposal so as to avail of all tax reliefs available  
Devise an alternative plan for a foreign employee, or a returning expatriate, so as to avail of all tax reliefs available (including relief from double taxation)

**Part 3**  
**Advanced Personal Taxes**

**Shares and share options**

- Distinguish between a share and a share option
- Describe the different events that may occur in the life of an option:
  - Grant
  - Vest
  - Exercise
  - Sale
  - Forfeiture
  - Abandonment
- Distinguish between an unapproved share option scheme and an approved share option scheme
- Describe the operation of a Save As You Earn share option scheme
- Explain the taxation of approved and unapproved employment share options
- Identify any relief available for the employer
- Describe the filing requirements for both employer and employee
- Calculate any Irish income tax and CGT liability arising on the grant, exercise, forfeiture, abandonment and sale of these employment related share options (or the underlying share)
- Compare the main types of share incentive and profit sharing schemes and, in relation to each, identify any relief available for the employer, describe the employer and employee filing requirements and calculate any related Irish income tax and CGT liabilities, including:
  - Approved profit sharing schemes
  - Employee new share schemes
  - Share incentive schemes
- Summarise the tax treatment of directors and employees acquiring convertible securities
- Calculate the Irish tax liability (both income tax and CGT) arising on these schemes
- Describe the filing requirements for both employer and employee
- Explain the taxation of gains made where an employee disposes of shares acquired under these schemes and their employer allows them to sell the shares for more than market value
- Summarise how changes in residency of a taxpayer affect their taxation in relation to share / share option schemes

**3. Explain the tax treatment of pension contributions and benefits and advise how pensions may be used to provide for retirement in a cost effective way**

**Pensions**

- Compare the conditions for approval, relief for an individual's and their employer's contributions, options on retirement, treatment on death and any restrictions to reliefs that might apply for the following pension schemes:
  - Occupational pension schemes
  - Retirement annuity contracts
  - Personal retirement savings accounts
  - Small self administered pension funds
  - Approved retirement funds / approved minimum retirement funds
- Advise on any planning opportunities available through the use of retirement benefit schemes

**Part 3**  
**Advanced Personal Taxes**

- Compare the taxation of retirement benefit schemes to the taxation of other methods of providing for retirement
- Modify a proposed retirement plan so as to avail of all tax reliefs available

**4. Explain and apply the rules regarding on and offshore investments by individuals in the context of wealth management**

**Investments**

- Define an option and identify the different types
- Explain the tax implications for both the grantor and grantee of:
  - Granting an option
  - Exercising an option
  - Allowing an option to lapse
  - Disposing of an option
- Analyse a set of circumstances and determine whether any of these are applicable
- Compare the use of options to the use of shares or other investment methods
- Modify a proposed investment plan so as to avail of all tax reliefs available

**Onshore and Offshore Funds**

- Explain the relief available for individuals who invest in gross roll-up funds
- Compare the taxation treatment of regulated and unregulated offshore funds
- Distinguish between a passive fund and a PPIU
- Explain the Irish taxation of a PPIU
- Outline any administrative requirements relating to these investment structures and the penalties associated with non-compliance
- Explain the Irish taxation of other investment structures commonly used to invest in foreign property
- Modify a proposed investment plan so as to avail of all tax reliefs available

**Wealth planning anti-avoidance rules**

- Describe the anti-avoidance rules dealing with the transfer of assets abroad by individuals resident or ordinarily resident in Ireland including:
  - The attribution of income
  - The attribution of gains
- Evaluate a set of circumstances to determine whether the rules apply, and if they do, to what extent, calculating any tax due
- Outline the taxation treatment of disposals by temporary non-residents
- Summarise other CGT anti-avoidance provisions including
  - Connected persons
  - Value shifting
- Explain how the restriction of specified reliefs for high earners applies where the individual has ring-fenced income and calculate the restriction

**Part 3**  
**Advanced Personal Taxes**

**5. Explain and apply the reliefs and anti-avoidance rules that apply to property investments in Ireland and abroad**

**Property**

Describe the Irish income tax and CGT treatment of Irish owned foreign property in locations with which Ireland does not have a DTA  
Calculate any relief available against any resultant Irish tax liability  
Compare the taxation of foreign property transactions (rental, trading or capital) to those involving Irish property

