



## Course Syllabus

|                         |                       |                                |
|-------------------------|-----------------------|--------------------------------|
| <b>Course Code</b>      | <b>Course Title</b>   | <b>ECTS Credits</b>            |
| ACCT-421                | Cyprus Taxation       | 6                              |
| <b>Prerequisites</b>    | <b>Department</b>     | <b>Semester</b>                |
| ACCT-321, ACCT-330      | Accounting            | Fall/Spring                    |
| <b>Type of Course</b>   | <b>Field</b>          | <b>Language of Instruction</b> |
| Required                | Accounting            | English                        |
| <b>Level of Course</b>  | <b>Lecturer(s)</b>    | <b>Year of Study</b>           |
| 1 <sup>st</sup> Cycle   | Mr. Pantelis Karonias | 4 <sup>th</sup>                |
| <b>Mode of Delivery</b> | <b>Work Placement</b> | <b>Corequisites</b>            |
| Face to face            | N/A                   | None                           |

### Course Objectives:

The main objectives of the course are to:

- Provide an overview of the Cyprus taxation system
- Provide an overview of the ethical issues arising in the course of performing tax work
- Understand the core knowledge of the underlying principles of Cyprus taxation
- Show how key taxation principles can be applied in practice
- Understand the importance and role of taxation in the activities of individuals and businesses
- Explain how the tax liabilities of individuals and companies are computed

### Learning Outcomes:

After completion of the course students are expected to be able to:

1. Recognise the ethical issues arising in the course of performing tax work and identify the obligations the Cyprus system of tax imposes on taxpayers and the implications for taxpayers of non-compliance;
2. Explain and calculate the capital gains tax payable by individuals and companies;
3. Explain and calculate the amounts of income tax owed by or owed to individuals;
4. Explain and calculate the amounts of special defense contributions by individuals and companies;
5. Explain and calculate the amounts of social insurance payable by individuals, businesses and companies;
6. Explain and calculate the corporation tax liabilities of companies;

7. Explain and calculate the amount of VAT owed by or owed to businesses; and
8. Explain and calculate the amount of stamp taxes due in straightforward transactions.

### Course Content:

#### 1. Ethics and law

In the assessment, candidates may be required to:

- a. Identify the five fundamental principles and guidance given in the IFAC Code of Ethics for Professional Accountants in relation to a tax practice with regard to:
  - i. The threats and safeguards framework
  - ii. Disclosure of information
  - iii. Conflicts of interest
  - iv. Confidentiality
- b. Identify the law with regard to:
  - i. New client procedures
  - ii. Tax department errors
  - iii. Money laundering
  - iv. Tax avoidance and tax evasion
- c. Identify legal and ethical issues arising from tax work undertaken and explain the significance of these issues.
- d. Calculate interest on overdue/overpaid tax and SDC
- e. State the offences that can arise and the penalties that can be charged
- f. Explain the procedures for dealing with objections, recoveries and appeals

#### 2. Capital gains tax

In the assessment, candidates may be required to:

- a. Calculate the chargeable gains and losses on disposals of assets, including leases, shares and securities and pre 01 January 1980 assets
- b. Describe the circumstances in which the following reliefs apply:
  - i. Roll – over relief
  - ii. Lifetime exemptions available to individuals
  - iii. Explain the impact of an individual's residence, ordinary residence and domicile
- c. Calculate total taxable gains and tax payable thereon, utilising available reliefs to reduce the liability, including the computation of double tax relief where appropriate.

#### 3. Income tax

In the assessment, candidates may be required to:

- a. Trading profits
  - i. Explain the relevance of the distinction between revenue and capital for both receipts and expenses and apply the distinction in a given scenario
  - ii. Recognise the effect on trading profits of the treatment of:
    1. Provisions
    2. Capitalised revenue expenditure
    3. Intangible assets
  - iii. Calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery).

