# Student Handbook

## ZICA Professional Diploma in Taxation

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# ZICA

# Student Handbook

## ZICA Professional Diploma in Taxation

## 1.0 Registration and Entry Requirements

### 1.1 Registration Requirements

All students must register with the Institute at the start of their course. Student registration numbers will be sent to all students.

### 1.2 Minimum Entry Requirements

| | |
|---|---|
| *Normal route* | Full school certificate, or its equivalent, with credits in English language, Mathematics and three other subjects. |
| *Mature Age Entry Route (MAER)* | Aged at least 18 years or at least three years 'working experience in accounting related functions. |

Holders of any other qualifications approved by ZICA

## 2.0 Method of study

The method of study shall be full time and part time at colleges and Institutions approved by TEVETA. Private home study is also encouraged.

### 2.1 Full-time

The student on full time study attends class at one of the accredited tuition providers as a full-time student of the ZICA Diploma in Taxation

### 2.2 Part-time

The student on part-time study attends tuition at one of the accredited tuition providers as a part-time student of the ZICA Diploma in Taxation

### 2.3 Distance

The student on distance learning mode of study registers with the Institute and reads the materials for the subject they want to sit from home. They are not registered with any tuition provider.

NOTE: Students may change modes of study. However they must inform the Institute every time they wish to change.

Notes

# 3.0 Examinations

## 3.1 Examination Timetable

ZICA will run two examination sessions in a year; June and December. The Examination timetable for each year shall be sent to individual candidates and examination centres. The timetable will also be posted to the Institute's website www.zica.co.zm during the first week of February every year and published in all issues of the students Accountants magazine

## 3.2 Critical Dates

Students have to adhere to the closing dates in the table below

| | **Examination Sessions** | |
|---|---|---|
| Fees | June | December |
| Registration / Re-registration / Exemption | 31 March | 31 August |
| Examination | 30 April | 30 September |

All registered students must pay the annual subscription fee by 31st March of each year. Students that pay subscription fees after 31 March will pay a penalty fee as will be determined by the Institute.

## 3.3 Assessment

Assessment shall be by a national examination only.

All papers shall be marked out of 100. To pass any paper, a candidate must obtain at least 50%.

The results of the examinations shall be published within eight (8) weeks after the examinations.

Examination centres shall be approved by ZICA and published in the Student Accountant Magazine.

## 3.4 Examination Procedures

You must be in the examination room at least 30 minutes before the paper is due to commence. The doors will be closed at that time to enable the invigilator to issue instructions and distribute stationary, and give you an opportunity to sign the attendance register.

Do not bring any paper or printed material into the examination room. Possession of such material may result in your being barred from participation in the examination. Examination paper on which to answer the questions will be provided.

You must switch off your mobile phone.

If you arrive more than 40 minutes after the starting time of the examination, you will not be allowed to sit that paper.

You will not be permitted to leave the examination room during the first hour nor the last 30 minutes.

You will not be allowed finally to leave the examination room without permission until you have handed in your answer booklets.

You must cease writing immediately the invigilator has declared the examination over.

When you answer questions, you should:

- Start each answer on a new page
- Write answers in ink.
- Ensure that your student number, National Registration Card numbers are written on answer booklets in the blocks provided for this purpose.
- Read the instructions given carefully.
- Arrange your answers in a numerical sequence before handing in your examination paper.

## 4.0 Course Structure and syllabi

**Introduction**

This section comprises the detailed Syllabi and Course Structure of the ZICA Diploma in Taxation. It indicates what could be covered in each exam.

The syllabus gives the following information:

- **Syllabus objectives** – these are the general learning objectives. They indicate what you should understand and be able to do when you have studied and understood the whole syllabus.
- **Topic list** – the topic covered in each syllabus are listed in detail. Percentage weightings on each section of the syllabus should help you plan your study time.
- **Recommended reading** – this includes the study Manual, professional standards and other readings that should reinforce your understanding of the topics covered in the syllabus. The list is not exhaustive and you are advised to read as widely as possible.

### 4.1 Certificate in Taxation

**Couse structure**

C1 Business Management

C2 Economics and Financial Mathematics

C3 Accountancy for Tax Practitioners

C4 Direct Taxes

C5 Indirect Taxes

C6 Law for Tax Practitioners

A ZICA Certificate in Taxation is acquired upon the successful completion of the course.

**Notes**

Notes

# PAPER C1 BUSINESS MANAGEMENT

This paper introduces students to the wider concepts of business organisation and governance, environmental influences, leading and managing individuals and teams, recruiting and developing effective employees and information and communication in business management.

**Objectives**

On completion of this paper, the student should be able to:

1. Explain the structure and nature of business organisations and their governance,
2. Identify the environmental factors and establish how they affect the management of organisations,
3. Apply management theories in the establishment of procedures for leading and managing individuals and groups in organisations,
4. Explain the role of management in recruiting effective employees,
5. Explain the management of the marketing function,
6. Explain the role of information and data in organisations and how it is communicated.

**Structure of the examination paper**

There shall be a three hour examination consisting of five (5) compulsory questions of twenty (20) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

### UNIT 1 - BUSINESS ORGANISATIONS AND GOVERNANCE

Element 1: The business organisation and its structure

Element 2: The formal and informal business organisation

Element 3: Organisational culture in business

Element 4: Stakeholders of business organisations

Element 5: Committees in the business organisation

Element 6: Business ethics and ethical behaviour

Element 7: Governance and social responsibility in business

### UNIT 2 - ENVIRONMENTAL INFLUENCES

Element 1: Political and legal factors

Element 2: Macro-economic factors

Element 3: Social and demographic factors

Element 4: Technological factors

Element 5: Competitive factors

### UNIT 3 - LEADING AND MANAGING INDIVIDUALS AND TEAMS

Element 1: Leadership, management and supervision

Element 2: Individual and group behaviour in business organisations

Element 3: Team formation, development and management

Element 4: Motivating individuals and groups

## UNIT 4 - RECRUITING AND DEVELOPING EFFECTIVE EMPLOYEES

Element 1: Recruitment and selection, managing diversity, and equal opportunity

Element 2: Techniques for improving personal effectiveness at work

Element 3: Training in the maintenance and improvement of business performance

Element 4: Development in the maintenance and improvement of business performance

Element 5: Learning in the maintenance and improvement of business performance

Element 6: Review and appraisal of individual performance

## UNIT 5 - MARKETING FUNCTION

Element 1: Marketing and sales management

Element 2: Market research and analysis

Element 3: Marketing plans

Element 4: Markets and customers

Element 5: Marketing mix and the product life cycle

## UNIT 6 - INFORMATION TECHNOLOGY AND COMMUNICATION

Element 1: Features of effective communication

Element 2: Oral and Written communication

Element 3: Information technology and information systems in business

Element 4: Data and information and their characteristics

**Reading material**


1. ZICA, Business Management, ZICA publications, Lusaka, Zambia
2. Cole G.A , Management theory and Practice, Fifth edition, Thompson Press
3. ZICA (2007), Management, ZICA Publications, Lusaka, Zambia.


