



**INSTITUTE OF CERTIFIED PUBLIC  
ACCOUNTANTS OF UGANDA**

**CERTIFIED TAX ADVISOR (CTA)**

**EXAMINATIONS SYLLABUS**

**ISSUED JANUARY 2016**

# CTA SYLLABUS STRUCTURE

## Level 3

<b>Tax Audits Investigations &amp; Ethics Paper 9</b>	<b>EAC &amp; International Tax Paper 10</b>	<b>Tax Practice Paper 11</b>
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## Level 2

<b>Business Accounting Paper 5</b>	<b>Value Added Tax Paper 6</b>	<b>Customs &amp; Excise Paper 7</b>	<b>Income Tax Paper 8</b>
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## Level 1

<b>Principles of Accounting Paper 1</b>	<b>Business Law Paper 2</b>	<b>Principles of Taxation Paper 3</b>	<b>Managerial Economics &amp; Public Finance Paper 4</b>
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## **1.0 BACKGROUND INFORMATION**

### **1.1 Institute's Profile**

The Institute of Certified Public Accountants of Uganda (ICPAU) was established in 1992 by an Act of Parliament, now The Accountants Act, 2013. ICPAU is governed by a Council, which is assisted by the Public Accountants Examinations Board (PAEB), and other committees of Council.

The functions of the Institute, as prescribed by the Accountants Act, 2013 are:

- (i) To regulate and maintain the Standard of Accountancy in Uganda;
- (ii) To prescribe and regulate the conduct of accountants and practicing accountants in Uganda.

ICPAU is a member of the International Federation of Accountants (IFAC), the Pan African Federation of Accountants (PAFA) and Association for Educational Assessment in Africa (AEAA).

### **1.2 Vision**

To be a World-Class Professional Accountancy Institute.

### **1.3 Mission**

To develop, promote and regulate the accountancy profession in Uganda and beyond.

### **1.4 Core Values**

- Professional excellence.
- Integrity
- Commitment
- Good governance
- Social responsiveness

### **1.5 The Public Accountants Examinations Board (PAEB)**

As part of the function of regulating and maintaining the standard of accountancy, ICPAU conducts examinations in Uganda. This function is executed by the PAEB on behalf of Council.

PAEB is responsible for conducting examinations for the following courses:

- (a) Certified Public Accountants of Uganda - CPA (U).
- (b) Accounting Technicians Diploma - ATD.
- (c) Certified Tax Advisor - CTA

## **2.0 CERTIFIED TAX ADVISOR (CTA) EXPLAINED**

### **2.1 Purpose of the CTA Course**

To produce competent tax advisors or experts who will contribute to the economic development of the country.

### **2.2 Objectives of the CTA Course**

To equip learners with:

- (a) An in-depth knowledge and understanding of the concepts and principles of taxation.
- (b) The ability to solve practical problems which draw on the interaction of different taxes as well as case law.

- (c) The ability to embrace professional ethics and efficiency in tax administration and practice.
- (d) The ability to promote and co-ordinate research for the advancement of taxation in Uganda.

### 3.0 ENTRY REQUIREMENTS:

To register as a CTA student, one must have one of the following qualifications:

- (a) A professional accountancy qualification
- (b) A degree in law.

**Note:**

Anyone already registered on any other ICPAU course is not eligible for the CTA course until he/she completes that course.

### 4.0 REGISTRATION FOR STUDENTSHIP

Registration of students is continuous throughout the year.

Applications must be made on the appropriate forms issued by the Institute accompanied with the prescribed fees and the required documents.

**Notes:**

1. The Institute reserves the right not to register and/or de-register any student who in its opinion is not a fit and proper person for the course.
2. Documents tendered for registration may be subject to verification at any time of the course. Any default found in the papers may lead to cancellation of the registration or qualification and no refund will be made.
3. It is advisable for any person who wishes to sit for the course in any examination diet to register for studentship at least 3 months before the intended examinations diet.

### 5.0 EXEMPTIONS

Exemptions may, on application by registered students, holding recognised qualifications, be granted on a subject for subject basis.

ICPAU continuously reviews the exemption eligibility for various qualifications whenever submitted by the awarding institution.

The current schedule of exemptions is as follows:

Paper	Subject	Qualification	
		CPA(U)	LLB
1	Principles of Accounting		
2	Business Law		
3	Principles of Taxation		
4	Managerial Economics & Public Finance		
5	Business Accounting		

### 6.0 PROGRESSION RULES

- 6.1 A candidate may sit for a minimum of one and a maximum of all the papers at a Level at any one sitting.
- 6.2 A candidate must complete a lower level of the syllabus before proceeding on to the next level.

- 6.3 An exception to Rule 6.2 is where a candidate has two subjects at either Level One or Level Two. In such a case, the candidate may sit for those subjects with some other subjects at next level.
- 6.4 No candidate will be allowed to combine the following subjects with those of a Level above in an examinations diet:

	Level One	Level Two
1.	CTA 1: Principles of Accounting	CTA 5: Business Accounting

## 7.0 TIME LIMITS

- 7.1 The course must be completed in 5 years from the date of registration.
- 7.2 A student will be discontinued when the completion period expires. A student discontinued for this reason, may apply for re-registration as a new student.

## 8.0 MAINTAINING STUDENTSHIP

- 8.1 Annual renewal fees for studentship are due on 1 January of each year and should be paid not later than 31 March of each year.
- 8.2 Studentship will lapse if the annual renewal fees remain unpaid after 31 March of the year.
- 8.3 Students with outstanding dues (e.g. annual renewal and exemptions fees) will not be allowed to register for examinations.
- 8.4 A student whose studentship lapses due to non-payment of annual dues may, on application, renew their studentship by paying the appropriate penalty and the outstanding dues, as determined by the Institute. The student will, thereafter, be re-activated.
- 8.5 A student who is not on the students' roll will not be permitted to sit for examinations.
- 8.6 The lapsed time of studentship will not affect the course completion time limits i.e. no extension of completion dates will be allowed due to studentship lapses
- 8.7 A student may be discontinued for professional misconduct.

**Note:** *The Institute reserves the right to vary or amend the progression rules and examinations regulations.*

## 9.0 EXAMINATIONS ENTRY

- 9.1 The examinations are held twice a year i.e. June and November/December.
- 9.2 Registration for examinations must be done **online** on the Institute's website. Exceptions will seek guidance from the Institute.
- 9.3 Examinations entry must be preceded by payment of the prescribed examinations fees and evidence should be availed to the Institute to confirm the registration.
- 9.4 The closing dates for the receipt of the examinations entries are as follows:

Diet	Normal registration	Late registration
June	31 March	15 April
November	30 September	15 October

- 9.5 Withdrawal of examinations entries will not be accepted after 15 April and 15 October for the June and November / December examinations respectively. Monies paid for examinations purposes can only be used for subsequent examinations diets or for settling any outstanding dues.

## 9.6 Examinations Centres

The examinations centres are as follows:

- |   |             |   |         |
|---|-------------|---|---------|
| 1 | Arua        | 4 | Gulu    |
| 2 | Fort Portal | 5 | Mbale   |
| 3 | Kampala     | 6 | Mbarara |

## 10.0 PASS MARK

The pass mark for each subject is 50%. The candidates will have the actual marks, alongside pass or fail, shown on their results slips.

## LEVEL I

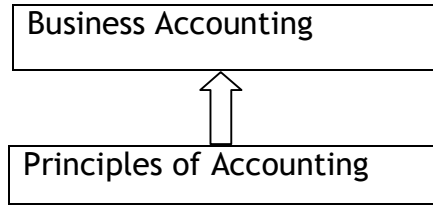
### Competencies acquired on completion of Level I

	USING THE FOLLOWING SKILLS		
PERFORM THE FOLLOWING ROLES	Analysis	Communication	Interaction with Others
<b>Investigate and evaluate tax issues</b>	Understand research sources and apply basic research techniques to simple situations		Understand the financial, legal and corporate governance framework in Uganda
<b>Provide and implement tax advice</b>	Understand how tax impacts on simple personal circumstances	Apply technical concepts to practical situations	Understand the relationships between tax advisors, taxpayers and Revenue Authority
<b>Represent taxpayers</b>	Understand the legislative process		Understand the structure and content of interactions between taxpayers, Revenue Authority and tax advisers on income tax and capital gains tax returns
<b>Apply the economic way of thinking to individual and business decisions</b>	Understand the application of economic principles and methodologies to business decision problems		Understand the framework of preparation of national budgets
<b>Supporting taxpayers to be tax compliant</b>	Understand the tax compliance cycle for personal taxes	Prepare applications for tax allowances, credits and exemptions for individual taxpayers	Understand the sources of information for basic tax returns for individuals
<b>Financial accounting for tax balances</b>	Understand tax accounting entries and prepare tax accounts for simple businesses		Understand the framework of preparation and audit of Not for profit organizations, partnerships, sole trade and limited liability companies' accounts



# PRINCIPLES OF ACCOUNTING - PAPER 1

## SYLLABUS CHART



## **OVERALL AIM**

To equip learners with the principles and concepts of financial accounting.

## **LEARNING OUTCOMES**

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

- (a) Explain the role of accounting and describe the regulatory framework of accounting.
- (b) Explain the different forms of business organizations.
- (c) Explain the qualitative characteristics of financial information.
- (d) Record transactions in the books of prime entry using double entry bookkeeping.
- (e) Prepare a trial balance and correct errors in accounting records.
- (f) Prepare financial statements for business organizations, manufacturing concerns, non-profit making organizations, and partnerships.
- (g) Reconcile bank statements.
- (h) Prepare accounts and financial statements from incomplete records.

## **LEVEL OF ASSESSEMENT**

The syllabus assesses skills and ability to prepare financial statements and capacity to understand and interpret financial statements and any other accounting information for application in decision making.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising of five questions of 25 marks each. The candidate will be required to attempt any four.

