

## OVERALL AIM

To equip the learner with competences in resolving income tax issues.

## Learning Outcomes

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

	Learning outcomes	K	C	A	An	S	E
1.	Apply the resident/non-resident rules on taxation of income.			✓			
2.	Apply income tax legislation to varying practical situations, including the computation of tax				✓		
3.	Prepare Income tax records, reports and accounts						✓
4.	Advise on assessment of taxation aspects including application of case law				✓		
5.	Apply relevant case law in tax decisions					✓	

## **LEVEL OF ASSESSMENT**

The learner is expected to analyse tax issues, apply case law and provide professional solutions.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising two sections. Section A will comprise one compulsory case study question carrying 50 marks. Section B will comprise three scenario based questions each carrying 25 marks, of which the candidate will attempt any two questions.

### **DETAILED SYLLABUS**

#### **A CHARGEABLE INCOME**

1. Business income
  - (a) Meaning of business and other key terms
  - (b) Derivation of income
  - (c) Year of income
  - (d) Gain on disposal of business assets
  - (e) Satisfaction/cancellation of business debt
  - (f) Consideration for accepting restriction on capacity to carry on business
  - (g) Gross proceeds from disposal of trading stock
  - (h) Value of gifts in a business relationship
  - (i) Interest on trade receivables
  - (j) Recouped expenditure
  - (k) Computation of business income
  - (l) Use of case law
  
2. Property Income
  - (a) Meaning
  - (b) Key legal considerations
  - (c) Derivation of income
  - (d) Year of income
  - (e) Interest

- (f) Dividends
  - (g) Royalties
  - (h) Annuity
  - (i) Natural resource payment
  - (j) Value of gift
  - (k) Contributions to retirement fund by exempt employer
  - (l) Property not being let out
  - (m) Capital expenditure
  - (n) Property income losses
  - (o) Overseas property business
  - (p) Non- resident landlords
  - (q) Computation of property income
  - (r) Use of case law
3. Rental Income
    - (a) Meaning
    - (b) Key definitions
    - (c) Computation of rental income
    - (d) A return of rental income
  4. Employment income
    - (a) Meaning
    - (b) Key legal considerations
    - (c) Wages, salary, leave pay, payment in lieu of leave, overtime pay e.t.c
    - (d) Taxable benefit
    - (e) Measuring the benefits
    - (f) Discharge or reimbursement of employee expenditure
    - (g) Compensation for termination
    - (h) Premium for insurance by tax-exempt employer
    - (i) Consideration for employee's agreement to conditions of employment
    - (j) Value of shares to an employee

- (k) Disposal of a right or option to acquire shares
  - (l) Exclusions from employment income
  - (m) Foreign employment income
  - (n) Computation of employment tax liability
  - (o) Use of case law
5. Chargeable income of non-residents
- (a) Income from non-trade activities
  - (b) Active income of non-residents
  - (c) Understanding of source rules
6. Other considerations
- (a) Cross border investments
  - (b) Chargeable income from insurance business
  - (c) Exempt income
  - (d) Allowable and non-allowable expenses
  - (e) Miscellaneous rules on determining chargeable income

## **B CAPITAL ALLOWANCES**

- (a) Terminology and basic layout
- (b) Effect of capital allowances
- (c) Qualifying expenditure – legislation
- (d) Qualifying expenditure – case law
- (e) Effective date of purchase
- (f) Hire purchase
- (g) Writing down allowances
- (h) Initial allowance
- (i) Industrial building allowances
- (j) Start-up costs
- (k) Long life assets

- (l) Integral features
- (m) Costs of intangible assets
- (n) Apportionment of deductions
- (o) Claiming and disclaiming allowances
- (p) Capital allowances and tax planning

## **C TAXATION OF RESIDENT AND NON-RESIDENT PERSONS**

1. Individuals
  - (a) Taxation of individuals
  - (b) Income splitting
  - (c) Foreign tax credits
2. Partnerships and Partners
  - (a) Principles of taxation for partnerships
  - (b) Calculation of partnership income/loss
  - (c) Non- resident partnership
  - (d) Formation, reconstitution, or dissolution of a partnership
  - (e) Partnership changes
  - (f) Taxation of partners
  - (g) Cost base of partner's interest
  - (h) Foreign tax credits
3. Trusts, Trustees and Beneficiaries
  - (a) Provisions relating to taxation of Trusts and Beneficiaries
  - (b) Principles of taxation of trusts
  - (c) Taxation of trustees and Beneficiaries
  - (d) Taxation of estates of the deceased persons
  - (e) Foreign tax credits
4. Companies
  - (a) Basic concepts and legal provisions
  - (b) Change in control of a company
  - (c) Dividend stripping

- (d) Target and acquiring company
- (e) Roll-over relief
- (f) Conditions for the relief
- (g) Reorganization without significant change in ownership
- (h) Foreign tax credits