**Notes**

# PAPER C2 - ECONOMICS AND FINANCIAL MATHEMATICS

This Paper introduces students to the foundational aspects of Economics and Financial Mathematics and covers topics such as Macro-economics, money, banking & other financial institutions, public finance, international trade and payments, Theory of taxation, Basic Financial measures, Time value of money, Bond pricing and Yield Curve Analysis.

**Objective**

On completion of this paper, the student should be able to:

1. Explain the concepts of Macro and Micro Economics
2. Explain the Nature of money and financial institutions
3. Explain the key attributes of public finance
4. Carry out calculations of Financial Mathematics

**Structure of the examination paper**

There shall be a three hour examination consisting of five (5) compulsory questions of twenty (20) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed Syllabus

### UNIT 1 - THE MACRO – ECONOMICS

Element 1: Gross National Products and its sectorial contribution (manufacture, mining, including petroleum, agriculture, distribution and services)

Element 2: Aggregate consumption, saving and investment (the multiplier effect theory)

Element 3: Aggregate demand, employment and income, inflation, geographical distribution of economic activities.

### UNIT 2 - MONEY, BANKING AND OTHER FINANCIAL INSTITUTIONS

Element 1: Nature and functions of money and credit;

Element 2: The banking system – Central Bank, commercial banks, merchant banks, and development banks;

Element 3: The capital market – the Lusaka Stock Exchange, Securities and Exchange Commission.

### UNIT 3 - PUBLIC FINANCE

Element 1: Source of income to Government – direct taxation, indirect taxation;

Element 2: Public Revenue allocation to the various tiers of government;

Element 3: Nature and Scope of government intervention in industries and common features and problems of public sector enterprises, privatization versus commercialization – control of monopolies, mergers and restrictive trade practices;

Element 4: Fiscal functions, with respect to fiscal institutions in Zambia;

Element 5: Public goods and merits goods;

Element 6: Trends in government activity;

Element 7: Efficiency in government expenditures;

Element 8: Introduction to fiscal stabilization;

Element 9: Economics of the public debt;

Element 10: Structure of public revenue;

Element 11: Structure of public expenditure;

Element 12: Problems of public debt and private international debt in Zambia.

Element 13: Budgetary process of the Zambian Government.

**Notes**

## UNIT 4 - INTERNATIONAL TRADE AND PAYMENTS

Element 1: The law of comparative advantage;

Element 2: Volume of international trade;

Element 3: Terms of trade and balance of payments;

Element 4: Exchange rate determinations;

Element 5: Fixed versus floating exchange rate, and multiple exchange rates;

Element 6: Foreign Exchange Markets;

Element 7: Devaluation, Depreciation of currency;

Element 8: International Trade and financial institutions; and

Element 9: Regional bodies and other international economic organs.

## UNIT 5 - THEORY OF TAXATION

Element 1: The Zambian National Budget Process

Element 2: Tax Policy in Zambia

Element 3: General Tax and Revenue Design in Zambia

Element 4: Categories and Classification of taxation

Element 5: Objectives and functions of taxation

Element 6: Cannons of Taxation

Element 7: Determination of fiscal incidence in Zambia

Element 8: Determination of the effective tax burden

Element 9: Calculation of marginal effective tax rates

Element 10: Measurement of the productivity of the Zambian tax system

Element 11: Widening of the Zambian Tax Base

## UNIT 6 – BASIC FINANCIAL MEASURES

Element 1: Objectives

Element 2: Yield Measures

Element 3: Total Return Analysis

Element 4: Net Present Value

Element 5: Duration

Element 6: Convexity

Element 7: Price Value of a Basis Point

Notes

**UNIT 7 – TIME VALUE OF MONEY**

Element 1: Objectives
Element 2: Future Value of Money
Element 3: Present Value of Money
Element 4: Future Value of Annuities
Element 5: Present Value of Annuities
Element 6: Present Value of Perpetuities
Element 7: Amortisation
Element 8: Internal Rate of Return

**UNIT 8 – BOND PRICING**

Element 1: Objectives
Element 2: Pricing of Option –free Bond
Element 3: Pricing of Floater & Inverse Floater
Element 4: Price Determination between Coupon Periods
Element 5: Yield Analysis
Element 6: Price Volatility
Element 7: Yield to Call
Element 8: Yield to Maturity

**UNIT 9 – YIELD CURVE ANALYSIS**

Element 1: Objectives
Element 2: Introduction to yield curve analysis
Element 3: Types of Yield Curves
Element 4: Analyzing Yield Curves
Element 5: Bond Arbitrage Strategies
Element 6: Application of Yield Curves

**UNIT 10 – PROBABILITY DISTRIBUTIONS**

Element 1: Objectives
Element 2: Types of Probability Distribution

**UNIT 11 – MEASURING VOLATILITY**

Element 1: Objectives
Element 2: Review of Concepts
Element 3: Normal Distribution
Element 4: Introduction to Volatility
Element 5: Estimating Volatility

## UNIT 12 – CORRELATION & REGRESSION ANALYSIS

Element 1: Objectives

Element 2: Introduction to correlation

Element 3: Calculating Correlation

Element 4: Regression Analysis

**Notes**

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# PAPER C3 ACCOUNTANCY FOR TAX PRACTITIONERS

This Paper assumes elementary knowledge of accounting and focuses on interpretation of financial statements for tax purposes. It covers topics such as Company accounts, preparation of accounts from incomplete records, Ratio Analysis, Cash Flow Statements and the Regulatory Framework of Financial Accounting.

**Objectives**

A student who has successfully completed this subject should have:

1. A knowledge of accounting concepts relating to the preparation of the Balance Sheet, Income Statement and Cash Flow Statements;
2. The ability to effectively interpret financial reports and supporting notes;
3. The ability to calculate and interpret financial reporting ratios;
4. The ability to understand accounting issues in commercial transactions; and
5. An awareness of the limitations of financial reports.

**Structure of the examination paper**

There shall be a three hour examination consisting of five (5) compulsory questions of twenty (20) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed Syllabus

### UNIT 1 - NATURE OF ACCOUNTING

Element 1: The Meaning of Accounting

Element 2: The role of Accounting in the management of organizations

Element 3: Users of Accounting Information

Element 4: The Principal Financial Statements

Element 5: The Role of the Accountant

### UNIT 2 - THE LEGAL & REGULATORY FRAMEWORK

Element 1: Introduction

Element 2: Company Law

Element 3: Accounting Standards

Element 4: The Lusaka Stock Exchange

Element 5: The International Influences

### UNIT 3 – THE FRAMEWORK OF FINANCIAL ACCOUNTING

Element 1: Fundamental Accounting concepts

Element 2: The Accounting Equation

Element 3: The principle of double entry bookkeeping

Element 4: Type of financial statements and their tax implications.