## **DETAILED SYLLABUS**

### **1.0 INTRODUCTION**

- (a) Definition of Key Terms.
- (b) Nature and scope of Financial Accounting.
- (c) Limitations of Financial Accounting.  
Basic Concepts and Conventions.
- (d) Accounting Standards.
- (e) Procedure for issue of Accounting Standards in Uganda,
- (f) Generally Accepted Accounting Principles (GAAP).
- (g) Sole proprietorships.
- (h) Partnerships.
- (i) Limited liability companies.
- (j) Public vs private companies.
- (k) Characteristics of each.
- (l) Benefits and Limitation of each.

### **2.0 REPORTING FRAMEWORK OF ACCOUNTING IN UGANDA**

- (a) Framework for Financial Reporting.
- (b) Users of accounting information and their information needs.
- (c) Objectives of financial statements.
- (d) Key Financial Statements.
- (e) Purpose of each main financial statement.
- (f) The non-financial statements.
- (g) Accounting concepts.
- (h) Qualitative characteristics of financial statements.
- (i) Desirable qualities of accounting information.
- (j) Role of an accountant.
- (k) The role of International Financial Reporting Standards.
- (l) Understanding Uganda's financial reporting regulatory framework.
- (m) IFRS Foundation.
- (n) International Accounting Standards Board.
- (o) IFRS Advisory Council.
- (p) IFRS Interpretations Committee.
- (q) The Companies Act- accounting and reporting requirements.

### **3.0 PRINCIPLES OF DOUBLE ENTRY AND SYSTEMS OF ACCOUNTING**

#### **3.1 Accounting Equation and Double Entry System**

- (a) The double entry framework.
- (b) The accounting equation and the statement of financial position.
- (c) Double entry system for assets, liabilities and capital.
- (d) Effect of profit or loss on capital and the double entry system for expenses and revenue.
- (e) Double entry and bookkeeping.

#### **3.2 Preparation of Books of Account**

Books of prime entry.

#### **3.3 Journals**

- (a) Journal Entries and Subsidiary Journals.
- (b) General and subsidiary ledgers.

### **3.4 Ledgers**

- (a) The purpose of the different ledgers.
- (b) Format of a ledger.
- (c) Recording transactions from journals to ledger accounts.
- (d) Balancing and closing the ledger accounts.

### **3.5 Trial Balance Extraction.**

- (a) The purpose of a trial balance.
- (b) Extracting ledger balances into a trial balance.
- (c) Errors that can be revealed by a trial balance.
- (d) Errors that cannot be revealed by a trial balance.
- (e) The suspense account and Correction of errors

### **3.6 The Cash Book.**

- (a) The double and three column cash book.
- (b) The purpose of a two-column and three column cash book.
- (c) The concept of contra entries.
- (d) Preparation of Bank Reconciliation Statement.
- (e) The nature and purposes of a bank reconciliation statement.

### **3.7 The Control Accounts.**

- (a) Need for control accounts.
- (b) The principal control accounts.
- (c) The sales ledger control account and purchases ledger control account.
- (d) Advantages of control accounts.

## **4.0 PREPARATION OF FINANCIAL STATEMENTS FOR SOLE TRADERS, PARTNERSHIPS AND LIMITED COMPANIES**

### **4.1 Adjustments to the Financial Statements.**

- (a) Accruals and Prepayments.
- (b) Definition accruals and prepayments of incomes and expenses.
- (c) Calculation of accruals and prepayments.
- (d) The matching concept in Relation to accruals and prepayments.
- (e) Treatment of accruals and prepayments in the income statement and balance sheet.

### **4.2 Depreciation.**

- (a) Application and computation.
- (b) The purpose and process of depreciation.
- (c) The causes of depreciation and the reason for its accountability.
- (d) Relationship between depreciation and asset replacement.
- (e) Depreciable amount.
- (f) Factors to consider in determining depreciable amount.
- (g) Computing depreciation: straight line, reducing balance, sum of digits and revaluation.
- (h) Double entry to record depreciation.
- (i) The treatment of depreciation in the financial statements.
- (j) Treatment of change in the economic useful life of assets and/ or residual value.
- (k) Treatment of changes of the asset value by appreciation.
- (l) Recording acquisition and revaluation of assets.
- (m) The accounting treatment of appreciating assets.

- (n) Recording acquisition and revaluation of a non-current asset.
  - (o) Depreciation and the cumulative provision for depreciation.
  - (p) Disposal of fixed assets.
  - (q) Accounting treatment of trade-in value of non-current asset.
- 4.3 Bad Debts and Provisions for Doubtful Debts.**
- (a) Reasons for providing for bad debts.
  - (b) Specific and General Provisions
  - (c) Accounting treatment of provisions for bad debts.
- 4.4 Discounts and Provisions.**
- (a) Trade and settlement (cash) discounts.
  - (b) Treatment for provisions for discounts allowed and received.
  - (c) Definition and Types of Provisions.
  - (d) Accounting Treatment for Provisions.
- 4.5 Financial Statements for Manufacturing Concerns.**
- (a) Definition of Key Terms.
  - (b) Classifications of manufacturing costs.
  - (c) Purpose of preparing a manufacturing account.
  - (d) Format of a manufacturing account.
  - (e) Preparation of a manufacturing account- illustration.
  - (f) Classification of operating expenses.
  - (g) Apportionment bases of operating expenses.
  - (h) Computation and treatment for unrealized profits in closing stocks.
  - (i) Manufacturing profit and trading profit compared.
  - (j) Income statement format for a manufacturing concern.
- 4.6 Preparation of Financial Statements for Trading Concerns.**
- (a) Preparation of Financial Statements for Sole Trader.
  - (b) Format of an income statement and Balance Sheet.
  - (c) Advantages and Disadvantages of a Sole Trader.
  - (d) Preparation of an income statement and Balance Sheet.
- 4.7 Preparation of Financial Statements for Limited Liability Company**
- (a) Difference between public and private limited companies.
  - (b) Income statement and Balance sheet of a Limited Liability Company.
  - (c) Advantages and Disadvantages of a Limited Liability Company.
  - (d) Format of an income statement and Balance Sheet.
  - (e) Preparation of an income statement and Balance Sheet.
  - (f) Format of a statement of changes in equity.
  - (g) The purpose of an Income Statement and a balance sheet.
  - (h) Capital of a limited liability company.
- 4.8 Preparation of Financial Statements for Partnerships:**
- (a) The Partnership deed.
  - (b) Types of partners and their obligations to the partnership.
  - (c) Advantages and disadvantages a partnership.
  - (d) Partnerships; the legal framework. (Partnership Act and the partnership agreement/ deed).
  - (e) Partnership accounts.
  - (f) Methods of preparing partnership accounts.
  - (g) Preparation of separate capital and current accounts.
  - (h) Appropriation of profits/ losses.

- (i) Treatment of partners' share of profits, losses, interest on capital, interest on drawings and their drawings in the ledger accounts.
- (j) Preparation of appropriation account for the Partnership.
- (k) Changes in partnership.
- (l) Partnership statement of financial position after revaluation and or Merger.

## **REFERENCES**

1. Wood Frank & Alan Sangster (2011), Business Accounting, Prentice Hall, Great Britain. 12<sup>th</sup> Edition.
2. Wood Frank & Sheila Robinson (2009), Book Keeping and Accounts, Financial Times Management, Prentice Hall Great Britain. 7<sup>th</sup> Edition.
3. Wood Frank (2008), Business Accounting 1, Financial Times Prentice Hall, Great Britain 11<sup>th</sup> Edition.

# BUSINESS LAW - PAPER 2

## **OVERALL AIM**

To enable learners understand business law and its application in a business environment.

## **LEARNING OUTCOMES**

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

- (a) Identify the basic principles of business law as appropriate to the role of a certified tax advisor.
- (b) Explain the general principles of the Ugandan law.
- (c) Demonstrate a good understanding of the areas of law which affect businesses.
- (d) Apply the elements and the laws governing contracts.
- (e) Identify the key issues and theoretical debates surrounding the functions and objectives of business law.
- (f) Offer reasoned solutions and advice to practical problems.

## **LEVEL OF ASSESSEMENT**

The syllabus will test knowledge, comprehension and application of law to real life scenarios in business.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising of five questions of 25 marks each. The candidate will be required to attempt any four.

## **DETAILED SYLLABUS**

### **1.0 GENERAL PRINCIPLES OF UGANDAN LAW**

- (a) Sources of Ugandan law.
- (b) Legal systems and administration of law.
- (c) Common law and equity.
- (d) Civil and criminal law.
- (e) The elements civil and criminal law.
- (f) Civil and criminal procedures.

