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Institute of Certified Bookkeepers

Level III Diploma in Self-Assessment Tax Returns Completion

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Course Code L3SAT

Introduction

This qualification comprises both Personal and Business Taxation and relates to preparing simple tax computations and returns for Individuals and businesses (Sole Trader and Partnerships). Note: It specifically excludes the calculation of tax that arises from a Capital Gain, income from abroad (except furnished holiday lettings in the EEA and small amounts of dividends), people who are normally not resident or not domiciled within the UK and income from Trusts. Any person wishing to complete a tax return which includes any or all of the above exclusions must take the level 4 taxation paper.

Prior Knowledge: Candidates must have achieved (or been granted an exemption from) the Level III Certificate in Bookkeeping and Accounts.

Qualification aims

On completion of this qualification a candidate will be able to:

- Understand the duties and responsibilities of a bookkeeper / tax agent when completing self-assessment tax returns
- Identify the types of returns that may be completed
- Identify the sources of assistance available from the GOV.UK website
- Complete the sections on a personal self-assessment return
 - Identify the main sources of personal income
 - Identify the various types of tax reliefs that can be claimed
- Complete the sections on the employment supplementary pages of the return
 - Identify the elements of Employment Income and allowable expenses
- Complete the sections on the property supplementary pages of the return
 - Explain the types of income from property and allowable expenditure
- Complete the sections on the self-employment pages of the return
 - Identify and complete the returns that need to be completed by sole traders and partners
 - Explain the principle of basis periods applicable to Sole Traders and Partners
 - Explain the purpose of adjusted trading profits for Sole Traders and Partnerships
 - Explain the purpose of Capital Allowances (Equipment, Motor Vehicles and Other)
 - Determine adjusted Profit and Capital Allowances for a Sole Trader and a Partnership
- Explain the purpose of Simpler Income Tax for the Simplest Small Business and complete the Self-Assessment Return
- Calculate income tax due

- Explain the nature of and calculate National Insurance Contributions for both employed and self-employed persons
- Explain the procedure for payment and administration of both tax and National Insurance Contributions

Note: self-assessment tax returns for a partnership will be tested from the 2014-15 financial year.

Assessment and Grading

The testing of knowledge and skills for the qualification will comprise one online assessment, taken in the candidate's home or place of work. The assessment will be available for a period of forty-eight hours. The paper will consist of a series of tasks, some of which will involve entering amounts into screens that closely replicate screens from an on-line self assessment return. Other tasks involve calculations that demonstrate an understanding of the nature of the calculation of tax, National Insurance Contributions, Capital Allowances and adjusted net profit.

Assessments are graded at a Pass or Fail and the candidate must achieve 90% to achieve this qualification.

Topic 1 - Underpinning Knowledge	
Topic Area	Assessment Criteria
1.1 Duties and Responsibilities of the Bookkeeper / Tax Agent	<ul style="list-style-type: none"> • Understand that the ICB expects its members to maintain a high ethical standard and to observe confidentiality • Explain the need for: <ul style="list-style-type: none"> ○ Professional clearance ○ Letter of engagement • Explain the need for retention of financial records
1.2 Identify the types of returns that may be completed	<ul style="list-style-type: none"> • Identify the relevant sets of supplementary pages that need to be completed from the following: <ul style="list-style-type: none"> • Personal (SA101) • Employment (SA102) • Self-Employment (SA103) • Partnership (SA104) UK • Property (SA105) <p>Note: if any other supplementary pages are required they are not covered by this unit and no part of the self-assessment form should be completed</p>
1.3 Identify sources of assistance	<ul style="list-style-type: none"> • Access the various help tools on the GOV.UK website

Topic 2 - Entering Details of Personal Income onto a Self Assessment Return

Learning Outcome	Assessment Criteria
2.1 Identify the main sources of personal income	<ul style="list-style-type: none"> • Identify the main types of personal income including <ul style="list-style-type: none"> • interest received, gross and net • dividends received (tax credits) • Pensions, Annuities and Other State benefits • Other income not declared elsewhere
2.2 Identify the various types of tax reliefs that can be claimed	<ul style="list-style-type: none"> • Identify the main types of tax reliefs that can be claimed from: <ul style="list-style-type: none"> • Pension Schemes • Charitable Giving
2.3 Identify the elements of Employment Income and allowable expenses, and complete the relevant pages	<ul style="list-style-type: none"> • Identify the types of Employment Income. <ul style="list-style-type: none"> • Wages and Salaries • Tips • Benefits (such as company cars and fuel, private medical and dental insurance, vouchers, goods and assets, accommodation, interest free or low interest loans) • Identify the types of allowable expenses <ul style="list-style-type: none"> • Identify allowable expenses and deductions • Pension payments • Gift Aid – payroll giving • Complete the relevant areas of the Self-Assessment Return
2.4 Explain the types of Income from property and allowable Expenditure and complete the relevant pages	<ul style="list-style-type: none"> • Distinguish between the types of property income (holiday lets, rent a room, and other) • Identify allowable expenditure • Treatment of furnished lettings • Complete the relevant sections of the Self-Assessment Return