Element 5: The Distinction between Profit & Cash

Element 6: Distinction between capital and revenue items.

## UNIT 4 – THE BALANCE SHEET & INCOME STATEMENT

Element 1: Purpose and Layout of the Balance Sheet

Element 2: Assets

Element 3: Liabilities

Element 4: Capital

Element 5: Layout of the Trading Account

Element 6: Layout of the Profit and Loss Account

Element 7: Relationship with the Balance Sheet

Element 8: Balance Sheet Redrafting (Adjusting for post balance sheet events)

## UNIT 5 – FINANCIAL RECORDS

Element 1: Source Documents

Element 2: Books of Prime Entry

Element 3: The Ledger

## UNIT 6 – PREPARATION OF ACCOUNTS FROM A TRIAL BALANCE

Element 1: The Trial Balance

Element 2: Trading, Profit & Loss Account

Element 3: Accounting Process Overview

Element 4: The Balance Sheet

## UNIT 7 – PERIOD END ADJUSTMENTS

Element 1: Cost of Goods Sold

Element 2: Accruals and Prepayments

Element 3: Bad and Doubtful Debts

Element 4: Depreciation

Element 5: Stock and their Valuation

Element 6: Treatment of Current Taxes

Element 7: Treatment of Deferred Taxes

## UNIT 8 – CONTROLLING THE ACCOUNTING SYSTEM

Element 1: Preventing Errors

Element 2: Detecting Errors

Element 3: Bank Reconciliation Statements

Element 4: Reconciliation of Supplier Statements

Element 5: Control Accounts

Element 6: Suspense Accounts and Correction of Errors

Element 7: Computers in Accounting

Element 8: Accounting Coding Systems

**Notes**

## UNIT 9 – PREPARATION OF ACCOUNTS OF NON-PROFIT ORGANIZATIONS

Element 1: Preparation of receipt and payment account.

Element 2: Income and expenditure account

Element 3: Accumulated Fund

Element 4: Balance Sheet

Element 5: Income from Trading Activities

## UNIT 10 – PREPARATION OF ACCOUNTS FOR JOINT VENTURE

Element 1: Principles of joint venture in accounting

Element 2: Preparation of joint venture accounts

## UNIT 10 – PREPARING ACCOUNTS FROM INCOMPLETE RECORDS

Element 1: Introduction

Element 2: Use of Control Accounts

Element 3: Credit Sales and Debtors

Element 4: Purchases and Trade Creditors

Element 5: Purchases, Stocks and Cost of Sales

Element 6: Expenses Figures

Element 7: Opening Capital

Element 6: The Cash Book and Bank Account Summaries

Element 7: Accruals and Prepayments

Element 8: Drawings

Element 9: Comprehensive Approach

## UNIT 11 – LIMITED COMPANY ACCOUNTS

Element 1: Introduction

Element 2: Framework of Limited Company Accounts

Element 3: Share Capital & Reserves

Element 4: The Final Accounts of Limited Companies

Element 5: Taxation in Company Accounts

Element 6: Accounting for Dividends

Element 7: Provisions, Reserves and Liabilities

Element 8: Published Financial Statements of Limited Companies

Element 9: Group Financial Statements – an introduction

Element 10: Consolidated Balance Sheet

Element 11: Inter- Company Dealings

Element 12: Consolidated Income Statements

Element 13: Acquisition of Shares in Associated Companies

**Notes**

## UNIT 12 – MANUFACTURING ACCOUNTS

Element 1: The Need for Manufacturing Accounts

Element 2: Costs included in the Manufacturing Accounts

Element 3: Layout of Manufacturing Accounts

Element 4: Trading Accounts for Manufacturing Companies

Element 5: Profit & Loss Accounts for Manufacturing Companies

Element 6: Balance Sheets for Manufacturing Companies

Element 7: The Accounting System for Manufacturing Companies.

## UNIT 13 – CASH FLOW STATEMENTS

Element 1: Introduction

Element 2: Profits and Cash flow

Element 3: Purpose of Cash Flow Statements

Element 4: The Cash Flow Statement Technique

Element 5: Advantages & Disadvantages of Cash Flow Statements

Element 6: IAS 7 - Standard Headings

Element 7: Treatment of Capital Expenditure & Financial Investments

## UNIT 14 – PATNERSHIP ACCOUNTS

Element 1: Introduction

Element 2: Partnership Accounts

Element 3: Goodwill for Sole Traders and Partnerships

Element 4: Revaluation of Partnership Assets

Element 5: Dissolution of Partnerships

Element 6: Conversion of Partnerships into Limited Liability companies

## UNIT 15 - INTERPRETATION OF FINANCIAL STATEMENTS

Element 1: Introduction

Element 2: Profitability Ratios

Element 3: Liquidity Ratios

Element 4: Efficiency Ratios

Element 5: Capital Structure Ratios

Element 6: Ratio Analysis of Sole Traders

Notes

# PAPER C4 - DIRECT TAXES

This Paper introduces students to Income Tax, covering topics like the Role and purpose of taxation, taxation of unincorporated businesses, taxation of employment and investment income, company taxation, property transfer tax and the general administration of Direct Taxes.

**Objectives**

On completion of this paper, the student should be able to:

1. Explain the role and purpose of taxation in the economy;
2. Calculate capital allowances and taxable business profits for unincorporated businesses;
3. Compute emoluments from employment and explain the operation of the PAYE system,
4. Describe the various categories of investment income and calculate the tax payable on each one of them;
5. Calculate the taxable business profits of companies and income tax thereon; and
6. Explain the role of the ministry of finance and ZRA in tax administration

**Structure of the examination paper**

There shall be a three hour examination consisting of five (5) compulsory questions of twenty (20) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

### UNIT 1- ROLE AND PURPOSE OF TAXATION

Element 1: The Zambian system of Taxation

Element 2: History of Taxation in Zambia

Element 3: Qualities of a good tax system

Element 4: Functions of taxation in the economy

Element 5: The Concept of Income

Element 6: Classification of taxes

Element 7: Taxable and Exempt income and gains

Element 8: Taxable and exempt persons

Element 9: Residence, ordinary residence and domicile

Element 10: Political and Social Dimensions on Taxation

### UNIT 2 - INCOME TAX AND UNINCORPORATED BUSINESSES

Element 1: Trades, Professions and Vocations

Element 2: Computing taxable business profits for individual sole traders

Element 3: Capital allowances

Element 4: Computing taxable profits and allocations to individual partners

Element 5: Accounting dates and Basis of Assessment

Element 6: Computing income tax on business profits for sole traders and partners

