

TAXATION

SYLLABUS CHART



Advanced Taxation – Paper 17



Taxation – Paper 11

OVERALL AIM

To equip the learner with knowledge of Uganda's tax system, covering computation of different taxes, preparation of tax returns and administration of tax

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

	Learning outcomes	K	C	A	An	S	E
1.	Explain the objectives of taxation and factors that determine the country's taxable capacity		✓				
2.	Discuss forms of taxation in Uganda		✓				
3.	Describe the evolution of tax administration in Uganda		✓				
4.	Compute tax liability for an individual and corporate entity			✓			
5.	Advise on application of the tax system to an individual and corporate entity in Uganda				✓		
6.	Prepare tax returns and other correspondences for individuals and corporate entities			✓			
7.	Demonstrate an understanding of tax assessments			✓			
8.	Discuss ethical challenges encountered when handling taxation issues			✓			

LEVEL OF ASSESSMENT

The examination will test knowledge, comprehension and application of skills in the computation of different taxes, preparation of tax returns and other correspondences with tax authorities.

EXAMINATIONS STRUCTURE

There will be a three-hour examination made up of sections A and B. Section A will comprise one compulsory question of 40 marks and section B will comprise four questions of 20 marks each, of which the candidate will be required to attempt any three

DETAILED SYLLABUS

A. INTRODUCTION TO TAX ADMINISTRATION IN UGANDA

1. History and background of tax
2. Evolution of tax administration in Uganda:
 - (a) Pre- Uganda Revenue Authority (URA) regime
 - (b) URA regime
 - (c) E-tax (Registration, filing, assessment, payment, electronic stamps, electronic fiscal receipting and invoicing systems)
3. Objectives of taxation
4. Principles (canons) of taxation
5. Tax incidence, impact of a tax, tax base
6. Characteristics of a good tax system
7. Tax shifting; factors that determine tax shifting

B. NATURE AND SCOPE OF TAXATION

1. Classifications of taxes:
 - (a) Progressive
 - (b) Proportional
 - (c) Regressive
2. Direct tax, indirect tax; advantages and disadvantages
3. Taxable capacity: Meaning; factors affecting taxable capacity
4. Tax compliance, tax evasion, tax avoidance
 - (a) Meaning
 - (b) Factors influencing tax compliance
5. Methods of tax accounting
6. Structure of Uganda's tax system and its implications

C. PRINCIPLES OF INCOME TAX

1. Meaning of: Income tax, chargeable income, gross income, exempt income

2. Exempt income and exempt organisations
3. Residence status:
 - (a) Resident: Individual, company, partnership, trust, retirement fund
 - (b) Short-term resident
 - (c) Non-resident person
4. Provisions of the Income Tax Act: allowable and disallowable deductions; taxable and exempt income; basis of assessments; capital allowances
5. Year of income, including normal, transitional and substituted year of income
6. Tax rates for: individuals, companies, partnerships, corporations, insurance business, clubs, societies, amateur sporting associations, retirement funds, trusts

D. TAXATION OF EMPLOYMENT INCOME

1. Meaning of employment; employment income
2. Sources of employment income
3. Taxable benefits and non-taxable benefits
4. Allowable deductions
5. Exempt employment income
6. Income from past employment
7. Computation of employment income and tax liability

E. TAXATION OF BUSINESS INCOME

1. Meaning of business; business income
2. Examples of business income
3. Characteristics of trade
4. Small business taxpayer: Meaning; implications, advantages and disadvantages of presumptive income tax
5. Determination of taxable business income:
 - (a) Allowable deductions
 - (b) Non-allowable deductions
 - (c) Capital deductions
 - (i) Qualifying capital expenditure; types of capital expenditure
 - (ii) Allowances: Industrial building allowance, initial allowance, wear and tear allowance, farm works allowance.

6. Computation of chargeable income and tax liability for:
 - (a) Individual
 - (b) Partnership and partners (excluding conversions)
 - (c) Company

F. TAXATION OF PROPERTY INCOME

1. Meaning, scope and determination of applicable tax
2. Dividends
3. Interest
4. Royalties
5. Rent
6. Natural resource payments
7. Gaming and sports betting
8. Any other payment derived by a person from the provision, use or exploitation of property.

G. TAXATION OF RENTAL INCOME

1. Meaning of rental income and rental tax
2. Tax treatment of rental income:
 - (a) Individuals: Allowable deductions; tax thresholds
 - (b) Corporate entities: Allowable deductions
 - (c) Computation of rental tax
 - (d) Distinction between the taxation of resident and non-resident persons with regard to rental income.