### **2.0 COMMERCIAL CONTRACTS**

#### **2.1 Formation of contracts**

- (a) Offer: invitation to treat, unilateral contracts
- (b) Acceptance: postal rule, acceptance of unilateral contracts
- (c) Counter offer
- (d) Auctions
- (e) Tenders
- (f) Certainty of agreement
- (g) Offer and acceptance when dealing with machines
- (h) Termination of offers
- (i) Battle of the forms

#### **2.2 Intention to be legally bound**

- (a) Agreements made in a business context
- (b) Agreements made in a social context

- 2.3 Requirement of consideration**
  - (a) Types of consideration
  - (b) Sufficiency of consideration
  - (c) Performance of an existing duty
  - (d) Part payment of a debt
  - (e) Promissory estoppels
- 2.4 Formalities**
  - (a) Contracts required to be in writing
  - (b) Contracts required to be evidenced in writing
  - (c) Contracts which must be in the form of a deed
- 2.5 Capacity to contract**
  - (a) Minors
  - (b) Mental disorder and drunkenness
  - (c) Corporations
- 2.6 Contents of contracts**
  - (a) Distinction between terms and representations
  - (b) Express terms
  - (c) Conditions, warranties and in nominate terms
  - (d) Implied terms - by statute, by the courts, by custom - Sale of Goods Act 1932
- 2.7 Vitiating factors**
  - (a) Mistake, common and unilateral
  - (b) Mistake as to the nature of the document signed
  - (c) Mistake as to identity
  - (d) Misrepresentation - definition, innocent, fraudulent, negligent, remedies
  - (e) Duress and undue influence
  - (f) Illegality
- 2.8 Discharge of contract**
  - (a) Discharge by performance
  - (b) Discharge by breach
  - (c) Discharge by frustration
- 2.8 Remedies for breach of contract**
  - (a) Damages
  - (b) Equitable remedies
  - (c) Other remedies
- 3.0 BASIC PRINCIPLES OF LAND LAW**
- 3.1 Land law**
  - (a) Rights, interests and types of ownership in land
  - (b) Different transfers of ownership that can occur
- 3.2 Leases**
  - (a) Key features of a lease that makes it a contract
  - (b) Different types of tenancies that exist
  - (c) Contrast a licence with a lease

## **4.0 LAW OF TORT**

### **4.1 Negligence**

- (a) Duty of care
- (b) Standard of care
- (c) Causation
- (d) Foreseeability
- (e) Breach
- (f) Damage
- (g) Economic loss
- (h) Negligent statements
- (i) Nervous shock
- (j) Defences

### **4.2 Occupiers' liability**

- (a) Lawful visitors
- (b) Non lawful visitors

### **4.3 Product liability**

- (a) Nuisance
- (b) Private nuisance
- (c) Public nuisance
- (d) Remedies
- (e) Defences

## **5.0 LAW OF AGENCY**

### **5.1 Agency - appointment**

- (a) Express
- (b) Implied
- (c) Necessity
- (d) Ratification

### **5.2 Relationship between principal and agent**

- (a) Authority of the agent
- (b) Express
- (c) Implied
- (d) Actual
- (e) Apparent
- (f) Duties of the agent
- (g) Termination of agency

## **7.0 SALE OF GOODS**

- (a) Protecting the consumer
- (b) Passing of ownership and risk
- (c) Duties and Liabilities of Carriers
- (d) Stoppage in Transit
- (e) Remedies and Obligations of buyer and seller.
- (f) Consumer Credit (Hire Purchase, Credit Sakes and Leasing).

## **8.0 COMPANY LAW**

- (a) Nature and Types of Companies.
- (b) Promotion and Formation of Companies.
- (c) Prospectus, Capital-Shares and Debentures.



- (d) Meetings.
- (e) Directors and Secretaries.
- (f) Corporate Insolvency.

## **9.0 EMPLOYMENT LAW**

### **9.1 Employment Contracts**

- (a) Employees and independent contractors
- (b) Contract of service and contract for service
- (c) The position of 'agency' workers
- (d) Formation of the contract
- (e) Written particulars
- (f) Part-time and fixed-term workers
- (g) Variation to contract

### **9.2 Common law and statutory duties of employer/employee**

- (a) Express terms
- (b) Implied terms
- (c) Employer's duty to persons other than employees
- (d) Vicarious liability
- (e) Duty of disclosure
- (f) Leave entitlement

### **9.3 Wages**

- (a) Unauthorized deductions
- (b) Guarantee payments
- (c) Medical suspension
- (d) Insolvency
- (e) Pay statements

### **9.4 Termination of contracts of employment**

- (a) Unfair dismissal
- (b) Who can claim?
- (c) What is a dismissal?
- (d) When is a dismissal unfair?
- (e) Procedure, remedies
- (f) Wrongful dismissal
- (g) Constructive dismissal

### **9.6 Health, Safety and Environment**

- (a) Common law on health and safety.
- (b) Laws and regulations on Health, Safety and the Environment

## **10.0 DISPUTE RESOLUTION**

- (a) Role of Centre for Dispute Resolution (CADER)
- (b) Employment Tribunals
- (c) High court jurisdiction
- (d) Civil procedure
- (e) Alternative Disputes Resolution (Mediation & Arbitration)

## **REFERENCES**

1. Bakibinga D.J (2013), Company Law in Uganda, The Written Word Publications, Allahabad-211001 (U.P.) India.
2. Bakibinga D.J (2013), Law of Contract in Uganda, The Written Word Publications, Allahabad-211001 (U.P.) India.
3. Bakibinga D.J (2011), Partnership Law in Uganda, Law Africa Publishing Ltd Publishers, Nairobi, Kenya.
4. Ogola John Joseph (2011), Business Law, Focus Publications Ltd, Nairobi, Kenya.
6. Government of Uganda (2006), Employment Act, Government of Uganda. Kampala, Uganda.

# PRINCIPLES OF TAXATION - PAPER 3

## **OVERALL AIM**

To enable learners apply the principles of taxation and explain the impact of taxation as a vital source of public revenue in directing the national and regional economies' fiscal performances.

## **LEARNING OUTCOMES**

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

- (a) Identify the principal types of taxation likely to be of relevance in a Uganda.
- (b) Describe the features of the principal types of taxation likely to be of relevance to an incorporated business.
- (c) Describe the likely record-keeping, filing and tax payment requirements associated with the principal types of taxation likely to be of relevance to an individual.
- (d) Explain the difference in principle between tax avoidance and tax evasion.
- (e) Understand the fundamental concepts and principles of the Ugandan taxation system and the relevance of taxation to personal and business activities.
- (f) Calculate the amount of tax owed by or owed to businesses and provide practical tax advice in straight forward scenarios.
- (g) Calculate the amount of tax owed by or owed to individuals and provide practical tax advice in straight forward scenarios.
- (h) Understand tax administration in Uganda in respect of Domestic Tax Laws, and Customs Duty.
- (i) Identify aspects of International Tax.

## **LEVEL OF ASSESSEMENT**

The syllabus will test the ability of the learner to demonstrate an understanding of the legal framework of different taxes and administration.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising of five questions of 25 marks each. The candidate will be required to attempt any four.

## **DETAILED SYLLABUS**

### **1.0 THE NATURE, PURPOSE AND PRINCIPLES OF TAXATION**

- (a) Definition of Tax
- (b) General Principles of Taxation
- (c) History of Tax Law and Administration in Uganda
- (d) Forms of taxes in Uganda
- (e) Incidence of a tax and taxable capacity
- (f) Definition of Trade, Business, Profession, Vocation, Test of Trade
- (g) The overall function and purpose of taxation in a modern economy

## **2.0 USE OF LEGISLATION**

- (a) Use of Legislation
- (b) Primary Legislation
- (c) Secondary Legislation
- (d) Practice Notes
- (e) Private Rulings
- (f) Interpretation of Statue Law
- (g) Interpretation of Residence and Non Residence Status
  - (i) Individual.
  - (ii) Company.
  - (iii) Trust.
  - (iv) Partnership.
  - (v) Retirement Fund.
  - (vi) Non Resident.
- (h) Benefits theory of Taxation
- (i) Rates of Tax
- (j) Taxation and the Source of Income Rules

## **3.0 INCOME TAX**

- (a) General Legal Principles
- (b) The scope of income tax
- (c) Income from employment
- (d) Employee employer relationship
- (e) Income from independent trades
- (f) Property and investment income
- (g) Rental Tax
- (h) Exempt Income
- (i) Deemed Income
- (j) Deductions from Income
- (k) Computation of taxable income and income tax liability

## **4.0 TAXES ON PROFITS AND GAINS**

- (a) Business organizations- Sole trade, partnerships and Companies
- (b) The badges of Trade
- (c) Distinction between accounting and taxable profits
- (d) Allowable and Non allowable Expenses
- (e) The rules dealing with the relief of losses
- (f) The use of exemptions and reliefs in deferring and minimising company tax liabilities
- (g) Comprehensive computation of tax liability
- (h) Withholding Tax

## **5.0 CHARGEABLE CAPITAL GAINS**

- (a) The scope and the taxation of capital gains
- (b) Rules of residence and capital gains
- (c) Determination of whether there was a disposal of asset
- (d) Definition of Consideration received and Cost base
- (e) The basic principles of computing gains and losses
- (f) The computation of the tax on capital gains
- (g) Capital gains and married or separated couple

- (h) Capital gains and the sale of shares or business asset
- (i) Capital gains arising from leases and other property transactions
- (j) Capital gains implications of a taxpayer's death
- (k) Use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

## **6.0 INDIRECT TAXATION AND NON TAX REVENUES**

- (a) Stamp Duty
- (b) VAT
- (c) Excise Duty
- (d) Non Tax Revenue
- (e) Computation of Tax

## **7.0 OTHER ASPECTS**

- (a) Record-keeping and record retention
- (b) The deadlines for reporting (filing returns) and tax payments
- (c) E- Filing
- (d) Types of powers of tax authorities to ensure compliance with tax rules:
  - (i) Power to review and query filed returns
  - (ii) Power to request special reports or returns
  - (iii) Power to examine records (generally extending back some years)
  - (iv) Powers of entry and search.
- (e) Exchange of information with tax authorities in other jurisdictions
- (f) Tax penalties
- (g) Tax Assessment and Collection
- (h) Objections/Appeal Process
- (i) Tax avoidance and tax evasion, and how these vary among jurisdictions
- (j) Small Business tax payers
- (k) Accounting treatment of taxation and disclosure requirements under IAS 12

## **8.0 INTRODUCTION TO INTERNATIONAL TAXATION**

- (a) Definition of International Taxation
- (b) Tax heads that are applicable to International Companies
- (c) The concept of corporate residence and the variation in rules for its determination across jurisdictions (e.g. place of incorporation versus place of management)
- (d) Means of establishing a taxable presence in another country (local company and branch)

## **REFERENCES**

1. Bahemuka Pius K. (2012): Income Tax in Uganda, Pius K. Bahemuka, Kampala, Uganda.3rd Edition.
2. Bahemuka Pius K. (2011): Value Added Tax in Uganda, Pius K. Bahemuka, Kampala, Uganda.
3. Mugambwa Paul Frobisher (2012): Value Added Tax in Uganda: A Commentary on Statutes, Case Law and Practice, Paul Frobisher Mugambwa, Kigali, Rwanda.

# MANAGERIAL ECONOMICS & PUBLIC FINANCE - PAPER 4

## **OVERALL AIM**

To enable learners apply economic principles and methodologies in making business decisions.