Element 7: Turnover tax

Element 8: Presumptive Taxation

Element 9: Taxation of SMEs under the Zambia Development Act

Element 10: Unincorporated Mining Operations

Element 11: Unincorporated Farming Operations

**UNIT 3 - INCOME TAX AND EMPLOYMENT INCOME**

Element 1: Emoluments, employment and office

Element 2: Employment compared with self-employment

Element 3: Taxable and exempt emoluments

Element 4: Operation of the Pay As You Earn system

**UNIT 4 - INCOME TAX AND INVESTMENT INCOME**

Element 1: Types of investments for individuals and companies

Element 2: The withholding tax system

Element 3: Computing taxable income from letting of property

Element 4: Treatment of income from savings and financial investments

**UNIT 5 - COMPANY INCOME TAXATION**

Element 1: Residence of a company for income tax purposes

Element 2: Computing business profit for companies

Element 3: Treatment of investment income for companies

Element 4: Computing company income tax payable

Element 5: Turnover tax

Element 6: Tax losses of companies

**UNIT 6 - PROPERTY TRANSFER TAX**

Element 1: Meaning of transfer and realized value

Element 2: Transfers within groups of companies

Element 3: Transfers to members of the immediate family

Element 4: Computation of property transfer tax and its payment

**UNIT 8 - ADMINISTRATION OF DIRECT TAXES**

Element 1: The Role of the Ministry of Finance and Zambia Revenue Authority

Element 2: Computation of Income Tax payable by Individuals

Element 3: Payment of income tax by individuals

Element 4: Payment of income tax by incorporated businesses

Element 5: Payment of withholding taxes, turnover tax, and Property Transfer Tax

Element 6: Objections and appeals procedure

**Reading material**

1. ZICA, (2010) Direct Taxes, ZICA Publications, Lusaka, Zambia
2. Mulenga Mohammed Hassan (2003), Taxation in Zambia, Lusaka, Zambia
3. Mululani A. C. (2009), Taxation Principles and Practice, ZCAS, Lusaka, Zambia

Notes

# PAPER C5 INDIRECT TAXES

This Paper introduces students to indirect taxation and covers aspects of Value Added Tax and Customs and Excise Duties and surtaxes.

**Objectives**

A candidate who has successfully completed the subject should be able to:

1. Discuss the history and growth of Value-added taxes globally and the rationale for their adoption by governments internationally;
2. Describe the 'invoice based, credit offset, value-added tax' model and the concept of 'neutrality' as that term is used in the VAT Act;
3. Discuss the activities and transactions that represent practical difficulties in the operation of the 'invoice based, credit offset, value-added tax' model and describe the structural design features that lead to these difficulties;
4. Give reasons why governments choose to exempt, zero-rate and treat as out of scope certain activities under a credit offset, invoice-based VAT; and
5. Discuss the various issues pertaining to Customs and Excise Duties.

**Structure of the examination paper**

There shall be a three hour examination consisting of five (5) compulsory questions of twenty (20) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed Syllabus

### UNIT 1 - VALUE ADDED TAX

| | |
|---|---|
| Element 1: | Meaning of Value Added tax |
| Element 2: | How the VAT system works & Legislation for VAT |
| Element 3: | Arguments for and against VAT |
| Element 4: | Meaning of Supply |
| Element 5: | Determination of Taxable supply |
| Element 6: | Meaning of Consideration |
| Element 7: | VAT Registration & Deregistration Rules |
| Element 8: | Output Tax |
| Element 9: | Input Tax |
| Element 10: | Link between VAT and direct taxes |
| Element 11: | Partial Exemption Methods |
| Element 12: | Imports and exports |
| Element 13: | Special Schemes |
| Element 14: | Special Retailer Methods |
| Element 15: | Chain Transactions – Minimum Taxable Values |
| Element 16: | Reverse Charge VAT |
| Element 17: | VAT Control and credibility checks |
| Element 18: | Principle of Estoppel in VAT Cases |
| Element 19: | Leasing Transactions & Repurchase Agreements |
| Element 20: | VAT on Printed & Other Matter |
| Element 21: | VAT Refund Scheme for Tourists |
| Element 22: | Bad Debt Relief |

Element 23: Self Supply
Element 24: Transfer of Business as a Going Concern
Element 25: Correction of Errors
Element 26: Misdeclaration
Element 27: Late Registration and unauthorized issue of VAT Invoices
Element 28: VAT Penalties & Interest
Element 29: Appeals & Requests for Review

**UNIT 2 – SPECIFIC SECTOR VALUE ADDED TAX**

Element 1: VAT Considerations in the Mining Sector
Element 2: VAT Considerations in the Agriculture Sector
Element 3: VAT Considerations in the Tourism Sector
Element 4: VAT Considerations in the Telecommunications Sector
Element 5: VAT Considerations in the Banking & Financial Services Sector
Element 6: VAT Considerations in the Construction Industry

**UNIT 3 - CUSTOMS AND EXCISE DUTIES**

Element 1: Introduction to Customs & Excise Duties
Element 2: Functions of the Customs and Excise Division
Element 3: Powers of ZRA Officials
Element 4: Official and Commercial Documents
Element 5: Determination of value for Duty Purposes
Element 6: Valuation
Element 7: Clearance.
Element 8: New Residents Rebates
Element 9: The African Growth and Opportunity Act (AGOA)
Element 10: International Trade Agreements
Element 11: Preferential Trade Agreements
Element 12: Exportation of Goods
Element 13: Excise Duties
Element 14: Bonded Warehouses
Element 15: Currency Declaration
Element 16: Surtax on Carbon Emissions
Element 17: The COMESA Customs Union
Element 18: Overlapping Membership of Regional Tax Groupings

**UNIT 3 - EXPORT CONCESSIONS**

Element 1: Introduction
Element 2: Duty Drawback System
Element 3: Basis of Payment
Element 4: Challenges of the duty drawback system
Element 5: Calculation of Coefficients for Duty Draw Back
Element 6: Zero Rating for Exports

**Notes**

# PAPER C6 LAW FOR TAX PRACTITIONERS

This Paper introduces students to general principles of Law as it applies to the field of taxation. Students are introduced to topics like the general administration of law, law of contract, law of agency, banking and labour law.