**6. Advise on the taxation of estates and trusts and identify any related succession planning opportunities**

**Taxation of estates**

Compare the income tax and CGT rules which apply in the year of death  
Determine the residency of an estate  
Explain the income tax and CGT treatment of personal representatives and executors  
Contrast the income tax treatment of different beneficiaries, including:  
    Specific legatees  
    Limited interests  
    Absolute interests in the residue  
Devise an alternative plan, that still meets the economic requirements of the taxpayer, but fully avails of any relief available through the use of wills  
Devise an alternative plan, that still meets the economic requirements of the taxpayer, but fully avails of any relief available through the use of the Succession Act 1965

**Taxation of trusts**

Contrast the different types of trusts and outline the commercial reasons for their use:  
    Discretionary trust  
    Fixed trust  
    Bare trust  
Summarise the income tax and CGT rules that apply to bare trusts  
Summarise the charge to CGT and stamp duty in relation to assets settled on a trust  
Summarise the income tax and CGT rules that apply to trustees  
Calculate the taxable profits and gains of a trust  
Describe the distributions that may be received from a trust  
Explain the income tax treatment of beneficiaries of a trust  
Describe the anti-avoidance rules that apply to:  
    A settlor of a revocable trust  
    Trusts in favour of a settlor's children  
Summarise the tax implication of a capital distribution from a trust  
Explain the income tax and CGT implications of life tenancies  
Summarise the special rules that apply to trusts for permanently incapacitated individuals  
Evaluate a set of circumstances and determine which of these provisions need to be applied, and calculate the tax liability of a settlor, trustee or beneficiary on trust transactions

**Part 3**  
**Advanced Personal Taxes**

**7. Advise on the taxation implications of marital breakdown in Ireland**

**Legal framework of marital breakdown**

Outline the main provisions of the Judicial Separation and Family Law Reform Act, 1989  
Outline the main provisions of the Domicile and Recognition of Foreign Divorces Act 1986  
Outline the main provisions of the Family Law (Divorce) Act 1996  
Compare voluntary maintenance payments to those under the deed of separation or a maintenance pending suit order  
Evaluate a set of circumstances and apply the law surrounding divorces in Ireland to determine whether the facts presented represent a legally enforceable divorce settlement or a voluntary settlement

**Separation**

Define factual separation of a husband and a wife and apply tests set out by the taxing authorities or common law to determine whether a factual separation has taken place or not  
Define legal separation of a husband and a wife  
Contrast the options available and the tax treatment of factually and legally separated couples  
Compare the meaning of separation for income tax, CGT, CAT and stamp duty  
Explain how the taxation rules relating to separated couples apply where one spouse is non-Irish resident  
Explain the interaction of couples separating and the taxation of trades / partnerships, certain benefit-in-kinds from family companies, close companies and trusts  
Explain the interaction of couples separating with CAT reliefs  
Describe the tax issues surrounding the use of a family home in the context of separation  
Apply the taxation rules set out in relation to marital separation to a given set of facts

**Divorce**

Contrast a legal separation and a divorce  
Apply the taxation rules set out in relation to separations to a divorce, explaining any differences that arise  
Explain the tax implications of foreign divorces and remarriage

**Nullity**

Contrast a divorce or separation with a declaration of nullity  
Apply the taxation rules set out in relation to separations to a nullity explaining any differences that arise

**Co-habiting couples**

Contrast the treatment of co-habiting couples with married couples  
Explain any differences there may be in the tax treatment of co-habiting couples after separation or divorce

**Part 3**  
**Advanced Personal Taxes**

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**8. Apply Ireland's general anti avoidance rules in practical situations**

**Ireland's general anti-avoidance rules**

Evaluate a scenario to determine whether Ireland's anti-avoidance provisions could be applied

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 3 Advanced Personal Taxes module. These are:

- 9. Interpret tax legislation and case law and analyse commentaries and practices, applying a theoretical knowledge to a variety of scenarios involving individual clients**
- 10. Demonstrate an awareness of the interaction of taxes**
- 11. Draft reports in a coherent and structured manner, demonstrating commercial awareness**

