The Institute of Certified Bookkeepers

Level IV Module 3 - Personal Taxation

Module 3 Personal Taxation

Personal Taxation

Topic Area	Learning Outcome	Assessment Criteria
Topic (1) Tax on Individuals	Explain what is meant by the terms: Income Tax Capital Gains Tax	Be able to: (1) Distinguish between: Income Tax and Capital Gains Tax
(2) Sources of Income	Identify the main sources of income	(1) Classify income as taxable income or exempt income.
(3) Employment Income (Earnings)	Identify the elements of employment income (earnings).	(1) Define employment status. (2) Identify the types of employment income. (3) Define the term basis of assessment. (4) Identify allowable expenses and deductions. (5) Outline the principles of the PAYE system

Topic Area		Learning Outcome	Assessment Criteria	
(4)	Employment Income (Benefits)	Identify the elements of employment income (benefits)	(1)	Identify the three categories of benefits.
			(2)	Outline the types of exempt benefit.
			(3)	Identify the benefits assessable on all employees and directors.
			(4)	Identify the benefits assessable on PIID employees.
(5)	Employment Income (Supplementary pages of the Self Assessment Return)	Explain the content of the supplementary pages of the Self Assessment Return and complete the return.	(1)	Identify the sources of income, benefits and employment expenses.
			(2)	Complete the supplementary pages relevant to employment.

Topic Area	Learning Outcome	Assessment Criteria
(6) Income from Property	Explain the types of income from property and the allowable expenditure.	(1) Distinguish between the types of property income. (2) Explain the basis of assessment. (3) Identify the allowable expenditure: • Wholly and exclusive • Capital expenditure • Items of allowable expenditure • Wear and tear allowance (4) Treatment of Losses. (5) Treatment of Furnished Lettings.
(7) Income from Property Supplementary pages of the Self Assessment Return	Explain the content of the supplementary pages and complete the return.	(1) Identify the income from property and the allowable expenditure (2) Complete the supplementary pages relevant to income from property.

Topic Area	Learning Outcome	Assessment Criteria
(8) Investment Income	Identify the main sources of Investment Income.	(1) Outline the two categories of investment income. (2) Identify income received (net). (3) Identify the types of savings income: • Taxable interest received gross and net (4) Dividends Received: • Types of Dividend Income

Topic Area	Learning Outcome	Assessment Criteria
(9) Calculate Income Tax Payable	Determine taxable income and income tax payable.	(1) Identify the elements of an income tax computation. (2) Identify all sources of income, income from employment, savings, dividends and property. (3) Identify personal allowances. (4) Prepare a calculation of tax payable.
(10) Pension Payments and Gift Aid	Explain the tax treatment of pension contributions and donations to charity.	(1) Identify the options available: • OPS, Occupational Pension Schemes • PPS, Personal Pension Schemes (2) Explain the tax relief available on pension contributions. (3) Identify the types of donations to charity: • Payroll giving • Gift of assets • Gift aid
(11) Introduction to Capital Gains Tax	Explain the elements of capital gains tax.	(1) Define the terms: • Chargeable person • Chargeable disposal • Chargeable asset (2) Identify exempt assets. (3) Define the term annual exemption. (4) Identify the elements of a capital gains tax computation.

Topic Area	Learning Outcome	Assessment Criteria
(12) Individual Gains and Losses	Explain the treatment of gains and losses.	(1) Identify the elements of individual gains and losses. (2) Treatment of part disposals. (3) Define the term Chattels and rules that apply to their disposal: • Disposals between connected persons • Disposals between husband and wife and civil partners (4) Principal private residence exemption.
(13) Shares and Securities (CGT)	Explain the tax treatment of shares and securities.	(1) Identify the matching rules. (2) The principle of same day and next 30 days. (3) Explain the purpose of the share pool. (4) Explain the treatment of bonus issues and rights issues.
(14) Capital Gains Tax Summary Pages	Explain the content of the summary pages and completion of return.	(1) Identify total gains and losses for the period (2) Identify disposals of shares and securities. (3) Complete the supplementary pages.

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