**Objective**

On completion of this subject, the student should be able to:

1. Explain and articulate the general principles of law
2. Explain and apply the law of contract
3. Explain and apply Banking Law
4. Explain the law governing the sale of goods
5. Explain the law of Agency
6. Explain Partnership Law
7. Explain Company Law

**Structure of the examination paper**

There shall be a three hour examination consisting of five (5) compulsory questions of twenty (20) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed Syllabus

**UNIT 1 - GENERAL PRINCIPLES OF LAW**

| | |
|---|---|
| Element 1: | Sources of Zambian Law |
| Element 2: | Elementary Principles of the divisions of legislative powers between the three tiers of government, with complimentary provisions in Constitution of the Republic of Zambia. |
| Element 3: | Equity and Common Law |
| Element 4: | Statute law |
| Element 5: | The process of legislation and interpretation of statutes |
| Element 6: | The doctrine of precedent |

**UNIT 2 - THE ADMINISTRATION OF LAW**

| | |
|---|---|
| Element 1: | The organization and function of the various courts |
| Element 2: | The judges and various officers concerned with the administration of law in Zambia. Distinction between civil and criminal liability |
| Element 3: | The basis and extent of liability in Tort – Remedies, Legal, and Equitable, for Tort. |
| Element 4: | Differences between real and personal property |
| Element 5: | Various interests in property |
| Element 6: | Legal persons, corporate personality |
| Element 7: | The doctrine of Ultra Vires |

**UNIT 3 - LAW OF CONTRACT**

| | |
|---|---|
| Element 1: | Nature of Contract |
| Element 2: | Essentials of a valid contract |
| Element 3: | Consideration |
| Element 4: | Privity of contract |

Element 6: Capacity for contract

Element 7: Effects of mistakes, misrepresentation and illegal contracts.

Element 8: Remedies for contracts

**UNIT 4 - LAW OF AGENCY**

Element 1: Creation of Agency

Element 2: Effects of the acts of the agent

Element 3: Duties of principal agent and vice versa and as they affect the third party interest.

Element 4: Forms of agency

Element 5: Termination of contract

Element 6: Breach of Agency

**UNIT 5 - SALE OF GOODS**

Element 1: Remedies and obligations of buyers and sellers

Element 2: Valid transfer of property by owner and non-owner

Element 3: Duties and liabilities of carriers

Element 4: Remedies and obligations of carriers

Element 5: Stoppage in transit

**UNIT 6 - HIRE PURCHASE, CREDIT SALES AND LEASING**

Element 1: Nature of Hire Purchase contracts

Element 2: Distinction between Hire Purchase and Instalment Purchases

Element 3: Rights and obligations of Hire Purchases sellers and buyer

Element 4: Right of Possession.

Element 5: Issues of credit sales

Element 6: Various aspects of leasing and the enabling law.

**UNIT 7 - BANKING LAW**

Element 1: Types of negotiable instruments

Element 2: Requirements of negotiability

Element 3: Ambiguity rule

Element 4: Negotiation

Element 5: Types of endorsement

Element 6: Real and personal defences of makers against holders in due course

Element 7: Liabilities of parties and warranties

Element 8: Dishonour and Protest

Element 9: Discharge

Element 10: Certificate Cheques

Element 11: Bill of Exchanges

Element 12: Promissory notes

**Notes**

Element 13: Surety ship and Guarantee

Element 14: Defences of a surety

Element 15: Right and remedies available to surety

## UNIT 8 - COMPANY LAW

Element 1: Nature and types of companies

Element 2: Formation of companies in Zambia

Element 3: Memorandum and articles of Association Prospectus

Element 4: Capital – shares and debentures

Element 5: Members' meetings and resolutions

Element 6: Directors, secretary, auditors, statutory books, profits available for distribution, holding and subsidiary companies

Element 7: Powers and duties of liquidators

Element 8: Secretarial practice

## UNIT 9 - PARTNERSHIP LAW

Element 1: Nature and types of Partnership

Element 2: The Limited Partnership

Element 3: The Partnership Deed

Element 4: Partnership amongst partners

Element 5: Inter-relationships between partners and third parties

Element 6: Dissolution of partnership

Element 7: Joint ventures

Element 8: Drawing distinction with general partnership

## UNIT 10 - BANKRUPTCY LAW

Element 1: Issue of receivership - composition and schemes of arrangement Adjudication and discharge

Element 2: Appointment and powers of official receiver and trustees

Element 3: Determination of property

Element 4: Priority of eventual distribution

Element 5: Proof of debt

Element 6: Statements of affairs and deficiency account.

## UNIT 11 - INSURANCE LAW

Element 1: Elementary principles of insurance – insurable interest, utmost good faith, indemnity, misrepresentation, conditions and warranties

Element 2: Subrogation and contribution

Element 3: Assignment of policies

Element 4: Government control of insurance business.

Element 5: General Insurance Law

Element 6: Life Assurance Law

Element 7: International Insurance Companies

**UNIT 12 LABOUR LAW**

Element 1: General principles of labour law

Element 2: Workmen Compensation Act

Element 3: Trade Union Act., National Industrial Court

Element 4: Formation of contract for labour, express and implied terms, determination of employment, remedies for unlawful dismissal, termination.

### 4.2 Diploma in Taxation

**Course Structure**

D1 Business Information Management

D2 Financial Management

D3 Business Taxation

D4 Personal Taxation

D5 International Taxation

D6 Tax Audit And Investigations

A ZICA Diploma in Taxation is acquired upon successful completion of the course

## PAPER D1 BUSINESS INFORMATION MANAGEMENT

This Paper introduces students to the wider concepts of business information management, knowledge management systems, e-commerce, designing information systems and evaluating information systems.

**Objectives**

On completion of this paper, the student should be able to:

1. Identify the information requirements of different levels of management and explain how information is used to support the objectives of an organisation,
2. Identify and apply methods of organizing and accounting for information systems delivery and information systems projects,
3. Explain the approaches for specification of user and system requirements,
4. Identify and explain the impact of the development of information systems on the organisation and its environment,
5. Explain how information systems are implemented and the approaches to monitoring and evaluation.

**Structure of the examination paper**

There shall be a three hour examination consisting of four (4) compulsory questions of twenty-five (25) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

**UNIT1 - ORGANISATIONAL INFORMATION**

Element 1: Business Strategy and IS/IT

Element 2: IS and the strategic Planning process

Element 3: IS and competitive position

Element 4: Levels of Management and their information requirements

Element 5: The organisation and information management

Element 6: Types of information system - (strategic information systems, management information systems, transaction processing systems, decision support systems, knowledge work systems and office automation systems)

**UNIT 2 - MANAGING INFORMATION SYSTEMS**

Element 1: Organizational and accounting issues in delivering information systems