**Part 3**  
**Advanced Business Taxes**

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This module draws on knowledge from Part 1 and Part 2 on the taxation of companies in Ireland. It covers the international aspects of business such as groups, supply chain structures and double tax agreements as well as some of the more complex aspects of corporation tax, capital gains tax, stamp duty and accounting for tax. It also looks at transactions between shareholders and companies. It involves applying legislation, commentaries, statements of practice or case law to practical case studies.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Explain and apply the reliefs available when companies are members of a group.
2. Explain the Irish model for the taxation of international business and describe how the OECD model differs.
3. Advise on the implications of different transactions that occur between companies and their shareholders.
4. Advise on the tax and other implications that arise on the acquisition or disposal of a business (whether through sale or liquidation).
5. Explain the development of the principles behind Ireland's general anti-avoidance rules, and apply the rules to practical situations.
6. Advise on the taxation of property transactions.
7. Interpret tax legislation and case law and analyse commentaries and practices, applying a theoretical knowledge to a variety of scenarios involving corporate clients.
8. Demonstrate an awareness of the interaction of taxes.
9. Draft reports in a coherent and structured manner, demonstrating commercial awareness.

**Assessment**

Examination 100%

**Part 3**  
**Advanced Business Taxes**

**1. Explain and apply the reliefs available when companies are members of a group**

**Capital gains groups**

- Define a capital gains group
- Explain the group relief available for capital gains
- Describe how the relief applies to non-resident groups
- Describe how the relief applies to disposals outside the group
- Outline any restrictions on relief where a company joins a group with existing capital losses
- Describe the implications of a company ceasing to be a member of a group

**Corporation tax groups**

- Define a group / consortium for corporation tax purposes
- Identify any group reliefs available for corporation tax purposes
- Explain the interaction of group relief with other reliefs
- Describe the application of the reliefs, including the implications of:
  - Corresponding accounting periods
  - Companies joining or leaving a group
  - Restriction on group relief

**Stamp duty groups**

- Define associated companies
- Explain how associated company relief operates
- Describe the restrictions on associated company relief

**Comparison of group relief for corporation tax (CT), CGT and stamp duty (SD)**

- Compare the reliefs available to groups under each taxhead
- Devise an alternative plan, that still meets the economic requirements of the taxpayer, but fully avails of any group relief available

**2. Explain the Irish model for the taxation of international business and describe how the OECD model differs**

**Domestic taxation of international business**

- Explain how foreign exchange issues impact on taxation
- Evaluate where a trade of an Irish company is carried on
- Describe the Irish taxation of foreign trades
- Explain any specific issues that arise with respect to international business where the company involved is a close company for Irish tax purposes

**Ireland as a holding company location**

- Summarise the reliefs available through Ireland's holding company regime
- Explain issues for inward/outward investment in relation to Ireland, including:
  - The exit charge (if any) arising on migration of companies from Ireland
  - The withholding tax regime on outbound dividends; and
  - Other withholding taxes
- Describe the tax regime applicable to inbound dividends

**Part 3**  
**Advanced Business Taxes**

- Describe the relief available under the onshore pooling provisions in relation to tax credits on dividends
- Describe the relief available under the onshore pooling provisions in relation to tax credits on interest income
- Describe the relief available in respect of interest on borrowings used to finance subsidiaries
- Explain the operation of the participation exemption regime in relation to capital gains

**Double tax agreements**

- Define the terms of the OECD model agreement that are relevant to businesses
- Interpret the provisions of, and apply reliefs under the Ireland / UK and Ireland / US double tax agreements
- Explain how Ireland grants non-DTA unilateral credit relief
- Explain what is meant by a correlative adjustment and explain what relief may be available in Ireland in respect of such an adjustment

**EU impact**

- Explain the need for, interpret the provisions of and apply relief granted under:
  - The EC Parent Subsidiary Directive
  - The EC Interest and Royalties Directive
  - The EC Merger Directive
- Explain the EU's impact on group loss relief
- Explain how the EU's state aid rules impact on Irish domestic taxation