- b. Unincorporated businesses
  - i. calculate the assessable trading profits or losses of a partnership including after a change in the profit sharing ratio or change in partners, and allocate the profits or losses to each partner including the allocation of notional profits and losses
  - ii. calculate the assessable trading profits or losses for a new unincorporated business of trade
  - iii. calculate the final assessable trading profits or losses for an unincorporated business ceasing to trade
  - iv. calculate the assessable trading profits or losses of a continuing business following a change in accounting date.
- c. Taxation of income
  - i. calculate assessable employment income for an employee or director, taking into account expenses, allowable deductions and assessable benefits
  - ii. calculate taxable savings, income from property, dividend income, taxed income and investment income
  - iii. describe and calculate the principal aspects of the taxation of property income and premiums on short leases
  - iv. explain the alternative ways in which an individual can provide for retirement and calculate the tax relief available
  - v. explain the impact of an individual's residence and non-residence
  - vi. calculate total taxable income and the income tax payable or repayable for employees, company directors, partners and self-employed individuals including the computation of double tax relief where appropriate.

#### 4. **Special defense contributions**

In the assessment, candidates may be required to:

- a. Explain the principles of special defense contributions and identify the different classes of taxpayer liable to pay
- b. Explain the impact of an individual's, residence / non-residence
- c. Calculate the SDC liability and the payment dates
- d. Compute the double tax relief available
- e. Calculate the interest and penalties due in respect of late payment of special defense contributions.
- f. Deemed distribution provisions

#### 5. **Social insurance contributions**

In the assessment, candidates may be required to:

- a. Identify the different classes of social insurance contributions
- b. Calculate the social insurance due on employment income and the assessable trading profits of the self-employed
- c. Explain and apply annual maximum rules for the payment of social insurance contributions
- d. Explain the system of surcharges which applies to late payments
- e. Calculate the total social insurance contributions payable by employees, employers and self-employed individuals.
- f. Describe the scope of the social cohesion fund contributions (SCFC)

#### 6. **Corporation tax**

In the assessment, candidates will be required to:

- a. Explain the relevance of the distinction between revenue and capital for both receipts and expenses and apply the distinction in a given scenario

- b. Explain how the residence of a company is determined
- c. Define the term 'permanent establishment' and explain the consequences of an activity being so classified
- d. Understand how losses can be claimed against income of the current year of assessment
- e. Understand how losses can be carried forward and set off in subsequent years
- f. Recognise the effect on trading profits of the treatment of:
  - i. Provisions
  - ii. Capitalised revenue expenditure
  - iii. Intangible assets
- g. Calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery)
- h. Recognise the effect of the following issues on corporation tax payable:
  - i. Having a period of account less than or more than 12 months in length
- i. Define a group and recognise the reliefs that are available to members of such a group
- j. Calculate the taxable total profit and the tax payable or repayable for companies including the computation of double tax relief where appropriate.

#### **7. VAT and stamp duty**

In the assessment, candidates may be required to:

- a. Recognise the circumstances in which a person must register for VAT
- b. Recognise the circumstances in which input VAT is non-deductible
- c. Explain the circumstances in which pre-registration input VAT can be recovered
- d. Explain how VAT is accounted for and administered
- e. Explain the VAT consequences of property transactions
- f. Calculate the VAT due to or from Tax Department (Cyprus) for both wholly taxable and partially exempt traders
- g. Explain the VAT consequences of imports and exports of goods and services to and from VAT registered and non-VAT registered entities in the EU and overseas
- h. Explain the classification of supplies and the distinction between goods and services
- i. Explain the VAT treatment of mixed and composite supplies
- j. Identify common situations in which a liability to Stamp Duty arises
- k. Identify situations where there is an exemption from stamp duty
- l. Calculate the amount of stamp duty due in straightforward transactions.

#### **Learning Activities and Teaching Methods:**

Lectures, In-Class Exercises, Assignments, Analysis of ACCA F6 - Taxation past exam papers, Case Study Analysis.

#### **Assessment Methods:**

Final Examination  
Mid-Term  
Presentation

Project 1 – Participation  
Project 2 – Assignments

**Required Textbooks / Readings:**

| <b>Title</b>                         | <b>Author(s)</b>   | <b>Publisher</b>     | <b>Year</b> | <b>ISBN</b>         |
|--------------------------------------|--------------------|----------------------|-------------|---------------------|
| Cyprus Taxation                      | Pantelis Karonias  |                      | 2017        |                     |
| Textbook for Cyprus Variant Paper F6 | Savvas E. Savvides | CTR Publications Ltd | 2017        | 9963 – 595 – 66 - 9 |