## **LEARNING OUTCOMES**

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

- (a) Explain the nature and scope of economics.
- (b) Demonstrate an understanding of major economic models and theories.
- (c) Examine the basic economic principles and main features of the Ugandan economic system
- (d) Apply the basic economic concepts and principles to managerial problems, both micro and macro.
- (e) Demonstrate an understanding of Uganda's monetary and fiscal systems.

## **LEVEL OF ASSESSEMENT**

The syllabus will assess learners' ability to apply principles and techniques of economics in making business and policy decisions.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising of five questions of 25 marks each. The candidate will be required to attempt any four.

## **SYLLABUS**

### **1.0 GENERAL PRINCIPLES**

- (a) Definition, nature and scope of managerial economics
- (b) Managerial economics and micro-economics - managerial economics and macro-economics
- (c) Fundamental concepts of choice, scarcity and opportunity cost
- (d) Relationship between production and consumption
- (e) Source and distribution of income
- (f) Applications of economics in managerial decisions making

### **2.0 PRICE SYSTEM**

- (a) Functions of price and price mechanism
- (b) Demand supply and prices
- (c) Demand Forecasting - Techniques of Demand Forecasting
- (d) Elasticities of demand and supply
- (e) Production and Costs - Meaning of Production Function - Law of variable proportions
- (f) Law of returns, marginal and productivity
- (g) Determinants of costs - Break Even Analysis - Cost Forecasting

### **3.0 ECONOMIC ANALYSIS**

- (a) Behaviour of demand and supply under various conditions of price and cost
- (b) Consumer behaviour under condition of changes in price and income

- (c) Types of Business Organizations
- (d) Theory of the firm
- (e) Profit Maximization, Sales Maximization, Satisfying Theory - Enhancing value of the firm and its goals
- (f) Input cost functions and output
- (g) Output and price under different market conditions
- (h) Cost Benefit Analysis - Private Vs Public Goods
- (i) Steps in cost benefit analysis
- (j) Justification for the use of cost benefit analysis

#### **4.0 GOVERNMENT AND BUSINESS**

- (a) Need for Government intervention in the market - Price Controls
- (b) Support Prices and Administered Prices
- (c) Protection of consumers' interest
- (d) Liberalization of the Economy
- (e) Process of disinvestments - Need and method
- (f) Policy planning as a guide to overall business development

#### **5.0 STRUCTURE OF THE UGANDA'S ECONOMY**

- (a) Main features of the economy
- (b) Theories of Economic growth and development
- (c) Leading production sectors

#### **6.0 THE MACRO-ECONOMICS**

- (a) Gross National Products and its Sectoral contribution (C+I+G+X-M)
- (b) Aggregate consumption, saving and investment (the multiplier effect theory)
- (c) Aggregate demand
- (d) Employment and income
- (e) Inflation
- (f) Geographical distribution of economic activities

#### **7.0 MONEY, BANKING AND OTHER FINANCIAL INSTITUTIONS**

- (a) Nature and functions of money and credit
- (b) The banking system - Central bank, commercial, merchant banks, development banks and universal banking
- (c) The capital market - The Securities Exchange

#### **8.0 INTERNATIONAL TRADE AND PAYMENTS**

- (a) The law of comparative advantage
- (b) Volume of international trade
- (c) Terms of trade and balance of payments
- (d) Exchange rate determination, fixed versus floating exchange rate, and multiple exchange rates
- (e) Devaluation, Depreciation of currency
- (f) International Trade and financial institutions, regional bodies and other international economic organs

#### **9.0 PUBLIC FINANCE**

##### **9.1 The Role and Size of the Public Sector**

- (a) Economic Rationale for Public Sector Interventions
- (b) Market Efficiency and Market Failure, Distributional Concerns
- (c) The Nature and Magnitude of Public Sector Interventions in Industries
- (d) Common features and problems of public sector enterprises

- (e) Privatization, viz commercialization
- (f) Defining the Responsibilities and Measuring the Size of the Public Sector
- (g) Understanding a Nation's Fiscal Architecture
- (h) Building Appropriate Revenue and Expenditure Systems

## **9.2 Public Resource Mobilization**

- (a) Structure of public revenue
- (b) Source of income to Government - direct taxation, indirect taxation
- (c) Economics of Taxation
- (d) Taxation of Income and Wealth
- (e) Company and business taxation
- (f) Taxation of Consumption and Trade
- (g) Taxation and the Environment, Taxation and Natural Resources
- (h) Tax Incentives, Compliance, and Enforcement
- (i) Tax evasion and avoidance
- (j) Tax Reform
- (k) User Charges
- (l) Introduction to fiscal stabilization
- (m) Economics of the public debt
- (n) Problems of public debt and private international debt in Uganda

## **9.3 Public Expenditure Policy**

- (a) Public Goods Private Goods and merits goods
- (b) Public Choice in Determining the Level of Public Expenditure
- (c) Structure of public expenditure
- (d) Public revenue and allocation to the various tiers of government
- (e) Public Sector Production and Provision, Government Failure, and Private Sector Participation
- (f) Public-Private Partnerships in Production and Provision
- (g) Government Social Protection Policies
- (h) Assessment of Public Sector Expenditure Efficiency and Effectiveness

## **9.4 Public Sector Financial Management**

- (a) Budgetary process of Ugandan government
- (b) Accounting for public finance

## **9.5 Intergovernmental Fiscal Relations and Local Government Finance**

- (a) Fiscal Centralisation and Fiscal Decentralization
- (b) Resource Transfers
- (c) Inter-governmental transfer, regional/state revenue
- (d) Local Government Debt Financing
- (e) Government economic policy - objectives, strategies, policy options, budgets, interest rates, employment, exchange rates, appraisal of current and past economic measures



**REFERENCES:**

1. Ddumba-Ssentamu (2005), Basic Economics for East Africa: Concepts, Analysis & Applications, Fountain Publishers, Kampala, Uganda.
2. Hanson J.L. (1997), A Textbook of Economics, Macdonald and Evans publishers, 2<sup>nd</sup> Edition.
3. The Republic of Uganda (1997): The Local Government Act, Uganda Printing and Publishing Corporation, Kampala, Uganda.
4. The Republic of Uganda (2003): The Public Finance and Accountability Act, Uganda Printing and Publishing Corporation, Kampala, Uganda.

# BUSINESS ACCOUNTING - PAPER 5

## **OVERALL AIM**

To enable learners prepare and interpret financial statements and any other accounting information for application in decision making.

## **LEARNING OUTCOMES**

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

- (a) Prepare financial statements for non-profit making organizations.
- (b) Reconcile bank statements.
- (c) Prepare accounts and financial statements from incomplete records.
- (d) Explain the treatment of consignment and joint venture accounts.
- (e) Prepare accounts for hire purchase transactions.
- (f) Understand the different bases of preparing financial statements.
- (g) Apply international financial reporting standards.

## **LEVEL OF ASSESSMENT**

The learner should be able demonstrate an in-depth analysis of financial reporting standards and their applicability in business.

## **EXAMINATION STRUCTURE**

There will be a three hour examination comprising of five questions of 25 marks each. The candidate will be required to attempt any four.

## **SYLLABUS**

### **1.0 PREPARATION OF FINANCIAL STATEMENTS FROM INCOMPLETE RECORDS**

- (a) Definition of incomplete records.
- (b) Opening Position Statement.
- (c) Accounts from incomplete records.
- (d) Statement of affairs method and final account method.
- (e) Disadvantages of incomplete records.
- (f) Analysis of cash and bank transactions.
- (g) The need for Control Accounts.
- (h) Deriving missing figures and preparation control accounts.
- (i) Deriving figures for sales and purchases.
- (j) Deduce figures for profit where only the increase in capital and details of drawings are known.
- (k) Calculating mark-up and margin.
- (l) Suspense Account and Errors.
- (m) Preparation of Financial Statement from Incomplete Records.

### **2.0 PREPARATION OF FINANCIAL STATEMENTS FOR NON-PROFIT MAKING ORGANIZATIONS**

- (a) Definition of a non-profit making organization.
- (b) Objectives/ purpose of non-profit making organizations.
- (c) Differences between non-profit making organizations and profit making organizations.
- (d) Subscriptions account.
- (e) Treatment of Receipts and payments account.

- (f) Preparation of a receipts and payments account.
- (g) Treatment for the various forms of revenue.
- (h) Treatment for donations, life membership fees and entrance fees.
- (i) Income and expenditure account.
- (j) Capital and revenue expenditure.
- (k) Treatment of Profits or losses from special activities.
- (l) The Accumulated Fund.
- (m) Effect of Surplus or Deficit on Accumulated Fund.
- (n) Compare an income and expenditure account to the income statement.

### **3.0 INVENTORIES**

- (a) Define inventory.
- (b) Raw materials Work-in-progress and Finished goods.
- (c) Accounting treatment for inventory and carriage costs.
- (d) Handling written off and written down items.
- (e) Items in the purchases figure.
- (f) Use of stock/ inventory ledgers under each stock.
- (g) Methods of inventory valuation.
- (h) Factors affecting choice of method adopted.
- (i) Preparation of stores ledger account.

### **4.0 CONSIGNMENT AND JOINT VENTURE ACCOUNTS**

- (a) Key Definitions.
- (b) Consignment and Joint Venture Accounts.
- (c) Features of Consignment/ Joint Venture Transactions.  
Consignment and Sale compared.
- (d) Expenses of a Consignment.
- (e) Accounting treatment in the books of the consignor and consignee.  
Accounting procedures for Joint Ventures.
- (f) Joint Bank Account.
- (g) Records Maintained by co-venture.

### **5.0 HIRE PURCHASE ACCOUNTS**

- (a) Definition of Key Terms.
- (b) Accounting for Hire Purchase Transactions.
- (c) Journal entries and ledger accounts in the books of Hire Vendors.
- (d) Journal entries and ledger accounts in the books of a Hire purchaser for large value items.
- (e) Default and repossession.