**International corporate structures**

- Outline the main types of corporate structures used within the EU
- Explain how and why different corporate structures are viewed as transparent, opaque or otherwise in different jurisdictions
- Explain the implications of operating through a branch
- Contrast the use of branches, subsidiaries or representative offices when expanding overseas
- Outline how a company can migrate its place of residence either into or out of Ireland
- Describe the legal issues surrounding the migration of residence
- Outline how the use of certain foreign entities can cause practical difficulties for Irish taxpayers

**Other issues in international taxation**

- Evaluate the OECD principles regarding
  - Transfer pricing
  - Thin capitalisation
  - Controlled foreign companies
- Compare the high level tax implications of the different supply chain / operational models that exist

**Part 3**  
**Advanced Business Taxes**

**3. Advise on the implications of different transactions that occur between companies and their shareholders**

**Reduction or reorganisation of share capital**

Explain the taxation implications of a company buying its own shares  
Describe and apply any reliefs available on reorganisations of share capital  
Describe and apply any reliefs available on share buy-backs  
Describe and apply the taxation of convertible securities

**Reorganisations involving change of ownership**

Describe and apply any reliefs available on the transfer of a business to a company  
Describe any reliefs available for company reconstructions and amalgamations  
Describe the impact on loss relief of the transfer of a trade  
Apply valuation techniques to shares in the context of reorganisations  
Compare the reliefs available for reorganisations and amalgamations  
Describe and apply the taxation of earn-outs and options

**Debt on a security**

Compare the taxation of "debts on security" to the taxation of ordinary debts  
Summarise the relevant case law on "debt on security"

**Anti-avoidance**

Summarise the legislation brought in to counter schemes to avoid a liability to tax under Schedule F  
Summarise the legislation introduced to prevent asset and dividend stripping schemes  
Summarise the legislation used to recover tax (CGT) from shareholders in certain circumstances

**4. Advise on the tax and other implications that arise on the acquisition or disposal of a business (whether through sale or liquidation)**

**Sale and purchase of a business**

Summarise the pre-sale legal issues surrounding the sale of a business  
Evaluate the financial statements of a business identifying potential tax due diligence issues  
Identify and interpret the key provisions of share and asset purchase agreements, identifying any tax exposures created therein  
Describe the main tax warranties, indemnities and covenants seen in share and asset sales  
Outline the deferred tax requirements under IFRS surrounding the acquisition of a business  
Contrast the taxation on the sale of shares to the sale of assets  
Summarise the financing options on a merger and acquisition and contrast the taxation of these

**Liquidations / cessation**

Summarise the taxation implications of liquidating / winding up a company  
Summarise the taxation implications of the liquidation of a family company  
Describe how CGT applies on appointment of liquidator

**Part 3**  
**Advanced Business Taxes**

**5. Explain the development of the principles behind Ireland's general anti-avoidance rules, and apply the rules to practical situations**

**General anti-avoidance**

Explain what is meant by tax avoidance  
Summarise the attitude of the courts in Ireland and the UK towards tax avoidance  
Explain the Irish legislative reaction to the Irish courts' attitude to tax avoidance (s. 811 and s. 811A)

**6. Advise on the taxation of property transactions**

**Taxation of property transactions**

Apply the taxation of appropriations to and from trading stock by an individual to incorporated entities  
Apply the taxation of property in the hands of individuals to the taxation of property companies  
Summarise the taxation of corporate leasing trades  
Compare the taxation implications of carrying out property transactions within an incorporated entity or personally

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 3 Advanced Business Taxes module. These are:

- 7. Interpret tax legislation and case law and analyse commentaries and practices, applying a theoretical knowledge to a variety of scenarios involving corporate clients**
- 8. Demonstrate an awareness of the interaction of taxes**
- 9. Draft reports in a coherent and structured manner, demonstrating commercial awareness**

### Part 3 Advanced Indirect Taxes

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This module builds on the knowledge gained at Part 2 on indirect taxes. It covers how the indirect taxes apply on transactions with parties located outside of the EU and VAT groups as well as the more complex aspects of VAT. It involves applying legislation, commentaries, statements of practice or case law to practical case studies.