Element 2: Structural issues in delivering information systems

Element 3: Feasibility study

Element 4: Project initiation and planning

Element 5: Project monitoring and control

Element 6: Software support for project management

**UNIT 3 - DESIGNING INFORMATION SYSTEMS**

Element 1: IS development process

Element 2: Investigating and recording user requirements

Element 3: Documenting and modeling user requirements

Element 4: Developing a solution to fulfill user requirements

Element 5: External design and software package selection

**UNIT 4 - KNOWLEDGE MANAGEMENT AND INFORMATION SYSTEMS**

Element 1: Knowledge distribution through office automation systems

Element 2: Knowledge sharing through group collaboration systems

Element 3: Knowledge creation and knowledge work systems

Element 4: Knowledge capturing and codifying and artificial intelligence

Element 5: Database management systems

Element 6: Data mining and data warehousing

**UNIT 5 - IMPACT OF IT ON WORK PRACTICES**

Element 1: Design of critical success factors

Element 2: Identifying sources of data capture

Element 3: Measuring performance

Element 4: Effect on employee/employer relationships

**UNIT 6 - ELECTRONIC COMMERCE**

Element 1: Business impact of the internet – the virtual company

Element 2: Intranets and extranets

Element 3: The internet as a system

Element 4: Integration of the internet with existing systems

Element 5: The Impact of E-Commerce on Taxation

### UNIT 7 - EVALUATING INFORMATION SYSTEMS

Element 1: Technical information system requirements

Element 2: Implementing security and legal requirements

Element 3: Quality assurance in systems management and development

Element 4: Systems and user acceptance testing

Element 5: System implementation issues and methods

Element 6: Post implementation matters

Element 7: Information systems maintenance and change

**Reading material**


1. ZICA, (2010) Business Information Management, ZICA Publications, Lusaka, Zambia
2. Skidmore S, Introducing systems analysis, 2nd edition, Macmillan
3. Skidmore S, Introducing systems design, 2nd edition, Macmillan
4. Laudon, K and Laudon J, Management Information Systems, 6th edition, Prentice Hall


## PAPER D2 FINANCIAL MANAGEMENT

This Paper introduces students to the framework of financial management, Financial planning and analysis, Sources of finance, Cost of capital, Capital investment appraisal, Valuation principles and group accounts, Working capital management and Public Finance.

**Objectives**

On completion of this paper, the student should be able to:

1. Explain the nature, role and purpose of the financial management function,
2. Analyse financial statements using accounting ratios and carry out assessments to predict corporate failure,
3. Identify and evaluate alternative sources of business finance,
4. Explain and calculate the cost of capital and the factors which affect it,
5. Carry out effective investment appraisal,
6. Discuss and apply principles of business and asset valuations and prepare consolidated financial statements for simple groups,
7. Discuss, recommend and apply working capital management techniques,
8. Discuss and apply the principles of public finance in tax practice.

**Structure of the examination paper**

There shall be a three hour examination consisting of four (4) compulsory questions of twenty-five (25) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

### UNIT 1 - FRAMEWORK OF FINANCIAL MANAGEMENT

Element 1: The nature and purpose of financial management

Element 2: Financial objectives and relationship with corporate strategy

Element 3: Stakeholders and impact on corporate objectives

Element 4: Financial and other objectives in not-for-profit organisations

Element 5: Financial markets and the Efficient Market Hypothesis (EMH)

**UNIT 2 - FINANCIAL PLANNING AND ANALYSIS**

Element 1: Analysis of financial performance using accounting ratios

Element 2: Forecasting financial statements

Element 3: Predicting corporate failure

**UNIT 3 - SOURCES OF FINANCE**

Element 1: Sources of, and raising short-term finance

Element 2: Sources of, and raising long-term finance

Element 3: Internal sources of finance and dividend policy

Element 4: Finance for Small and Medium-size Entities

**UNIT 4 - COST OF CAPITAL**

Element 1: Relative costs of various sources of finance

Element 2: Estimating the cost of equity

Element 3: Estimating the cost of debt and other capital instruments

Element 4: Estimating the weighted cost of capital

Element 5: Capital structure theories and practical considerations

Element 6: Impact of cost of capital on investments

**UNIT 5 - CAPITAL INVESTMENT APPRAISAL**

Element 1: The nature of investment decisions and the appraisal process

Element 2: Non-discounted cash flow techniques

Element 3: Discounted cash flow (DCF) techniques

Element 4: Allowing for inflation and taxation in DCF

Element 5: Capital Replacement decisions

**UNIT 6 - VALUATION PRINCIPLES AND GROUP ACCOUNTS**

Element 1: Nature and purpose of the valuation of business and financial assets

Element 2: Models for the valuation of shares

Element 3: The valuation of debt and other financial assets

Element 4: Principles of groups of companies

Element 5: Preparation of consolidated financial statements including an associate

Element 6: Dealing with intra group transactions

**UNIT 7 - WORKING CAPITAL MANAGEMENT**

Element 1: The nature, elements and importance of working capital

Element 2: Management of inventories, accounts receivable, accounts payable and cash

Element 3: Determining working capital needs and funding strategies

**Reading material**

1. ZICA, Financial Management, 1st edition, Lusaka
2. ZICA, Corporate Financial Management, 1st edition, Lusaka

# PAPER D3 BUSINESS TAXATION

Notes

This Paper builds on the knowledge gained in Paper D 4 – Direct Taxes. It covers topics such as Sole trader income tax, Partnerships, Taxation of Mining Operations, Taxation of Farming enterprises, Taxation of Insurance & Financial Services, Tax Aspects of Corporate Social Responsibility, Taxation of Consolidated Groups, Corporate Mergers, Acquisitions & Disposals, Taxation of Financial Arrangements and the tax treatment of Liquidations and Insolvency.

**Objectives**

On completion of this paper, the student should be able to:

1. Discuss the characteristics of various business organisations from a tax point of view,
2. Calculate Income tax payable by sole traders on their business profits,
3. Calculate income tax payable by partners on their share of business profits,
4. Calculate income tax payable by incorporated businesses on their trading income,
5. Explain the characteristics of mining operations and calculate income tax payable on mining income,
6. Explain the characteristics of farming and fishing enterprises and calculate income tax thereon,
7. Apply the principles of income tax to insurance and financial services sectors,
8. Apply the VAT principles to various business transactions,
9. Apply the principles of Customs and Excise Duties to various business transactions,
10. Discuss the role of the employer as regards employees' tax affairs.