### **6.0 STATEMENT OF CASH FLOWS**

- (a) Need for management to control cash flows.
- (b) Composition of a statement of cash flows.
- (c) Operating, Investing, Financing activities and cash and cash equivalents.
- (d) The objective of IAS 7: Statement of Cash Flows.
- (e) Profit and Liquidity compared
- (f) Preparation of a statement of cash flows
- (g) Usefulness of the statement of cash flows information.
- (h) Limitations of the statements of cash flows.

## 7.0 FINANCIAL REPORTING

- (a) Income Taxes (IAS 12)
- (b) Property, plant and equipment (IAS 16)
- (c) Leases (IAS 17)
- (d) Revenue (IAS 18)
- (e) Effects of changes in foreign exchange rates (IAS 21)
- (f) Borrowing costs (IAS 23)
- (g) Impairments (IAS 36)
- (h) Investment property (IAS 40)
- (i) Provisions, Contingent Liabilities and Contingent Assets (IAS 37)
- (j) Intangible assets (IAS 38)

## REFERENCES

1. Eliot Barry & Eliot Jamie (2011): Financial Accounting & Reporting, Prentice Hall.12<sup>th</sup> Edition.
2. Gee Paul, Pegler and Spicer (1991): Spicer and Pegler's Book - Keeping and Accounts, Butterworth's Law/HFL.21<sup>st</sup> Edition.
3. Hennie Van Greuning, Scott Darrel and Terblanche Simonet (2011): International Financial Reporting Standards-A practical guide, World Bank Publications.6<sup>th</sup> Edition.
4. International Accounting Standards Board (2013): International Financial Reporting Standards, International Accounting Standards Board, United Kingdom.
6. Lewis Richard and Pendrill David (1999): Advanced Financial Accounting, Prentice Hall.6<sup>th</sup> Edition.
8. Saleemi N.A (2009): Advanced Accounting, ACME Press Ltd, Nairobi Kenya. East African Edition.

## LEVEL II

### Competencies acquired on completion of Level II

	USING THE FOLLOWING SKILLS				
PERFORM THE FOLLOWING ROLES	Analysis	Judgement	Communication	Interaction with Others	Project management
<b>Investigate and evaluate tax issues</b>	Research and evidence conclusions on a range of fundamental issues	Evaluate alternative potential solutions and identify optimal outcomes for issues affecting individuals and businesses	Communicate the consequences of alternative potential actions	Understand the role of other advisers, Revenue and of the various members of a business organisation in investigating and evaluating tax issues	Prepare an implementation plan to achieve a desired outcome
<b>Provide and implement tax advice</b>	Analyse complex personal and business circumstances to identify and analyse the impact of all applicable taxes	Recognise technical areas where judgment is required to reach sound conclusions	Communicate advice to taxpayers in a comprehensible way	Understand the roles of other professionals in providing and implementing advice	Prepare an implementation plan based on advice provided
<b>Represent taxpayers</b>	Understand the formation and development of tax policy	Analyse the tax opportunities in a range of practical situations	Prepare advance clearance requests and ruling applications to the tax authorities	Handle tax negotiations with relevant stakeholders	Manage tax negotiation process to an appropriate conclusion
<b>Apply the economic way of thinking to individual and business decisions</b>	Understand the application of tax principles and methodologies to business decision problems	Demonstrate an understanding of the implication of tax to economy	Communicate tax implications on business and individuals	Understand the roles different tax departments play to individuals and business units	Apply tax planning through various stages of the business and individuals circumstances
<b>Supporting taxpayers to be tax compliant</b>	Understand the tax compliance cycle for business taxes Apply analytical skills and in-depth knowledge of tax law and compliance processes to support taxpayers in meeting their tax obligations	Identify uncertain tax positions and apply appropriate reporting obligations for tax returns and other communications	Communicate with the taxpayer and with URA on tax return issues for businesses and individuals	Interact with information providers, taxpayers and with URA in supporting personal and business taxpayers in being tax compliant	Prepare a full range of corporate and personal tax returns for businesses and individuals and manage the related tax compliance calendars

<b>Financial accounting for tax balances</b>	Analyse financial records and produce all the tax entries and reconciliations required in the financial accounting process	Review and audit tax entries in financial statements	Provide relevant commentary on the tax balances for users of financial statements	Support the financial accounting and audit teams in the financial reporting cycle	Manage the tax accounting and compliance calendar for companies from financial accounts to tax returns and payments
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# VALUE ADDED TAX - (PAPER 6)

## OVERALL AIM

To enable learner handle value added tax (VAT) transactions.

## LEARNING OUTCOMES

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

- (a) Interpret VAT legislation.
- (b) Apply VAT legislation to varying practical situations, including the computation of tax, VAT refunds, and VAT offsets.
- (c) Demonstrate an understanding of the necessary VAT records and accounts.

## LEVEL OF ASSESSEMENT

The learner is expected to demonstrate both theoretical and practical knowledge of VAT..

## EXAMINATION STRUCTURE

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

## SYLLABUS

### 1.0 INTERPRETATION AND APPLICATION

#### 1.1 Introduction to Basic Principles

- (a) Legal Framework of VAT in Uganda
- (b) Scope of VAT in Uganda
- (c) VAT Terms Explained (Goods, Services, Consideration, Fair Market Value, Taxable person
- (d) Taxable supplies Input tax, Output Tax)
- (e) Local Exempt Supplies, Exempt Imports
- (f) VAT Rates
- (g) VAT Inclusive and VAT Exclusive Figures
- (h) Books and Records

#### 1.2 VAT Registration /Deregistration Process

- (a) Key definitions
- (b) Forms of Registration for VAT
- (c) Registration Procedures
- (d) How is Turnover Threshold Determined?
- (e) Threshold Adjustment
- (f) Duty to Apply and Effective Date of Registration
- (g) Obligations of Registered Persons
- (h) Rights of Registered Persons
- (i) Cancellation of VAT Registration/Deregistration
- (j) Failure to Register
- (k) Taxable and Exempt Activities

## **2.0 TAXABLE, NON-TAXABLE AND OUT-OF-SCOPE SUPPLIES**

### **2.1 Supply of goods liable to VAT**

- (a) Taxable Supplies of Goods or Services
- (b) Self Supplies/Deemed Supplies
- (c) Gifts
- (d) Industrial Samples
- (e) Replacement Goods
- (f) Bulk Discounts
- (g) Cash Back Schemes
- (h) Money - Off Schemes
- (i) Sale of Gift Vouchers
- (j) Payments Received in Advance
- (k) Mixed Supplies

### **2.2 VAT on Services from Abroad**

- (a) VAT on Services Received from Abroad
- (b) Place of Supply of a Service
- (c) VAT treatment of services connected with immovable goods located in Uganda
- (d) VAT treatment of services connected with immovable goods located outside Uganda
- (e) VAT treatment of supplies made by a disclosed agent and an undisclosed agent
- (f) Comparison of the treatment of supplies made by a disclosed agent and an undisclosed agent
- (g) Comparison of the treatment of supplies of goods and supplies of services made to agents
- (h) VAT Exempt Services and Non Taxable Persons

### **2.3 VAT Rates**

- (a) VAT Supplies
- (b) Taxable Supplies of Goods
- (c) Taxable Supplies of Services
- (d) VAT Exempt Persons
- (e) VAT Exempt Activities
- (f) Persons Making Zero Rated Supplies
- (g) Goods and Services Liabile at the Zero Rate
- (h) Goods and Services Liabile at the Standard Rate

## **3.0 TIME AND PLACE OF SUPPLY**

### **3.1 Place of Supply of Goods**

- (a) Importance of Place of Supply Rules
- (b) Goods which are Dispatched or Transported
- (c) Goods which are not Dispatched or Transported
- (d) Goods which are Installed or Assembled
- (e) Goods Imported from Outside of the EAC
- (f) Goods Supplied when Travelling between EAC States
- (g) The concept of Distance Sales



### **3.2 Exports**

- (a) What are Exports?
- (b) Place of Supply and VAT Rate
- (c) Input Credit for Export Companies
- (d) Records Required in Connection with Exports
- (e) Evidence of Export of Goods
- (f) Exports by Purchasers

### **3.3 Imports**

- (a) What are Imports?
- (b) VAT Rate
- (c) Valuation for VAT Purposes- Customs Value
- (d) Declaration in Foreign Currency
- (e) Deferred Payment Scheme
- (f) Credit in VAT Returns for VAT on Imported Goods
- (g) Parcel Post Importations of Taxable Goods
- (h) Importation of Goods destined for another EAC Member State
- (i) Situations when VAT is not payable at Importation

### **4.0 DETERMINING OF TAXABLE VALUE & TAX PAYABLE**

- (a) Taxable value of local supplies
- (b) Treatment on discounts and subsidies
- (c) Taxable value of imported goods
- (d) Tax Payable on taxable transaction
- (e) Computation of Tax Payable /Claimable
- (f) Creditable (allowable) and uncreditable (non allowable) input tax

### **5.0 ACCOUNTING FOR VAT**

#### **5.1 Introduction**

- (a) Accounting for VAT on Sales
- (b) Cash Receipts Basis
- (c) Application for Cash Receipts Basis
- (d) Change from Cash Receipts Basis to Invoice Basis
- (e) Tax Effects on Change in Accounting Method/Basis

#### **5.2 VAT Invoices and Credit Notes**

- (a) What is a VAT Invoice?
- (b) Importance of VAT Invoices
- (c) Issue of a VAT Invoice
- (d) Form of a VAT Invoice; Exceptions
- (e) Time Limits for Issuing VAT Invoices
- (f) Invoices issued by Unregistered Persons
- (g) Settlement Vouchers
- (h) Increase in Price Payable
- (i) Reduction in Price Payable
- (j) Incorrect VAT Rate Charged
- (k) Incorrect VAT Shown
- (l) Invoices Issued in a Foreign Currency
- (m) Deposits or Advance Payments

### **5.3 Credit Notes**

- (a) Information on a Credit Note
- (b) Time limit for Issuing Credit Notes
- (c) Credit Note with no VAT
- (d) Retention of Records

## **6.0 VAT RETURNS AND ASSESSMENTS**

### **6.1 VAT Returns**

- (a) Types of VAT Returns
- (b) Return Dates
- (c) Amending a Return
- (d) Completing VAT Returns
- (e) Late Returns
- (f) Notice of Assessment
- (g) Types of Assessment
- (h) Amendment of an Assessment
- (i) Revenue Online Services
- (j) Administration Procedures to Processing Returns
- (k) Objections and Appeals

## **7.0 VAT REFUNDS**

- (a) Definitions of key terms
- (b) Circumstances that give rise to VAT Refunds
- (c) VAT Relief to International Public Organisations, Embassies and Diplomats.