#### Learning objectives

Upon completion of this subject, students will be able to:

1. Explain how individual Member States apply VAT law and the options open to the EU where there is disagreement over this application.
2. Apply the general rules relating to the charge to VAT to scenarios including atypical entities, groups and foreign entities.
3. Explain how VAT applies to international supplies (both between Member States and outside of the EU) and calculate the VAT due.
4. Apply the general rules surrounding VAT on property transactions to more complex scenarios.
5. Interpret case law surrounding the general rules on the amount chargeable to VAT.
6. Apply the general rules regarding the deduction available for VAT incurred or paid to more complex scenarios.
7. Explain and apply the administration of the VAT system including any special schemes that may exist, the appeals process and Revenue powers.
8. Describe the application of other indirect taxes including customs duty.
9. Explain how indirect taxes apply to atypical supplies of goods and services.
10. Interpret tax legislation and case law and analyse commentaries and practices, applying a theoretical knowledge to a variety of scenarios.
11. Draft letters of advice to clients, displaying an ability to apply theoretical knowledge to practical situations.

#### Assessment

Examination 100%

### Part 3 Advanced Indirect Taxes

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#### 1. Explain how individual Member States apply VAT law and the options open to the EU where there is disagreement over this application

##### Irish VAT in the EU context

Describe the role of each of the various institutions of the European Union which affect VAT legislation, including:

- the European Court of Justice
- the European Commission
- the Council of Ministers
- the European Parliament
- the VAT Committee

Explain why the EU Directives have direct effect in Ireland

Outline what is meant by direct effect

Compare direct effect to direct applicability

Explain the interaction between the Recast Sixth Council Directive and the national VAT legislation

Explain how the Recast Sixth Council Directive can be amended

Define a "derogation"

Describe the derogations in place in Ireland

Explain the concept of "mutual assistance" and describe how it operates

Describe the *Fiscalis* programme

##### Future developments

Outline how recent developments at EU level may impact VAT in Ireland in future

#### 2. Apply the general rules relating to the charge to VAT to scenarios including atypical entities, groups and foreign entities

##### Joint ventures and partnerships

Distinguish between joint ventures and partnerships for VAT purposes

Describe the VAT treatment of joint ventures and partnerships

##### Foreign traders

State when a "foreign trader" may become an accountable person

Outline a foreign trader's obligations on becoming an accountable person

##### VAT groups

Describe what is meant by group VAT registration

Outline the requirements for group VAT registration

Outline the advantages and disadvantages of group VAT registration

Set out any exceptions to the normal group VAT registration rules

#### 3. Explain how VAT applies to international supplies (both between Member States and outside of the EU) and calculate the VAT due

##### Rates of VAT

Describe the VAT treatment of certain supplies of goods, including:

- Letting of machinery
- Imports of goods

##### Cross border supplies (goods)

### Part 3 Advanced Indirect Taxes

Differentiate between imports / exports and intra-Community acquisitions / dispatches  
Outline the general place of supply rules relating to the export of goods  
Outline the treatment of transportation services in respect of the export of good outside the EU  
Outline any documentation requirements associated with the export of goods  
Outline the general place of supply rules relating to the import of goods  
Outline the treatment of transportation services in respect of the import of goods  
Outline any documentation requirements associated with the import of goods

#### Cross border supplies (services)

Explain what is meant by "use and enjoyment provisions" and explain why these provisions were introduced  
Outline the current 'use and enjoy' provisions  
Outline the tax treatment of services categorised under the 'use and enjoy' provisions  
Apply the rules for the intra-EU cross-border supply of services to the supply of services to / from non-EU countries

#### Supply chain

Outline the VAT issues relating to supply chain management

### 4. Apply the general rules surrounding VAT on property transactions to more complex scenarios

#### Transitional properties

Explain why the new VAT on property system needed to incorporate some transitional rules  
Cite the relevant legislative sections containing these transitional rules  
Outline the key issues that apply to "transitional" or "legacy" properties which fall to be taxed under the new system  
Perform calculations relating to these transitional rules