**Structure of the examination paper**

There shall be a three hour examination consisting of four (4) compulsory questions of twenty-five (25) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

### UNIT 1 - BUSINESS ORGANISATIONS

Element 1: Characteristics of sole proprietorships

Element 2: Characteristics of partnerships

Element 3: Characteristics of incorporated businesses

Element 4: Distinguishing features of various business organisations

### UNIT 2 - SOLE TRADERS' BUSINESSES AND INCOME TAX

Element 1: Computing business profits, including capital allowances

Element 2: Accounting dates and basis of assessment

Element 3: Trading losses

Element 4: Computing and paying income tax on business profits

### UNIT 3 - PARTNERSHIPS AND INCOME TAX

Element 1: Computing taxable business profits of partnerships

Element 2: Capital allowances for partnerships

Element 3: Allocation of partnership profits between partners

Element 4: Changes in partnership agreement

Element 5: Payment of income tax by partners

## UNIT 4 - INCORPORATED BUSINESSES AND INCOME TAX

Element 1: Residence of companies

Element 2: Computing taxable income of companies

Element 3: Payment of income tax by companies

## UNIT 5 - MINING OPERATIONS

Element 1: The characteristics of Mining Operations

Element 2: Treatment of Revenue and Capital Expenditure

Element 3: Mining Tax losses

Element 4: Tax incentives for mining operations

Element 5: Capital Allowances for Mining Companies

Element 6: Indexation of Mining Losses and Capital Allowances

Element 7: Maintenance of Books in Foreign Currency

Element 8: Thin Capitalization

Element 9: Environmental Expenditure

Element 10: Tax Treatment of Hedging Income

Element 11: Income Tax Computations for Mining Operations

Element 12: Mineral Royalty Tax

Element 13: Variable Profit Tax

## UNIT 6 - FARMING ENTERPRISES AND INCOME TAX

Element 1: Characteristics of farming and fishing enterprises

Element 2: Computing farming profits for companies

Element 3: Capital allowances for farming enterprises

Element 4: Averaging of farming and fishing income

## UNIT 7 - INSURANCE AND FINANCIAL SERVICES

Element 1: Computing taxable income for insurance companies

Element 2: Computing taxable income for Banks

Element 3: Computing income tax payable by insurance companies

Element 4: Computing income tax payable by Banks

## UNIT 8 - VALUE ADDED TAX

Element 1: Registration and deregistration to include groups and branches

Element 2: Further aspects of the tax point on specialized transactions

Element 3: VAT application to farming and mining enterprises

Element 4: VAT on insurance and financial services products

Element 5: VAT on imports and exports

Element 6: Reverse Charge VAT

Element 7: Pre- registration input VAT

Element 8: Sale of business compared with sale of individual assets

## UNIT 9 - CUSTOMS AND EXCISE

Element 1: Importation of business assets

Element 2: Exports and their tax treatment

Element 3: Rules of origin and tax implications

Element 4: Trade agreements and their benefits to the economy of Zambia

## UNIT 10 - CONSOLIDATED GROUPS

Element 1: Income Tax Assessment of Consolidated Groups

Element 2: Treatment of Entry and Exits from a Group

Element 3: Treatment of Group Losses

Element 4: Property Transfer Tax for Groups of Companies

## UNIT 11 - CORPORATE SOCIAL RESPONSIBILITIES

Element 1: The Meaning of Corporate Social Responsibility

Element 2: Donations to Government Institutions

Element 3: Donations to Charitable Organisations

Element 4: Donations to Political Parties & Similar Ventures

## UNIT 12 - TAKEOVERS, MERGERS, ACQUISITIONS & DISPOSALS

Element 1: Legal rules applicable in the taxation of corporate mergers and acquisitions, particularly as they apply to consolidated groups;

Element 2: Legal and tax structures used for corporate mergers and acquisitions in practice; and

Element 3: Modifications for restructures, group takeovers and acquisitions, including the treatment of losses in mergers and acquisitions and Liability issues and tax sharing agreements;

Element 4: Demergers and Deemed Dividends

## UNIT 13 - FINANCIAL ARRANGEMENTS

Element 1: General tax policy and financial principles relevant to the income tax treatment of financial instruments;

Element 2: Zambian tax law applicable to financial instruments including debt/equity rules and finance leases;

Element 3: Debt-financing techniques, particularly the treatment of interest surrogates and hybrid debt instruments;

Element 4: Equity-financing techniques and the classification of instruments as debt or equity;

Element 5: Income tax treatment of hedging transactions and synthetic instruments;

Element 6: Income tax issues raised by the cross-border use of financial instruments; and

Element 7: Finance leasing and infrastructure finance.

**Notes**

### UNIT 14 - CORPORATE INSOLVENCY & RECONSTRUCTION

Element 1: The aims of insolvency law, historical background, basic concepts and definitions

Element 2: Assets available for distribution: The ranking of claims, proprietary and non-proprietary claims and their significance, equitable interests, retention of title, set-offs and other forms of quasi-security

Element 3: Groups of companies and the liability of officers: Pooling, directors' duties and liability for insolvent trading

Element 4: Liquidation: Winding up in insolvency

Element 5: Avoidance of antecedent transactions

Element 6: Corporate rescue: Voluntary administration and deeds of company arrangement

Element 7: Receivers and agents: Appointment, duties and liabilities of receivers and liquidators

Element 8: Employee entitlements

Element 9: Reconstruction Schemes

Element 10: Directions to liquidators, receivers, administrators and deed administrators

Element 11: Liquidation Dividends

**Reading material**

1. ZICA, Business Taxation, 2010 edition, Lusaka

## PAPER D4 PERSONAL TAXATION

This Paper focuses on personal income taxation, including aspects such as determination of tax residence for individuals, taxation of income from employment, taxation of income from sporting activities, Tax planning for individuals, taxation of Income from Intellectual Property and presumptive taxation.

**Objective**

On completion of this subject, the student should be able to:

1. Make Personal Income Tax Computations
2. Explain the criteria used in Zambia to determine tax residence for individuals
3. Distinguish between Employment and Self Employment
4. Carry out tax planning for individuals

**Structure of the examination paper**

There shall be a three hour examination consisting of four (4) compulsory questions of twenty-five (25) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

### UNIT 1 - SCOPE OF INDIVIDUALS' TAXATION

Element 1: Introduction to personal taxation

Element 2: Persons Liable to Taxation

Element 3: The Meaning of Income

Element 4: Basis of Assessment for Individuals

Element 5: Opening Years
Element 6: Closing Years
Element 7: Emoluments from Employment
Element 8: Income from Savings
Element 9: Income from Business
Element 10: Income from Property

**UNIT 2 - DETERMINATION OF INDIVIDUAL'S TAX RESIDENCE**

Element 1: Introduction
Element 2: Ordinary Residence
Element 3: Tax Residence
Element 4: The non- applicability of Domicile Rules in Zambia

**UNIT 3 - EMPLOYED OR SELF EMPLOYED?**

Element 1: Control
Element 2: Personal service
Element 3: Equipment
Element 4: Financial risk
Element 5: Basis of payment
Element 6: Mutuality of obligation
Element 7: Holiday pay, sick pay and pension rights
Element 8: Part and parcel of the organisation
Element 9: Right to terminate a contract
Element 10: Opportunity to profit from sound management
Element 11: Personal factors
Element 12: Length of engagement
Element 13: Intention of the parties.