## **8.0 PENAL TAXES**

- (a) Failure to lodge a Return
- (b) Failure to apply for Mandatory Registration
- (c) Failure to Pay Tax Imposed by due Date
- (d) Failure to Prepare Proper Records
- (e) Issuance of False Statements

## **9.0 OTHER CONSIDERATIONS**

### **9.1 Intra Community Supplies of (goods only)**

- (a) Intra Community Supplies
- (b) Place of Supply
- (c) Rate of VAT
- (d) Evidence of Intra Community Supplies
- (e) Distance Sales and Intra Community Supplies
- (f) Intrastate Returns

### **9.2 Intra Community Acquisitions (goods only)**

- (a) VAT Exempt Institutions
- (b) Purchasing Goods from Abroad
- (c) Branch to Branch Transfers
- (d) Errors and corrections

### 9.3 Amount on which VAT is chargeable

- (a) Expenses Incurred in Providing a Service
- (b) Reimbursed Expenses and Expenses Incurred
- (c) Possible Mitigation
- (d) Goods Sold at less than Market Value
- (e) VAT and Withholding Tax
- (f) Postage and Insurance
- (g) Bad Debts
- (h) Deposits or Payments in Advance
- (i) Payment in Kind
- (j) Disposing of Company Assets

### 9.4 Finance Agreements

- (a) Forms of Finance
- (b) Difference between a Lease and Hire Purchase Agreement
- (c) Hire Purchase Agreements
- (d) Operational Leases and Service Charges
- (e) Finance Leases
- (f) Deposits paid on Lease Agreements
- (g) Termination of a Lease Agreement
- (h) Termination Transactions

### 9.5 Construction Services

- (a) Construction Services - VAT Rates
- (b) Place of Supply of Construction Services
- (c) Fixtures; Fittings; Supply and Installation of Fixtures
- (d) Repair and Maintenance
- (e) Design and Building Contracts
- (f) Subcontractors Established Outside the State
- (g) Issuing VAT Invoices for Progress Payments
- (h) Retention Money

## 10 CASE STUDIES

This will incorporate aspects of case law interpretation analysis and application with reference to case studies of decided cases in the Ugandan Courts of Justice, the Tax Appeals Tribunal and related cases from all over the world.

## **REFERENCES**

1. Bahemuka Pius K. (2011): Value Added Tax in Uganda, Pius K. Bahemuka, Kampala, Uganda.
2. Mugambwa Paul Frobisher (2012): Value Added Tax in Uganda: A Commentary on Statutes, Case Law and Practice, Paul Frobisher Mugambwa, Kigali Rwanda.
3. The Government of Uganda (2012): Value Added Tax, Cap 349, Government of Uganda.

# CUSTOMS & EXCISE - PAPER 7

## OVERALL AIM

To enable the learner understand and apply the customs law.

## LEARNING OUTCOMES

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

- (a) Interpret and apply customs legislation.
- (b) Understand the historical development of the modern customs systems.
- (c) Demonstrate an understanding of customs management.
- (d) Demonstrate an understanding of the implications of various policy, procedure and documentation for international trade
- (e) Determine Customs value and compute duty thereon.
- (f) Assess challenges facing customs administrations globally as well as global initiatives devised to address such challenges.

## LEVEL OF ASSESSMENT

The learner is expected to demonstrate practical knowledge and skills in handling customs related issues.

## EXAMINATION STRUCTURE

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

## SYLLABUS

### 1.0 INTRODUCTION TO CUSTOM LAWS

- (a) Definition of Key Terms
- (b) Various customs procedure & documentation
- (c) An overview with the customs act
- (d) Tax administration issues
- (e) Understanding International Trade and Economic security measures
- (f) Inspection and management of economic borders
- (g) Prohibition and Restrictions
- (h) Role of Customs
- (i) Customs in the International Context
- (j) Taxes Collected by Customs
- (k) General Provisions

### 2.0 TRADE FACILITATION

- (a) Definition of key terms
- (b) Advantages and Challenges of Trade Facilitation
- (c) The Kyoto Convention
- (d) Customs Administration and Modernisation
  - (i) Directorate of Customs
  - (ii) Powers of a Customs Officer
  - (iii) Appointment of Customs Ports and Customs Areas
  - (iv) Licensing Inland Container Depots (ICDs) and Warehouses

- (v) Licensing Customs Agents
- (vi) Licensing of Transit Goods Vehicles
- (vii) Procedures for Licensing

### **3.0 BORDER OPERATIONS**

- (a) Arrival and Report of Air craft, Vessels and Vehicles
- (b) Procedure on Arrival of Vessel, Overland/by Train
- (c) Obligations of the Master/Agent

### **4.0 ENTRY EXAMINATION AND DELIVERY OF CARGO**

- (a) Definition of key terms
- (b) Procedure of Customs Entry of Cargo
  - (i) Home Consumption.
  - (ii) Warehousing
  - (iii) Transit and Transhipment
  - (iv) Temporary Imports.
  - (v) Re-exports
  - (vi) Exports.
- (c) Declaration Documentation of Imports on Entry
- (d) The Customs Bill of Entry (SAD)
- (e) Customs Clearance Procedures
- (f) Examination of Goods
- (g) Customs risk management

### **5.0 TRANSIT AND TRANSHIPMENT**

- (a) Definition of Key Terms
- (b) Types of Transit and Transhipment
- (c) Procedure for Managing of Goods in Transit

### **6.0 EXPORTATION**

- (a) Definition of Key Terms
- (b) Prohibited and Restricted Exports
- (c) Types of Export Entries
- (d) Customs Procedure for Export cargo at point of entry
- (e) Guaranteed and Non Guaranteed Exports
- (f) Exports Exempted from Declaration

### **7.0 PROHIBITED AND RESTRICTED GOODS**

- (a) Definition of key terms
- (b) Case for Prohibited and Restriction
- (c) Clearance of Restriction Goods
- (d) Disposal of Prohibited and Restricted
- (e) Legal Provisions

### **8.0 CUSTOMS VALUATION**

- (a) Definition of Key Terms
- (b) Legal Provisions
- (c) International Commercial Terms (Inco Terms)
- (d) WTO Customs Valuation Agreement
- (e) The General Agreement on Tariffs and Trade 1994
- (f) The EAC Customs Union Tariff Structure
- (g) Rules of Origin

- (h) Development, structure and concepts of The Harmonised System (HS) classification

## **9.0 COMPUTATION OF DUTY**

- (a) Factors Affecting Amount of Duty
- (b) Rates of Duty Applied
- (c) Customs Valuation and Computation of Duty

## **10.0 PROVISIONS RELATING TO SECURITIES**

- (a) Definition of Key Terms
- (b) Types of Bonds
- (c) Procedure for Execution of Customs Bonds
- (d) Discharge/Retirement/Cancellation of Bonds
- (e) Refund of Deposits
- (f) Obligations of the Parties to the Customs Bond Security
- (g) Benefits of Using Bonds in International Trade

## **11.0 CUSTOMS WAREHOUSING PROCEDURES**

- (a) Definition of Key Terms
- (b) Types of Warehouses
- (c) Advantages of Customs Warehouse
- (d) Procedure of Warehousing Goods
- (e) Transfer of goods between warehouses
- (f) Removal of goods from warehouse
- (g) Safe Guarding Revenue of Warehoused Goods
- (h) Obligations of Warehouse Keeper
- (i) Responsibilities of a Proper Officer

## **12.0 FREE ZONES**

- (a) Entering goods into a free zone
- (b) Work carried out in a free zone
- (c) Removal of goods from a free a zone
- (d) Payments of duty
- (e) Records required

## **13.0 INTERNATIONAL BUSINESS DOCUMENTS AND METHODS OF PAYMENT**

- (a) Importance of Documentation
- (b) Types of International Trade Documentation
- (c) International Contracts of Sale
- (d) Validity of Contracts
- (e) Methods of International Payment for Goods/Services

## **14.0 SMUGGLING, FRAUD AND CUSTOMS CONTROL OF GOODS**

- (a) Definition of Key Terms
- (b) Types and Modes of Smuggling
- (c) Controlling smuggling and other international irregularities

## **15.0 OTHER CONSIDERATIONS**

- (a) Regional Integration of Customs Administrations
- (b) Offences and Penalties

## **REFERENCES**

1. The Government of Uganda (2012): Customs & Excise Act, Cap. 335, Government of Uganda.
2. The Government of Uganda (2012): East African Excise Management Act, Cap. 28, Government of Uganda.

# INCOME TAX - PAPER 8

## OVERALL AIM

To equip the learner with detailed knowledge of Uganda's income tax regime.

## LEARNING OUTCOMES

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

- (a) Interpret the Income tax legislation.
- (b) Demonstrate an understanding of the resident/non resident rules.
- (c) Apply Income Tax legislation to varying practical situations, including the computation of tax.
- (d) Demonstrate an understanding of the necessary Income tax records and accounts.
- (e) Demonstrate an advanced assessment of taxation aspects including application of case law decisions relating to the assessability of incomes, deductibility of expenses, commencement and cessation of business, capital allowances (including disposals subject to control), etc.

## LEVEL OF ASSESSMENT

The learner is expected to analyse tax issues and provide a professional solution.