#### Post-1 July 2008 transactions involving property

Explain the anti-avoidance provisions relating to the sale of building land  
Outline the operation of the Capital Goods Scheme  
Calculate the VAT recoverable on a transaction under the Capital Goods Scheme  
Explain what is meant by a "capital good record"  
Outline the VAT treatment of the sale of a capital good  
Describe how the Capital Goods Scheme applies to properties bought or built under the old VAT on property regime  
Calculate the VAT arising on the sale of property under the Capital Goods Scheme  
Describe the consequences for a landlord of exercising or terminating the option to tax a letting  
Explain the VAT treatment where a property developer leases a residential property prior to its supply

### Part 3 Advanced Indirect Taxes

#### Other VAT on property issues

Explain the "two thirds rule" in relation to property  
Outline when the transfer of ownership of immovable goods is deemed not to be a supply of goods  
Outline the VAT treatment of subcontractors services  
Describe how intra-VAT group property transactions are treated

### 5. Interpret case law surrounding the general rules on the amount chargeable to VAT

#### Amount chargeable to VAT

Explain the VAT treatment and calculate the amount chargeable to VAT in relation to the following:  
Canteens and self supplies of services  
Hire purchase agreements  
Explain the interaction of excises and VAT in determining the amount chargeable to VAT

#### Consideration

Explain how vouchers, tokens and stamps are treated for VAT purposes  
Identify when the VAT is due when vouchers, tokens or stamps are involved  
Calculate the VAT due

### 6. Apply the general rules regarding the deduction available for VAT incurred or paid to more complex scenarios

#### Deductible and non-deductible VAT

Define "qualifying activities" including non-EU supplies for VAT purposes and explain their relevance to the recovery of VAT paid  
Explain why input VAT recovery is prohibited in relation to exempt and non-taxable activities  
Explain when the apportionment of input VAT is necessary  
Explain how this apportionment is made  
Calculate the input VAT credit when apportionment is necessary

#### Overpaid VAT

Explain the concept of "unjust enrichment"  
Apply the concept of "unjust enrichment" to claims for refunds of VAT

**Part 3**  
**Advanced Indirect Taxes**

**7. Apply the general rules regarding the administration of the VAT system to more complex scenarios including special schemes, the appeals process and Revenue powers**

**Schemes for accounting for VAT**

- Explain why margin and special schemes exist
- Describe how margin and special schemes are provided for under EU legislation
- Describe the margin or special scheme for:
  - Second-hand goods, works of art, collectors' items and antiques
  - Auctioneers
  - Means of transport
  - Agricultural machinery
  - Investment gold
  - Travel agents

**Appeal procedure**

- List the events relating to VAT which may be appealed
- Describe the role of the Appeal Commissioners in the context of these VAT appeals
- Identify the provisions of TCA 1997 which apply to VAT appeals
- Describe the roles of the Irish Circuit, High and Supreme Courts in the VAT appeals process
- Describe the role of the European Court of Justice in the VAT appeals process
- State when costs of appeal may and may not be awarded to the taxpayer

**Revenue powers**

- State when and where Revenue may publish the names of VAT defaulters
- State how and in what circumstances authorised Revenue officials may inspect and remove records
- State the circumstances where Revenue's power to arrest may be exercised
- List the different ways in which Revenue may recover VAT due
- Cite the statutory penalties that may be sought by Revenue in relation to VAT and state the time limits relating to these
- Outline the circumstances in which Revenue may forfeit and seize goods
- Explain how the findings in the Halifax case apply to Irish indirect taxes
- Explain how S. 811 TCA 1997 applies to indirect taxes

**Accounting for VAT**

- Explain why a company's VAT compliance should be examined as part of a due diligence review and identify some of the issues that may arise.

**8. Describe the application of other indirect taxes, including customs duty**

**Customs duty**

- Explain the concept of customs duty and state when it arises
- Explain how goods are classified for customs duty purposes
- Explain how goods are valued when calculating the customs duty due
- Explain the principal reliefs from customs duty
- State the purpose of the Single Administrative Document and describe its contents
- Explain the interaction of excise duty, customs duty and import VAT
- Calculate the customs duty arising on a transaction