H. CAPITAL GAINS TAX

1. Meaning, scope of capital gains tax:
2. Business assets
3. Cost base of an asset
4. Disposal of an asset:
 - (a) Gain or loss on disposal
 - (b) Cost base of a non-arm's length disposal
 - (c) Part disposal of an asset
 - (d) Disposal by exchange
 - (e) Disposal by way of gift
 - (f) Deemed disposal

(g) Computation of capital gains tax on disposal

I. WITHHOLDING TAX

1. Meaning of withholding tax and the parties to this tax—designated withholding tax agents, government entities and non-designated taxpayers; withholding tax point
2. Payments subject to withholding tax
3. Withholding tax as a final tax; conditions and implications
4. Payment of withholding tax; penalties for non-compliance
5. Determination of withholding tax on various payments

J. ADMINISTRATION OF INCOME TAX

1. Registration and deregistration of taxpayers
2. Returns:
 - (a) Meaning of return of income and assessment
 - (b) Persons eligible to file a return of income
 - (c) Circumstances where a return of income is not required
 - (d) Due dates for filing a return of income: Final return, provisional return, estimated return and amended assessment
 - (e) Extension of time to file a return of income
3. Tax assessments:
 - (a) Self-assessment
 - (b) Additional assessment/ amended assessment
 - (c) Estimated assessment
 - (d) Default assessment
 - (e) Advance assessment
4. Due dates and payment of:
 - (a) Final tax
 - (b) Provisional tax
 - (c) Withholding tax
5. Tax decisions, objections and appeals
6. Penalties and offences
7. Collection, recovery and refund of taxes
8. Small business taxpayers: Computation of small taxpayer's liability, return of gross income, election or option for income tax

K. VALUE ADDED TAX (VAT)

1. Meaning, advantages and disadvantages of VAT
2. Scope and administration of VAT:
 - (a) Taxable persons
 - (b) VAT registration and deregistration
 - (c) Taxable supplies of goods/ services, zero rated supplies, exempt supplies, mixed supplies
 - (d) Place of supply
 - (e) Rate of tax and tax period
 - (f) Returns and due dates
 - (g) Payments and due dates
3. Accounting for VAT:
 - (a) Time/ point of supply
 - (b) Valuation of supplies.
 - (c) Taxable value of imported goods and services
 - (d) Cash basis of accounting and invoice basis of accounting; advantages of cash accounting over invoice accounting
4. Tax invoices; credit notes; debit notes
5. Powers and duties of the Commissioner General
6. Rights and obligations of a registered taxpayer
7. Computation of input and output tax
8. VAT refund procedures
9. VAT objection and appeals
10. Offences and penalties

L. OTHER SOURCES OF GOVERNMENT REVENUE

1. Meaning and scope of non-tax revenue
2. Sources of non-tax revenue:
 - (a) Fines and penalties
 - (b) Stamp duty
 - (c) Licenses
 - (d) Lotteries
 - (e) Rates

- (f) Local service tax
- (g) Fees
- (h) Royalties

M. CUSTOMS MANAGEMENT PROCEDURES

1. Introduction
2. Movement of goods and people
3. Importation procedures:
 - (a) Arrival and reporting procedures for goods
 - (b) Arrival by international trains, vehicles and other means overland
 - (c) Re-export procedures
 - (d) Goods in transit
 - (e) Importation by post and courier; procedures for clearing post parcels:
 - (i) Examination procedures for parcels
 - (ii) Redirecting parcels
 - (iii) Warehousing of imports by post and couriers
4. Prohibited and restricted goods:
 - (a) Reasons for restriction of certain goods
 - (b) Reasons for imposing prohibitions
5. Unloading and removal of cargo:
 - (a) Entry, examination and delivery
 - (b) Removal of goods by sale in customs warehouse
 - (c) Passenger clearance
6. Customs warehouses
 - (a) Meaning
 - (b) Receipt/ delivery of goods
 - (c) Disposal of warehouse goods
7. Bonded warehouses
 - (a) Meaning
 - (b) Customs procedures for bonded warehouses:
 - (i) Receipt/ delivery of goods
 - (ii) Entry and control of goods prior to bonded warehouse

- (iii) Licensing of bonded warehouse
 - (iv) Goods not allowed in bonded warehouses
- 8. Exportation procedures:
 - (a) Customs procedures for exports
 - (b) Entry outwards of goods
 - (c) Export of bonded goods
- 9. Smuggling:
 - (a) Meaning
 - (b) Forms
 - (c) Problems associated with smuggling
 - (d) Ways of preventing smuggling; treatment of offenders.
- 10. Customs Union
 - (a) Meaning
 - (b) Benefits, challenges, opportunities created
- 11. Common markets: Advantages, trade barriers
- 12. Customs valuation and computation of duty

N. ETHICAL ISSUES

- 1. Ethical challenges that may be met when carrying out tax work
- 2. Importance of acting with integrity and consequences of tax avoidance

REFERENCES

- 1. ICPAU, Taxation, Kampala.
- 2. Government of Uganda, by Uganda Printing and Publishing Corporation:
 - (a) Income Tax Act, Cap 340
 - (b) Value Added Tax Act, Cap 349
 - (c) Excise Duty Act, 2018
 - (d) East African Customs Management Act
 - (e) The Tax Procedures Code Act
- 3. Joseph O. O., Current year. Domestic & International Taxation in Uganda, Kampala Uganda.
- 4. Oats L., 2021. Principles of International Taxation, 8th ed, London UK: Bloomsbury.