## EXAMINATION STRUCTURE

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

## LEARNING OUTCOMES

### SYLLABUS

#### 1.0 CHARGEABLE INCOME

##### 1.1.1 Gross Income

##### 1.1.1 Business Income

- (a) Definition 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) Rent
- (k) Recouped expenditure
- (l) Computation of Business income
- (m) Use of case law

##### 1.1.2 Property Income

- (a) Definition and Key Legal Considerations
- (b) Derivation of income



- (c) Year of income
- (d) Interest
- (e) Dividends
- (f) Royalties
- (g) Annuity
- (h) Natural Resource Payment
- (i) Rent
- (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

### **1.1.3 Employment Income**

- (a) Definition and key legal considerations
- (b) Wages, salary, leave pay, payment in lieu of leave, overtime pay e.t.c
- (c) Taxable benefit
- (d) Measuring the benefits
- (e) Discharge or reimbursement of employee expenditure
- (f) Compensation for termination
- (g) Premium for insurance by tax-exempt employer
- (h) Consideration for employee's agreement to conditions of employment
- (i) Value of shares to an employee
- (j) Disposal of a right or option to acquire shares
- (k) Exclusions from employment income
- (l) Foreign employment income
- (m) Use of case law

### **1.1.4 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

## **2.0 CHARGEABLE INCOME OF NON RESIDENTS**

- (a) Income from Non Trade Activities
- (b) Active Income of Non Residents
- (c) Understanding of Source Rules

## **3.0 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

#### **4.0 TAXATION OF RESIDENT AND NON RESIDENT PERSONS**

##### **4.1 Individuals**

- (a) Taxation of individuals
- (b) Income splitting
- (c) Foreign tax credits

##### **4.2 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

##### **4.3 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

##### **4.4 Companies**

- (a) Principles of taxation of companies
- (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

#### **5.0 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
- (c) Other Aspects of WHT

## **6.0 PROCEDURE RELATING TO INCOME TAX**

- (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

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

### **7.1 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

### **7.2 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

### **7.3 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

### **7.4 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) Allowable and Non Allowable Expenses
- (o) Tax Incentives in the Oil & Gas Sector
- (p) Fiscal Decentralisation in the Oil & Gas Sector
- (q) Institutional Constraints for Oil & Gas Revenue Collection in Developing Countries
- (r) Managing the Natural Resource Curse
- (s) Transparency in Oil & Gas Revenue Management
- (t) Auditing of (and Accounting for) Oil & Gas Operations
- (u) Overview of the Legal Framework Governing Uganda's Oil and Gas Sector
- (v) Taxation of Uganda's Oil and Gas Sector
- (w) Uganda's Production Sharing Agreements (PSAs)
- (x) Transfer of interests in a petroleum Agreement
- (y) Arbitration in the Oil & Gas Sector
- (z) Comprehensive Computation of Tax Liability
- (aa) Case law and Decided Cases

## **8.0 TAX ACCOUNTING PRINCIPLES**

- (a) Substituted year of income
- (b) Method of accounting
- (c) Cash basis of accounting
- (d) Accrual basis taxpayer
- (e) Claim of right
- (f) Prepayment, trading stock and debt

## **9.0 TAX PLANNING**

- (a) Definition of Key Terms
- (b) Tax Planning V. 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
- (k) Tax planning in respect of non-resident company assessment
- (l) Double taxation avoidance agreements, general principles, provisions and tax implications
- (m) Tax planning with reference to employees' remuneration
- (n) Tax implications in planning
- (o) Risks of Tax Planning

**N.B** Case law-decided cases will incorporate aspects of case law interpretation, analysis and application with reference to case studies of decided cases both in the Ugandan Courts of Justice, the Tax Appeals Tribunal and related cases from all over the world.

## **REFERENCES**

1. Bahemuka Pius K. (2012): Income Tax in Uganda, Pius K. Bahemuka, Kampala, Uganda.3rd Edition.
2. The Government of Uganda (2012): The Income Tax Act, Cap 340, Government of Uganda.

## Competencies of a Certified Tax Advisor on completion of- Level III

	USING THE FOLLOWING SKILLS				
PERFORM THE FOLLOWING ROLES	Analysis	Judgement	Communication	Interaction with Others	Project management
<b>Investigate and evaluate tax issues</b>	Carry out focused research across Uganda and international tax law and URA practice leading to technically sound conclusions	Evaluate alternative potential solutions and identify optimal outcomes for complex business issues	Document the business, financial and tax implications of alternative potential solutions to enable stakeholders decide on an appropriate course of action	Participate in a multidisciplinary team of advisors in an investigation or evaluation	Understand the processes required to ensure that selected strategies are executed and actions are appropriately documented and evidenced
<b>Provide and implement tax advice</b>	Provide clear and unambiguous taxation advice on business decisions, investment transactions and life events	Identify the legal and Financial consequences of proposed actions, to ensure that advice is both technically sound commercially appropriate and practically feasible	Translate complex legal concepts and communicate implications to taxpayers, including individuals, companies and other entities	Interact with other professionals to provide and implement comprehensive advice to businesses and individuals	Support the successful implementation of tax strategies by planning and project management
<b>Represent taxpayers</b>	Analyse tax policies and procedures by reference to their appropriateness for the Ugandan social and economic environment	Evaluate the strengths and weaknesses of tax positions by reference to legislation, case law and precedent	Understand the role of a tax advisor in representing and defending taxpayers and apply this role to practical circumstances	Interact professionally with taxpayers and tax authorities	Understand and apply the procedures involved in URA audits and tax appeals
<b>Apply the economic way of thinking to individual and business</b>	Analyse different tax heads and how they affect individuals and business units	Evaluate the economic appropriateness of the different tax heads by reference to their relevant	Communicate any proposed changes in the tax law by giving clear relationship with individuals and business units	Interact ably with tax authorities on matters on an ideal structure for a business	Review the country's tax environment and provide investment advice

<b>decisions</b>		<b>canons</b>			
<b>Supporting taxpayers to be tax compliant</b>	Identify and assess tax risks	Assist taxpayers to identify and resolve uncertain tax positions	Communicate with the taxpayer and with URA on complex tax return issues	Support business units and individuals to be tax compliant	Review a full range of corporate and personal tax returns for businesses and individuals

# TAX AUDITS, INVESTIGATIONS AND ETHICS - PAPER 9

## OVERALL AIM

To enable the learner build the ability to apply investigation principles and procedures to obtain information for taxation practice and other purposes.

## LEARNING OUTCOMES

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

- (a) Evaluate the distinction between tax evasion, tax avoidance and fraud
- (b) Analyse issues which may trigger an investigation
- (c) Apply back duty and in-depth examinations
- (d) Analyse methods of computing omitted and understated income
- (e) Assess reasonableness of VAT refunds and false claims
- (f) Analyse capital statements and ascertainment of income omitted or understated
- (g) Evaluate and analyze the reliability, relevance and sufficiency of evidence as a basis of forming opinions.
- (h) Evaluate information gathering/ Investigative techniques.
- (i) Recommend customs and excise investigations procedures
- (j) Demonstrate an understanding of negotiation for settlement
- (k) Evaluate applicable case law
- (l) Recommend the form and contents of tax audit and investigation reports.
- (m) Analyse fundamental professional ethical principles in taxation.

## LEVEL OF ASSESSMENT

The learner is expected to demonstrate knowledge and understanding of the framework of tax audit, and the ability to plan, manage and carry out a tax investigation in an ethical manner.

## EXAMINATION STRUCTURE

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

## SYLLABUS

### 1.0 GENERAL PRINCIPLES OF TAX AUDITS, INVESTIGATIONS AND ETHICS

- (a) Tax evasion, tax avoidance and fraud
- (b) Forms of Tax evasion, tax avoidance and fraud
- (c) Back duty and in-depth investigations
- (d) Legal framework against tax avoidance and fraud

### 2.0 TAX AUDITING PRINCIPLES

- (a) Definition and nature of tax audit
- (b) Objectives of tax audit
- (c) Difference between an audit and an investigation
- (d) Reasons for tax audit and tax investigation
- (e) Appointment of tax auditors
- (f) Duties, rights and obligations of tax auditors
- (g) Professional responsibilities



### **3.0 PLANNING TAX AUDIT AND INVESTIGATION**

- (a) Source of Taxpayer's financial and business information
- (b) Events which may trigger a tax investigation/audit
- (c) General considerations, nature of business, industry, business cycles, tax compliance history
- (d) Auditing staffing and logistics
- (e) Preparation of work programmes

### **4.0 CONTROLLING AND RECORDING AN AUDIT AND INVESTIGATION**

- (a) Review of accounting systems
- (b) Allocations and supervision of work
- (c) Management of working papers
- (d) Documentation of work done
- (e) Evidence of proper review, conclusions, action steps
- (f) Management of close-out meeting
- (g) Preparation of audit reports and investigation reports
- (h) Decision making after tax audits
- (i) Conflict resolution and settlement of tax controversies

### **5.0 INTERVIEW TECHNIQUES**

- (a) Preparation for interviews
- (b) Managing the interview process
- (c) Documentation of minutes
- (d) Human relations aspects of field interviews

### **6.0 AUDIT EVIDENCE, TECHNIQUES AND PROCEDURE**

- (a) Nature of audit evidence
- (b) Relevance and reliability of audit evidence
- (c) Audit techniques, inspection, observation and enquiry.
- (d) Independent confirmation
- (e) Computation and checks sampling techniques
- (f) Reliance on the work of other auditors including Statutory Auditors

### **7.0 STATUTORY POWERS OF THE TAX AUDITORS**

- (a) Powers of the Commissioner General
- (b) The Role of the Commissioner Tax Investigations
- (c) Procedural and compliance aspects around investigations of alleged benefits or tax fraud
- (d) Powers to obtain information
- (e) Power to enter premises
- (f) Power to obtain third party confirmation from bank etc

### **8.0 PRINCIPLES OF CASE LAW**

- (a) The Duke of Westminster Principle
- (b) The Ramsay principle
- (c) Francis vs Dawson

### **9.0 MANAGING URA TAX AUDIT AND INVESTIGATION**

- (a) Audit and Investigation of particular areas
- (b) URA investigations
- (c) Specialist Investigations
- (d) Civil Investigation of Fraud

- (e) Tax Evasion/Tax Fraud
- (f) Corporate Tax Investigations
- (g) Income Tax Investigations
- (h) PAYE Audit Tax Investigations
- (i) VAT Fraud Investigation
- (j) Customs and excise investigations procedures
- (k) Preparation of capital statement and ascertainment of income understated.