**Part 3**  
**Advanced Indirect Taxes**

**9. Explain how indirect taxes apply to atypical supplies of goods and services**

**Other supplies**

- Outline how the supply of power is treated for VAT purposes
- Summarise the treatment of cross-border supplies of natural gas and electricity
- Describe how the excise duty on electricity operates
- Outline how the different parts of a hire purchase / credit sale are charged to VAT, including:
  - The original transfer of goods
  - Interest
- Compare the treatment when the hire purchase involves a finance company to when finance is supplied by the supplier of goods
- Explain the amount chargeable to VAT under a hire-purchase agreement
- Apply the general VAT administration rules (e.g. invoicing) to hire purchase arrangements
- Outline the VAT that arises on the transfer of a business, including
  - Acquisition of shares of a target company
  - Acquisition of business assets of a target company
  - Professional fees
- Explain any relief that may be available, including any specific relief for intangibles
- Outline the conditions attaching to any such relief
- Outline how the relief is claimed
- Compare the VAT treatment of buying a business to buying the company
- Outline how the self-supply rules apply to the provision of canteen services
- Summarise any situations where the self-supply rules will not apply
- Outline how the supply of electronic services is treated for VAT purposes
- Compare the supply of electronic services to the supply of an equivalent product in a more traditional form
- Describe how non-EU suppliers are treated for VAT purposes when they supply electronic services
- Describe the VAT treatment of cultural, artistic and entertainment services supplied in Ireland
- Describe the VAT treatment of cultural, artistic and entertainment services supplied outside of Ireland
- Describe the VAT treatment of premises providers
- Outline Revenue's powers in relation to non-established entertainers, promoters and mobile traders

In addition to the learning objectives listed above, this syllabus will assist you in achieving the other overall learning objectives for your Part 3 Advanced Indirect Taxes module. These are:

- 10. Interpret tax legislation and case law and analyse commentaries and practices, applying a theoretical knowledge to a variety of scenarios**
- 11. Draft letters of advice to clients, displaying an ability to apply theoretical knowledge to practical situations**

### Part 3 Professional Advice, Tax Audits & Ethics

This module covers everything which has been covered elsewhere in the course, but at a high level (for example, you will need to summarise the issues but without citing the legislative reference). It also covers Revenue audits and powers in detail, as well as giving consideration to the ethical issues that AITI qualified Registered Tax Consultants may face when giving tax advice.

The objective of this module is to bring aspects of capital taxes, personal taxes, business taxes and indirect taxes together with ethics, Revenue powers and Revenue audits in detailed case studies.

#### Learning objectives

Upon completion of this subject, students will be able to:

1. Analyse a case study and interpret the information provided.
2. Identify the taxation issues.
3. Deal with specific technical issues arising.
4. Address all relevant taxes in their answers, as well as applying knowledge of non-taxation subjects, namely law and accountancy.
5. Suggest a possible course or alternative courses of action that address the taxation issues in a commercially sound manner.
6. Write clear and unambiguous advice which displays an appreciation of the personal, business or commercial issues involved.
7. Identify what reliefs are available under each taxhead. Emphasis will be placed on the knowledge of tax reliefs and the ability to apply such reliefs.
8. Identify potential conflicts between taxing provisions and reliefs relevant to different taxes.
9. Research from various sources (including legislation, case law and Revenue practice) and across various taxheads and apply the research to multi-discipline case studies.
10. Advise on the practice and provisions that apply to Revenue audits and powers.

#### Assessment

Examination 100%

### Part 3 Professional Advice, Tax Audits & Ethics

- There is no formal syllabus for this module as it covers the learning outcomes from the other eleven modules of the AITI. However, there are learning outcomes for the aspects relating to learning objective 10, as follows:

#### 10. Advise on the practice and provisions Revenue audits and powers

##### Revenue audits and powers

- Describe the courses of action open to a taxpayer prior to a Revenue Audit
- Describe what is involved in a Revenue Audit
- Outline some practical rules for Revenue Audits
- Explain what records a taxpayer is obliged to retain
- Describe Revenue's powers to:
  - inspect documents and records
  - require production of accounts and books
  - use the Gardaí
- Describe the penalty provisions in place post 24 December 2008
- Describe the ongoing relevance of Revenue's 2002 Code of Practice
- Apply the rules and Code of Practice to a set of circumstances and advise a taxpayer of their rights and obligations.

