

TAX PROFESSIONAL: FINAL EXAM OUTLINE

**EXTERNAL INTEGRATED SUMMATIVE
ASSESSMENT (EISA)**

TAX PROFESSIONAL: FINAL EXAM OUTLINE

(Early Draft: 30 May 2017)

The final exam will consist of knowledge components and practical components (i.e. training simulations based on hypothetical documents)

Employer Payroll (Human Capital) Returns / Compliance

Basic domestic:

- EMP 201 and 501
- Salary options
- Medical
- Allowable deductions against payroll (e.g. pension)
- Cars (allowances and company cars)
- Fringe benefits
- Subsistence allowance
- Employee withholding
- Share schemes
- Other taxes: UIF and Skills Development Levy

Cross-border employees

- Inbound: Residence rules (domestic and treaty), special fringe benefits (e.g. housing), share schemes, pensions
- Outbound: Residence rules, relief for foreign employment income, foreign tax rebates, pensions

Individual Returns / Compliance

Basic domestic

- IT12
- Basic employer payroll
- Deductions against payroll – pension contributions, medical, car allowance, etc...
- Rebates
- Role of section 23(m) limits on deductions relating to employment
- Pension pay-outs
- Small side-businesses (property, hobby ring-fencing and consultancy)
- Capital gains
 - Basics
 - Exclusion of certain gains / losses for personal assets
- Passive savings options (pension, bank accounts, collective investment schemes, REITs, bonds and shares)

High net worth individual planning

- Role of domestic trusts
 - Trust types
 - Basic trust income allocations
 - Contributions to trusts
- Role of domestic estates
 - Formations and dissolutions
 - Income allocations
- Donations
 - CGT impact of donations
 - Donations Tax
- Death
 - CGT impact
 - Income taxation of estates
 - Basics of estate duty
- Offshore investments
 - Basic offshore passive
 - Basics of Exchange Control
 - Basics of offshore trusts

Corporate Tax Returns / Compliance

Basic domestic

- Basic taxable income formula
- Recurring gross receipts and incurrals
- Special timing rules for certain receipts and accruals
- Depreciation allowances
 - Recurring depreciation (commercial, residential and industrial)
 - Special allowances (industrial development and research)
- Conversion of financials to IT14
 - Simple financial conversions
 - General ledgers
 - Notes
- IFRS accounting for taxes (e.g. deferred tax and provisioning)
- Debts
 - Interest
 - Write offs (e.g. bad and doubtful interest)
- Foreign currency
- Sales
 - Trading stock
 - Capital gain/loss (shares and land)
 - Allowance assets
 - Rollovers (reinvestment and involuntary)

- Leases
 - Annual rentals and premiums
 - Improvements on landlord land
 - Government landlords
- Provisional tax
 - Interim payments (1st, 2nd and top-up)
 - Penalties and interest
- Small / micro business relief
 - Small business companies
 - Micro-turnover tax
- Special industries
 - Mining tax overview
 - Farming tax overview
 - Banking tax overview

Taxation of Transactions Between Shareholders and Companies

Single Companies

- Company Formations
- Cash and in-specie dividends
- Share dividends
- Share buybacks
- Liquidations
- Bonus schemes

Acquisitions

- Sale of shares
- Sale of underlying assets
- Share-for-share
- Due diligence reviews

Intra-group

- Dividends
- Intragroup loans
- Section 45 asset transfers

Anti-avoidance

- Simulation / substance-over-form judicial decisions
- GAAR
- Reportable arrangements

International tax

International grid

- Worldwide tax of SA residents versus source tax of foreign resident
- Residence
- Role of treaties (including residence article)

Inbound

- Source
- Passive (e.g. withholding) versus active (e.g. permanent establishment)
- Withholding – dividends, interest, royalties and capital gains
- Full local taxation (e.g. attributable to a permanent establishment)
- Rudimentary basics of transfer pricing

Outbound

- Role of source for SA residents
- Foreign tax rebates (domestic and treaty)
- Foreign subsidiary dividends
- CFCs
 - Ownership trigger
 - System of inclusion
 - Foreign business establishment exemption
 - Notable overrides of the foreign business establishment exemption
 - IT10 form

VAT

Basic VAT

- Basic Input / output calculations
- Timing
 - Tax periods
 - Accrual and cash accounting
 - Time of supply
- Key forms
 - 201 returns
 - Invoices
 - Invoice adjustments (e.g. credit and debit notes)
- Recurring zero rated supplies
- Recurring exempt supplies (plus input limitation)
- Irrecoverable debts
- Specials
 - Second-hand goods
 - Fringe benefits for employees (e.g. entertainment and cars)
- VAT registration
 - Enterprise
 - Thresholds
- VAT underpayments and overpayments

Advanced VAT

- Imported goods
 - Basic mechanics
 - Basics of customs duties
- Imported services
 - Business-to-business
 - Business-to-consumer
 - Electronic services
- Detailed exports
 - Direct exports (goods)
 - Indirect exports (goods)
 - Service exports
 - Special circumstances
- Permissible inputs
- Change-in-use adjustments
- Grants
- Special industries
 - Financial services
 - Fixed property

Tax Administration

General process

- Submission of returns
 - Basic rules for different taxes
 - Time limitations for assessments
- SARS powers of information gathering
 - General methods of inquiry
 - Burden of proof
 - Record-keeping requirements
- SARS assessments
 - Original
 - Additional
 - Reduced assessments
 - Withdrawal of assessments
- Objection
- Appeal
- Further options up the chain
 - Alternative dispute resolution
 - Court access

Interest and penalties

- Underpayment and overpayment interest by tax type category
- Fixed penalties
- Percentage-based penalties
- Underpayment penalties
- Voluntary disclosure programme

Debts owed to SARS

- Basics of debt
- Judgement procedure
- Third-party collections