ACCREDITED BUSINESS QUALIFICATIONS

INCOME TAX RETURNS (ITRT)

CURRICULUM STATEMENT

CURRICULUM STATEMENT: ICB INCOME TAX RETURNS

Introduction to income tax

- explain the purpose of the Income Tax Act;
- identify the different types of tax that are payable;
- compute the basic taxable income of an individual and a business;
- calculate a tax liability using the tax tables for individuals;
- determine marginal and effective tax rates; and
- describe the scope and aim of the Tax Administration Act 28 of 2011 (TAA).

Determining income

- define gross income;
- identify amounts that are included in gross income as per the 'general definition of gross income';
- identify amounts that are included in gross income as per the 'special inclusions';
- define exempt income;
- identify entities and income that are exempt from tax;
- calculate the exempt portion of gross income, where the exemption is partial; and
- calculate income for tax purposes.

Allowable deductions

- identify and calculate expenses that are deductible in terms of the general deduction formula;
- identify and calculate expenses that are deductible in terms of special deductions;
- identify and calculate prohibited deductions; and
- calculate taxable income (excluding capital gains).

Employee allowances and fringe benefits

- calculate the taxable portion of a travel allowance;
- calculate the taxable portion of a subsistence allowance;
- determine the taxation of other allowances and identify deductions that may be claimed;
- identify fringe benefits; and
- calculate the cash equivalent of fringe benefits for taxation purposes.

Capital gains tax

- interpret legislation related to capital gains, and apply the laws and procedures relating thereto;
- identify disposals and deemed disposals;
- establish the time of disposal;
- calculate the proceeds and base costs of an asset that is disposed of;
- identify exclusions;
- identify disallowed capital losses;
- identify deferred capital gains; and
- calculate the taxable capital gain.

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Employees' tax and provisional tax

- calculate gross earnings for an employee, including allowances and taxable fringe benefits;
- calculate 'remuneration' and 'balance of remuneration', as defined by the South African Revenue
- Service (SARS);
- calculate 'PAYE remuneration', 'Skills Development Levy (SDL) remuneration' and 'Unemployment Insurance Fund (UIF) remuneration', as defined by SARS;
- complete a monthly EMP201 return that reflects the correct calculation of PAYE, SDL and UIF that is due to SARS;
- complete an annual EMP501 reconciliation for SARS;
- explain the reasoning behind the provisional tax system;
- perform the calculations pertaining to the first provisional tax payment;
- perform the calculations pertaining to the second provisional tax payment; and
- perform the calculations pertaining to the third provisional tax (top-up) payment.

Taxation of non-residents and business entities

- determine whether or not a person is a resident of South Africa for tax purposes;
- interpret legislation relating to non-residents, companies, close corporations (CCs) and trusts, and apply the laws and procedures thereto;
- calculate withholding tax on specific income that is paid to non-residents in terms of section 35A, section 47, section 49 and section 50 of the Income Tax Act 58 of 1962;
- determine the taxable income and tax liability of a non-resident;
- determine the taxable income of a sole proprietor and a partner in a partnership;
- identify a group of companies;
- determine the tax liability of a small business corporation (SBC);
- identify dividends and deemed dividends;
- calculate dividends tax to be withheld;
- identify the different types of trusts;
- identify who will be liable for the tax on a trust's income in terms of section 25 and section 7 of the Income Tax Act; and
- determine the tax liability of a trust.

Turnover tax

- identify which businesses will qualify as micro businesses;
- determine taxable turnover;
- calculate turnover tax payable; and
- calculate interim tax payments.

Donations tax and estate duty

- identify who is liable for donations tax;
- identify donations that are exempt from donations tax;
- identify deemed donations;
- explain limited interests in property;
- value property and limited interests in property for donations tax purposes;

- calculate donations tax;
- interpret legislation related to estate duty;
- apply the laws and procedures relating to estate duty;
- identify property and deemed property to be included in the gross estate; identify the deductions allowable from the gross estate;
- calculate the dutiable estate by deducting the section 4A abatement;
- calculate estate duty payable;
- identify rebates allowable in terms of Schedule 1 and section 16; and
- apportion estate duty liability.

Completing tax returns

- complete ITR12 individual tax returns; and
- complete ITR14 company tax returns.

The tax practitioner

- discuss ethics as it relates to tax professionals;
- identify the need for tax practitioners in South Africa;
- explain when a person should register with SARS as a tax practitioner;
- outline the circumstances under which a person does not have to register with SARS as a tax practitioner;
- explain the procedures that must be followed for registration as a tax practitioner; and
- discuss the reasons for regulating the tax profession and the benefits of professional membership.