Topic 3 - Entering Details of Business Income and Expenditure for Sole Traders and Partnerships onto the relevant returns	
Learning Outcome	Assessment Criteria
3.1 Identify the returns that need to be completed by sole traders and partners	<ul style="list-style-type: none"> • Identify the relevant supplementary pages for completion by a sole trader (full or short) • Identify the return that needs to be completed by a partnership and decide if a full or short return can be made • Identify the relevant supplementary pages for completion by a partner as part of their personal return
3.2 Explain the principle of basis periods applicable to Sole Traders and Partners	<ul style="list-style-type: none"> • Identify the tax period being submitted • Identify if the basis period is different to the accounting period and make appropriate adjustments • Identify any change of accounting date • Identify if special arrangements apply
3.3 Explain the purpose of adjusted trading profits for Sole Traders and Partnerships	<ul style="list-style-type: none"> • Identify relevant business income and expenditure • Explain how profits are adjusted by disallowable expenses • Complete adjusted trading profit for the period
3.4 Explain the purpose of Capital Allowances (Equipment, Motor Vehicles and Other)	<ul style="list-style-type: none"> • Identify qualifying expenditure • Identify types of Capital Expenditure and allowances available • Calculate allowances: <ul style="list-style-type: none"> ○ FYA ○ AIA ○ WDA ○ Balancing charges ○ General and main pool • Prepare a Capital Allowance computation
3.5 Determine adjusted Profit and Capital Allowances for a Sole Trader and a Partnership	<ul style="list-style-type: none"> • Prepare adjustments to trading profit to include: <ul style="list-style-type: none"> ○ Private use of assets ○ Capital Allowances • Explain and identify when overlap relief may be used or carried forward and calculate amounts arising and useable. • Identify when losses may be carried back, brought forward or carried forward, or when they may be offset against other income for the year • Identify CIS deductions where applicable

<p>3.6 Complete the Partnership return and the relevant section of the self assessment return</p>	<ul style="list-style-type: none"> • Calculate and enter the split of profits for a partnership • Complete the Partnership Return • Complete the supplementary pages for the self-assessment return for a partner
<p>3.7 Complete the relevant sections of the self assessment return</p>	<ul style="list-style-type: none"> • Complete the supplementary pages of the self-assessment return for a Sole Trader
<p>3.8 Explain the purpose of Simpler Income Tax for the Simplest Small Business and complete the Self-Assessment Return</p>	<ul style="list-style-type: none"> • Identify the purpose of the cash basis and simplified expenses • Identify the key principles determining eligibility for the cash basis • Identify types of receipt • Identify allowable expenses • Identify the treatment of capital expenditure. Loan interest and VAT • Identify the key principles of simplified expenses that include: <ul style="list-style-type: none"> ○ Expenditure on vehicles ○ Use of home for business purposes ○ Premises used for home and business purposes • Explain the transitional rules • Identify the principles of leaving the scheme • Complete the Self-Assessment Return

Topic 4 - Calculate Tax and National Insurance Contributions due and File Returns

Learning Outcome	Assessment Criteria
4.1 Determine taxable income and tax payable	<ul style="list-style-type: none"> • Identify the elements of an income tax computation and prepare a calculation of income tax and class 4 NICs payable for an individual (including the effect of personal allowances other than the basic) • Understand the principle of adjustment of coding to collect tax from prior year • Identify when it would be appropriate to pay tax and NICs due through a PAYE tax code for a later year • Identify and calculate payments on account where relevant
4.2 Identify NI contributions payable	<ul style="list-style-type: none"> • Identify reasons for exemptions from class 4 NICs being applicable • Identify contributions payable as a Sole Trader or Partner <ul style="list-style-type: none"> ○ Class 2 ○ Class 4
4.3 Explain the procedure for payment and administration	<ul style="list-style-type: none"> • File the Self-Assessment Return • Identify due dates for payment of Income Tax and class 4 NICs • Explain the purpose of interest and penalties, when penalties for failure to file a return or pay tax and class 4 NICs are incurred and how they are calculated



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