

# Unit 12: Taxation

Unit code: Y/601/0904

QCF level: 5

Credit value: 15 credits

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- Aim

This unit aims to give learners an understanding of the taxation of individuals and limited companies in the United Kingdom.

- Unit abstract

Learners will understand the need for taxation and may already be familiar with the calculation and collection of income tax through the Pay as You Earn system applied to employees.

The unit introduces learners to the UK tax environment and explores the administration and collection of taxation in the UK and the duties of the tax practitioner.

The unit gives learners the skills needed to understand and compute the calculation of income tax for both individuals and businesses. Learners will then consider the liability for and computation of corporation tax and capital gains tax.

- Learning outcomes

**On successful completion of this unit a learner will:**

- 1 Understand the duties and responsibilities of the tax practitioner in the UK tax environment
- 2 Be able to calculate personal tax liabilities for individuals and partnerships
- 3 Be able to calculate corporation tax liabilities for companies
- 4 Be able to calculate capital gains tax payable for individuals and businesses.

# Unit content

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## 1 Understand the duties and responsibilities of the tax practitioner in the UK tax environment

*UK tax environment:* purpose and types of taxation (income tax, corporation tax, capital gains tax and inheritance); different methods of collection; tax legislation

*Tax practitioner:* dealing with the Inland Revenue; advising clients; calculating liabilities; implications for non-payment; respecting confidentiality and seeking advice when needed

## 2 Be able to calculate personal tax liabilities for individuals and partnerships

*Sources of income:* income from employment including benefits in kind; income from self-employment e.g. sole trader or partnership; income from investments

*Tax computations:* relevant and allowable expenses; charges on income; payments to charities; tax free allowances; tax rates and payment dates

*Tax of the self-employed:* bases of assessment; adjustment of profits and losses e.g. disallowed expenditure; tax losses; capital expenditure and allowances

*Documentation:* tax returns, P60, P45 and P11D

## 3 Be able to calculate corporation tax liabilities for companies

*Bases of assessment:* scope of corporation tax; accounting periods; chargeable profits; due dates

*Computation:* adjusted profits; treatment of losses; corporation tax rates; capital expenditure and allowances; treatment of income tax deductions

## 4 Be able to calculate capital gains tax payable for individuals and businesses

*Incidence and administration of capital gains tax:* chargeable persons; assets and disposals; payment dates

*Computation:* layout of computation; allowable expenditure; indexation allowance and taper relief; dealing with losses; allowances; rates/assets/disposals

# Learning outcomes and assessment criteria

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<b>Learning outcomes</b>	<b>Assessment criteria for pass</b>
<b>On successful completion of this unit a learner will:</b>	<b>The learner can:</b>
LO1 Understand the duties and responsibilities of the tax practitioner in the UK tax environment	1.1 describe the UK tax environment 1.2 analyse the role and responsibilities of the tax practitioner 1.3 explain the tax obligations of tax payers or their agents and the implications of non-compliance
LO2 Be able to calculate personal tax liabilities for individuals and partnerships	2.1 calculate relevant income, expenses and allowances 2.2 calculate taxable amounts and tax payable for employed and self-employed individuals and payment dates 2.3 complete relevant documentation and tax returns
LO3 Be able to calculate corporation tax liabilities for companies	3.1 calculate chargeable profits 3.2 calculate tax liabilities and due payment dates 3.3 explain how income tax deductions are dealt with
LO4 Be able to calculate capital gains tax payable for individuals and businesses	4.1 identify chargeable assets 4.2 calculate capital gains and losses 4.3 calculate capital gains tax payable.

## Guidance

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### Links

This unit links to the other accounting units *Unit 9: Management Accounting: Costing and Budgeting*, *Unit 10: Financial Accounting and Reporting*, and *Unit 11: Financial Systems and Auditing* and also core *Unit 2: Managing Financial Resources and Decisions*

This unit also has links to the Accounting NOS as mapped in *Annexe B*.

### Essential requirements

There are no essential or unique resources required for the delivery of this unit.