## **D. WITHHOLDING TAX (WHT)**

- (a) WHT at source
  - (i) WHT by employers
  - (ii) Interest payments to resident persons
  - (iii) Dividend payment to resident persons
  - (iv) Payment for goods and services
  - (v) WHT on professional fees
  - (vi) WHT on international payments
  - (vii) Treatment of WHT on non-resident service contracts
- (b) WHT as a final tax; Tax period, year of income
- (c) Exemptions of WHT
- (d) Emerging WHT issues

## **E. INCOME TAX PROCEDURES**

- (a) Returns
- (b) Assessments
- (c) Objections and appeals
- (d) Dispute resolution
- (e) Collection and recovery of tax
- (f) Provisional tax
- (g) Tax refund
- (h) Remission of tax
- (i) Forms and notices
- (j) Records and information
- (k) Offences and penalties

## **F TAXATION OF SPECIALISED ACTIVITIES- CASE STUDIES**

1. Non-Government Organisations (NGOs), charitable institutions and religious institutions.
  - (a) General income tax provisions
  - (b) Income of NGOs and religious institutions
  - (c) Allowable and non-allowable expenses
  - (d) Exclusion of doctrine of mutuality
  - (e) Comprehensive computation of tax liability
  - (f) Case law and decided cases
2. Taxation of financial institutions
  - (a) General income tax provisions
  - (b) Income of financial Institutions
  - (c) Allowable and non-allowable expenses
  - (d) Comprehensive computation of tax liability
  - (e) Case law and decided cases
3. Taxation of insurance companies
  - (a) General income tax provisions
  - (b) Income of insurance companies
  - (c) Allowable and non-allowable expenses
  - (d) Comprehensive computation of tax liability
  - (e) Case law and decided cases
4. Taxation of petroleum operations
  - (a) Overview of the Oil and Gas industry in general: Upstream to downstream
  - (b) Drivers of the oil & gas industry
  - (c) Index of oil & gas exporting countries
  - (d) Contribution of the oil & gas sector to the global economy
  - (e) Objectives of the oil & gas taxation regime
  - (f) General v special taxes on oil & gas

- (g) Fiscal regimes and types of taxes
- (h) Non-fiscal instruments (e.g. royalties, equity participation, etc.)
- (i) Transfer pricing in the oil & gas sector
- (j) Oil & gas contracts: fiscal stabilisation clauses
- (k) The principle of '*Ring Fencing*'
- (l) General income tax provisions
- (m) Income of petroleum companies
- (n) Classification of petroleum expenditure
- (o) Allowable and non allowable expenses
- (p) Tax incentives in the oil & gas sector
- (q) Fiscal decentralisation in the oil & gas sector
- (r) Institutional constraints for oil & gas revenue collection in developing countries
- (s) Managing the natural resource curse
- (t) Transparency in oil & gas revenue management
- (u) Auditing of (and accounting for) oil & gas operations
- (v) Overview of the legal framework governing Uganda's oil and gas sector
- (w) Taxation of Uganda's oil and gas sector
- (x) Uganda's Production Sharing Agreements (PSAs)
- (y) Transfer of interests in a petroleum Agreement
- (z) Arbitration in the oil & gas sector
- (aa) Comprehensive computation of tax liability
- (ab) Case law and decided cases



## **G TAX PLANNING**

- (a) Meaning of key terms
- (b) Tax planning: tax avoidance vs tax evasion
- (c) Tax Planning And Professionalism
- (d) Corporate Tax Planning
  - (i) Direct tax planning – the legal status of business unit
  - (ii) Tax planning in respect of different heads of income
  - (iii) Tax implications in international joint venture
  - (iv) Tax aspects of mergers, amalgamations, demerger and slump sale.
  - (v) New industrial establishment and tax planning
- (e) Tax considerations arising with regard to specific management decisions
  - (i) Make or buy.
  - (ii) Own or lease.
  - (iii) Retain or replace.
  - (iv) Repair of scrap or return.
  - (v) Export versus local sale.
  - (vi) Shut down or continue.
  - (vii) Expand or contract.
  - (viii) New capital investment.
- (f) Indirect tax planning – tax planning and tax management in relation to WHT and customs.
- (g) Tax planning with reference to setting up of a new business and locational aspects
- (h) Planning for tax holiday benefits and the limitations on the tax planning exercise
- (i) Tax planning in the context of court rulings and legislative amendments
- (j) Tax planning and financial management decisions
  - (i) Capital structure of a company and tax incidence
  - (ii) Tax as a variable in computing cost of capital

- (iii) Tax considerations in dividend policy
- (iv) Taxes and bonus shares issue
- (v) Taxes and short term and term loans
- (vi) Tax planning in respect of non-resident company assessment
- (vii) Double taxation avoidance agreements, general principles, provisions and tax implications
- (viii) Tax planning with reference to employees' remuneration
- (ix) Tax implications in planning
- (x) Risks of tax planning

### **REFERENCES**

1. ICPAU, Advanced Taxation, Kampala.
2. Government of Uganda, by Uganda Printing and Publishing Corporation:
  - (a) Income Tax Act, Cap 340
  - (b) The Tax Procedures Code Act
3. Joseph O. Okuja (2022), Domestic & International Taxation in Uganda, Kampala Uganda.