## 10.0 PROFESSIONAL ETHICS IN TAXATION

- (a) Key principles
- (b) Form of tax practice and matters relating thereto
- (c) Application of fundamental ethical principles of integrity, confidentiality, objectivity, professional competence and due care and professional behaviour
- (d) Obligations to clients
- (e) Matters relating to new clients
- (f) Handling of client work
- (g) Managing client risk
- (h) Charging for services
- (i) Matters giving rise to conflict of interest
- (j) Corporate compliance with laws and regulations
- (k) Protection of information resources and cyber laws
- (l) Fraud and corruption
- (m) Disclosures in tax returns and computations
- (n) Responses to official requests from the Revenue Authority
- (o) Change of adviser
- (p) Dealing with the Revenue Authority
- (q) Financial reporting
- (r) Moral and social issues in taxation
- (s) Anti-Money laundering

## **REFERENCES:**

1. Institute of Certified Public Accountants of Uganda (2009): Code of Ethics, Institute of Certified Public Accountants of Uganda, Kampala, Uganda.
2. International Federation of Accountants Council (2013), Code of Ethics for Professional Accountants, International Federation of Accountants Council, United Kingdom.
3. The Government of Uganda, Whistleblowers Protection Act, 2010.
4. The Government of Uganda, The Anti-Corruption Act, 2002.
6. Velasquez Manuel V. (2001), Business Ethics: Concepts & Cases, Prentice Hall.5<sup>th</sup> Edition.
7. Weiss Joseph W. (2005), Business Ethics: A Stakeholder Approach & Issues Management Approach, Cengage Learning.4<sup>th</sup> Edition.

# EAC & INTERNATIONAL TAXATION - PAPER 10

## OVERALL AIM

To enable the learner acquire in-depth knowledge of international tax issues that affect cross border transactions or a transnational groupings.

## LEARNING OUTCOMES

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

- (a) Demonstrate an understanding of resident status.
- (b) Assess the tax implications of inter/intra company transactions.
- (c) Discuss the source rules and taxation thereon of international transactions.
- (d) Demonstrate an advanced assessment of taxation aspects including application of case law decisions relating to the assessability of incomes, deductibility of expenses, commencement and cessation of business, capital allowances (including disposals subject to control), etc for international companies.

## LEVEL OF ASSESSMENT

The learner is expected to demonstrate ability of handling tax issues involving multiple countries' tax systems, to the extent that those systems interact with the chosen area of taxation.

## EXAMINATION STRUCTURE

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

## SYLLABUS

### 1.0 DETERMINING RESIDENCE STATUS

- (a) Residence in Uganda - General rules
- (b) Determining Ugandan residence
- (c) Days of presence
- (d) Leaving Uganda
- (e) Coming to Uganda
- (f) Individuals
- (g) Partners and partnerships
- (h) Trusts, trustees and beneficiaries
- (i) Real estate investment trusts (REITs)
- (j) Companies
- (k) Domicile
- (l) Non-residents
- (m) Tax havens
- (n) Management and control
- (o) The taxation of aliens under international law
- (p) Dual residence and third countries

## **2.0 SOURCE AND TAXATION**

- (a) Sourcing of Income
- (b) Tax on International Payments
- (c) Interest
- (d) Dividends
- (e) Royalties
- (f) Rent
- (g) Capital gains
- (h) Rental and Disposal of an Interest in Immovable Property
- (i) Movable property
- (j) Pension or Annuity
- (k) Natural Resource Payment
- (l) Management Charge
- (m) Payment to non resident Public Entertainers/ Sports Persons
- (n) Payment to non resident contractors /professionals
- (o) Non-residents providing shipping, air transport, or telecommunication services
- (p) Understanding international agreements

## **3.0 TAXATION OF BRANCHES/PARENT-SUBSIDIARY AND INTERCOMPANY TRANSACTION**

- (a) Introduction
- (b) Understanding transactions between associates
- (c) Separate Items of Income
- (d) Business Income
- (e) Allocation of Expenses
- (f) Computation of repatriated income
- (g) Taxation at source-withholding
- (h) Exemption from tax
- (i) Tax Treatment of Corporate Losses
- (j) Concept of thin capitalization
- (k) Foreign debt and foreign equity
- (l) Corporate reorganizations
- (m) The primary categories of international tax planning
- (n) Anti avoidance procedure
- (o) International tax conflict rules
- (p) Taxation in Hyperinflationary Economies

## **4.0 TRANSFER PRICING**

### **4.1 Fundamental Sources**

- (a) OECD Model
- (b) UN Model Commentary
- (c) Local domestic law
- (d) Selected leading cases

### **4.2 The Arm's Length Principle and Comparability**

- (a) Interpretation of the arm's length principle
- (b) The role of comparables; rationale and limits
- (c) Situations where no comparables or only imperfect comparables are found
- (d) Transaction analysis
- (e) Recharacterisation issues

#### **4.3 Functional Analysis**

- (a) Goal of functional analysis
- (b) Analysis of functions, assets and risks
- (c) Relating functional analysis to selection of transfer pricing method
- (d) Entity characterisation (e.g. characterisation as “entrepreneur”, stripped risk manufacturer, commissionaire.)

#### **4.4 Transfer Pricing Methods**

- (a) Description of methods
- (b) Choice of method

#### **4.5 Comparability Analyses in Practice**

- (a) Typical process proposed by the OECD
- (b) Aggregation of a taxpayer’s transactions/use of non-transactional third party data
- (c) Information on the foreign associated enterprise
- (d) Sources of information on comparable uncontrolled transactions: internal/external
- (e) Comparables
- (f) Comparability adjustments
- (g) Arm’s length range
- (h) Timing issues in comparability
- (i) Compliance issues

#### **4.6 Intra-group services**

- (a) Different types of intra-group services
- (b) Transfer pricing methods
- (c) Comparable Uncontrollable Price (CUP)
- (d) Resale Price Method
- (e) Transactional Profit Split Method
- (f) Transactional Net Margin Method and Cost Plus
- (g) Direct/indirect charging

#### **4.7 Financing**

- (a) Loan pricing
  - (i) Creditworthiness.
  - (ii) Thin capitalization.
  - (iii) Interest rates.
  - (iv) Thin capitalisation and transfer pricing Compared.
- (b) Guarantees

#### **4.8 Intangible property**

- (a) The life cycle of intangibles (development, exploitation, exit strategy)
- (b) Different types of intangibles
- (c) Two possible models to structure the development of intangibles contract research and development versus cost contribution / cost sharing arrangements
- (d) Two possible models for exploiting intangibles: principal structure versus licensing out
- (e) Valuation of intangible assets

#### **4.9 Business restructurings**

- (a) The nature of business restructuring
- (b) The OECD guidance on the transfer pricing aspects of business restructurings
- (c) Mergers, Acquisitions and Reorganisations

#### **4.10 Permanent Establishments**

- (a) Report on the Attribution of Profits to PEs
- (b) Model tax convention
- (c) Recognition of dealings

#### **4.11 Compliance issues**

- (a) Transfer pricing documentation
- (b) Penalties
- (c) Transfer Pricing risk management

#### **4.12 Avoiding Double Taxation/Dispute Resolution**

- (a) Internal TP adjustments: corresponding adjustments, secondary adjustments
- (b) Mutual agreement procedure
- (c) Tax treaty arbitration
- (d) Challenges in Implementing

#### **4.13 Double Taxation**

- (a) Definition for Key Terms
- (b) Tax Treaties- Policies, Rules, Negotiations and Administrative Procedures
- (c) Need for Double Taxation Agreements
- (d) Uganda's Tax Treaties and Reliefs
- (e) Nature of the Double Taxation Agreements with Uganda
- (f) Double Taxation - for investment income
- (g) Double Taxation and Tax Credits
- (h) Residence under domestic law and residence under double tax treaties
- (i) The East African Community Double Taxation Agreement.

### **REFERENCES**

1. Bahemuka Pius K. (2012): Income Tax in Uganda, Pius K. Bahemuka, Kampala, Uganda.3rd Edition.
2. The Government of Uganda (2012): East African Excise Management Act, Cap. 28, Government of Uganda.

# TAX PRACTICE - PAPER 11

## OVERALL AIM

To enable the learner provide sound professional advice to clients in a complex tax situation.

## LEARNING OUTCOMES

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

- (a) Develop an in-depth knowledge and ability to authoritatively interpret tax law, including income tax, VAT, Customs laws and other taxes.
- (b) Demonstrate practical knowledge and skills needed in the computation of Income tax and reclaim of VAT procedures.
- (c) Demonstrate an understanding of the procedural aspects of adjudicating tax disputes.
- (d) Demonstrate adequate communication and analytical skills with other knowledge gained from various papers to analyse different aspects of a case and make recommendations as appropriate.
- (e) Develop professional solutions to business problems involving skills in judgement, analysis, communication, presentation and report solutions to business problems in an understandable manner.
- (f) Exercise an understanding of Industry-specific tax knowledge (e.g., tax aspects of telecoms, financial institutions, insurance services, oil & gas, among others).

## LEVEL OF ASSESSMENT

The learner is expected to demonstrate ability in handling a client's tax issues in a holistic manner in view of relevant case law and decided cases.

## EXAMINATION STRUCTURE

There will be a four hour examination comprising of a case study. Candidates will be required to produce a professional solution.

## SYLLABUS

- A Knowledge and skills acquired from Papers 1-10.
- B Communication and presentation skills.