- While the other modules focus on depth of knowledge, this module focuses on the breadth of knowledge and skills and the ability to take what you have covered elsewhere and apply it to a real-life case-study.
- The student manual for this module contains a series of case studies which pull together aspects of the different modules of the AITI into a single advisory letter. Students should use this manual as a guide on drawing together the knowledge and skills from the other modules.

Below are two examples of case studies included in the manual for this module. They list the chapters from the manuals for the other modules which are relevant to providing advice to the taxpayer along particular lines. The below lists are not exhaustive. The examples are included to provide students with guidance on what will be expected of them in this module.

- Ireland's intellectual property regime** will require students to draw on knowledge and skills learnt from the following modules and chapters:

##### Personal Taxes: Application & Interaction

- Exemptions and reliefs
- Restriction of 'specified reliefs' for high earners
- Schedule F

##### Advanced Personal Taxes

- Double tax agreements

##### Advanced Business Taxes

- Domestic taxation of international business
- Double tax agreements

##### Business Taxes: Application & Interaction

- Capital allowances
- Issues relating to intellectual property
- Disposal of business assets and investments
- Close companies

##### Advanced Indirect Taxes

- Cross border supplies (services)
- Deductible and non-deductible VAT
- EU impact

**Part 3**  
**Professional Advice, Tax Audits & Ethics**

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- **Marital breakdown** will require students to draw on knowledge and skills learnt from the following modules and chapters:

**Capital Taxes: Application & Interaction**

- Taxation of married couples
- Exemptions
- Administering an estate
- Family businesses

**Personal Taxes: Application & Interaction**

- Taxation of married couples
- Exemptions and reliefs

**Advanced Personal Taxes**

- Legal framework of marital breakdown
- Separation
- Divorce

**Advanced Indirect Taxes**

- Post 1 July 2008 transactions involving property
- Other supplies

**Part 3**  
**Research Skills Workshop**

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These workshops take the students' ability to use Irish and European tax law, as developed during the Part 2 workshops, and develop their ability to find OECD and Revenue guidance relevant to an individual or corporate taxpayer's particular circumstances. Students must then interpret this legislation and case law and apply it to the facts in a given case study. Finally, students must draft technical memos or advice to either the taxpayer or another Registered Tax Consultant clearly setting out the tax consequences.

**Learning objectives**

Upon completion of this subject, students will be able to:

1. Identify the relevant sources of law from Irish and European sources and guidance from the OECD
2. Carry out focused research across Irish and international tax law and Revenue practice leading to technically sound conclusions
3. Interpret taxation legislation, related case law, Revenue precedents and Revenue practice and apply this to meet the circumstances of individual and corporate taxpayers
4. Translate complex legal concepts and communicate implications to other Registered Tax Consultants or to taxpayers

**Research materials**

Taxes Consolidation Act 1997

Stamp Duty Consolidation Act 1999

Value Added Tax Acts

Capital Acquisitions Tax Consolidation Act 2003

Case law

Revenue statements of practice and e-briefs / Tax Briefings

Revenue precedents and interpretations

**1. Identify the relevant sources of law from Irish and European sources and guidance from the OECD**

Describe the wider context in which the Irish taxation system sits (the Irish legal system)

Identify the different sources of law applicable to taxation in Ireland and explain how each of the sources comes to be law

Differentiate between primary, secondary and other sources of law, and identify whether the source is of binding or persuasive authority

**2. Carry out focused research across Irish law and Irish and International case law leading to technically sound conclusions**

Research all of the sources of law applicable to tax issues using the appropriate taxation or legal database(s)

**3. Interpret taxation legislation and related case law and apply this to meet the circumstances of individual and corporate taxpayers**

Apply the sources of law to the potential issues in the correct order, knowing which take precedence

Use the aids to interpretation to reach a more conclusive understanding of the law

**4. Translate complex legal concepts and communicate implications to other Registered Tax Consultants or to taxpayers**

Identify any and all potential tax issues under all tax heads included in a narrative case study

Advise the client of the tax issues, and conclude on any options open to reduce the client's tax exposure

Prepare a technical memo using statutory references and the appropriate legal writing guidelines (citations etc)



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