**UNIT 4 - TAXATION OF INCOME FROM EMPLOYMENT**

Element 1: Meaning of Employment
Element 2: Taxable Income of an Employee
Element 3: Income Deemed to be from a Source within Zambia
Element 4: Tax Treatment of Offshore Payments
Element 5: The Pay As You Earn Scheme
Element 6: Employee Pension Schemes
Element 7: Contributions to Foreign Based Pension Schemes
Element 8: Taxation of Expatriate Employees
Element 9: Zambian Employees Seconded to work abroad
Element 10: Double Taxation Treaties
Element 11: Taxation of Gratuity

**Notes**

Element 12: Taxation of staff drinkages, Meals and Entertainment
Element 13: Treatment of Deferred Bonus Schemes
Element 14: Employee cost recharge schemes
Element 15: Provisions for Redundancy costs
Element 16: Taxation of Directors' Fees
Element 17: Payment on termination to connected persons
Element 18: Cost of Removing an Unsatisfactory Employee
Element 19: Non – Competition Clauses
Element 20: Workers supplied by Agencies
Element 21: Wages in lieu of Notice

**UNIT 5 - TAXATION OF BENEFITS IN KIND**

Element 1: Beneficial Loans
Element 2: Passages and Leave Pay
Element 3: School Fees and other cash payments
Element 4: Free Accommodation
Element 5: Company Motor Vehicles
Element 6: Children's School Fees
Element 7: Servant Allowances
Element 8: Club Subscriptions
Element 9: Payment of Employee Utility Bills by the Company
Element 10: ESOP Schemes
Element 11: Golden hand Shakes

**UNIT 6 - TAXATION OF INDIVIDUALS' RENTAL INCOME**

Element 1: What is Rental Income?
Element 2: How is Rental income taxed in the hands of an individual?
Element 3: Deductibility of Expenses
Element 4: Responsibility for Deducting Withholding Tax
Element 5: Provisional Income Tax Return for Letting Income
Element 6: Value Added Tax Considerations

**UNIT 7 - PRESUMPTIVE TAXATION FOR INDIVIDUALS**

Element 1: Meaning of Presumptive Taxation
Element 2: Income Subject to Presumptive Taxation
Element 3: Income Thresholds
Element 4: Commercial Imports & the Advance Income Tax

## UNIT 8 - PERSONAL INCOME TAX COMPUTATIONS

Element 1: Introduction

Element 2: Format of Personal Income Tax Computation

Element 3: Separate Taxation for husbands and Wives

Element 4: Amalgamation of Income from Different Sources

Element 5: Adjustments for Capital Allowances

Element 6: Adjustments for Double Taxation Relief

## UNIT 9 - TAX PLANNING FOR INDIVIDUALS

Element 1: Introduction

Element 2: Tax Avoidance & Tax Planning

Element 3: Opening years of a new business

Element 4: Selection of Cessation Date

Element 5: Loss Relief

Element 6: Maximising Capital Allowances

Element 7: Personal Pension Schemes

Element 8: Investment Schemes

Element 9: Salaries versus Dividends

Element 10: Foreign versus domestic income

## UNIT 10 - INCOME TAX ASPECTS OF INCOME FROM SPORT ACTIVITIES

Element 1: Meaning of Sporting activities

Element 2: Amateur versus professional Sporting Activities

Element 3: Income tax aspects of other income related to sports activities including, Publicity on clothing, use of products, sponsorships, subsidies and grants, inducement payments, Athlete's image rights and Merchandising.

Element 4: Income tax aspects of sports clubs and associations

Element 5: Taxation of sports events

Element 6: Foreign income derived by resident Sportsmen

Element 7: Taxation of Footballers and other athletes' transfer fees

**Notes**

### UNIT 11 - TAXATION OF INTELLECTUAL PROPERTY

Element 1: An overview of the structures and operation of the law that protects key intellectual property assets such as copyright, patents, designs, trade - marks, confidential information, trade secrets, know - how and goodwill.

Element 2: Taxation of the acquisition, development, use and disposal of these intellectual property assets under the Income Tax Act including:

- Depreciation rules for intellectual property;
- Research and development concessions;
- International tax issues for intellectual property including royalty withholding tax and transfer pricing;
- Business structures for commercialization of intellectual property and the tax impact on such structures; and
- Employee equity and commercialization of intellectual property.

## PAPER D5 INTERNATIONAL TAXATION

This Paper introduces students to International Taxation, taking a closer look at issues such as the Global economic environment, History of international tax law, Double taxation conventions – DTC, Treatment of Income of non – residents, Treatment of Foreign income of residents, Transfer pricing and thin capitalization, International tax avoidance and

Indirect taxes in international taxation.

**Objectives**

On completion of this paper, the student should be able to:

1. Explain the features of the global economic environment,
2. Discuss the source of international law and implications for Zambia,
3. Discuss the sources of double taxation and the reasons for double taxation conventions,
4. Calculate income tax for both residents and non- residents on worldwide income,
5. Discuss transfer pricing and thin capitalization rules,
6. Discuss the impact of international tax avoidance legislation for taxable person,
7. Apply indirect taxes to international transactions, including the role of the OECD and WTO.

**Structure of the examination paper**

There shall be a three hour examination consisting of four (4) compulsory questions of twenty-five (25) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed syllabus

### UNIT 1 - GLOBAL ECONOMIC ENVIRONMENT

Element 1: Theories of international trade and objectives

Element 2: Counter trade

Element 3: Foreign Direct Investment

Element 4: Multinational companies and trade agreements

Element 5: Regional economic groupings

Element 6: Globalization and its effects on the Zambian Economy

## UNIT 2 - HISTORY OF INTERNATIONAL TAX LAW

Element 1: Work under the League of Nations

Element 2: Work of the OECD

Element 3: Work of the UN group of experts

Element 4: Work of the EU

## UNIT 3 - DOUBLE TAXATION CONVENTIONS - DTC

Element 1: Sources of Double Taxation (Residents & citizens)

Element 2: Role of double taxation treaties

Element 3: Methods of giving double taxation relief

Element 4: Unrelieved overseas Tax

Element 5: The OECD model

## UNIT 4 - TREATMENT OF INCOME OF NON – RESIDENTS

Element 1: Domestic employment income of non-residents

Element 2: Domestic Business profits of non-residents

Element 3: Domestic Investment income of non-residents

Element 4: Taxation of foreign income of non-residents

## UNIT 5 - TREATMENT OF FOREIGN INCOME OF RESIDENTS

Element 1: Resident individuals receiving overseas employment income

Element 2: Resident individuals with overseas businesses and investments

Element 3: Calculation of income tax for residents with worldwide income

## UNIT 6 - TRANSFER PRICING AND THIN CAPITALISATION

Element 1: Determination of profits of branches and associated enterprises

Element 2: Consideration of examples of domestic transfer pricing legislation

Element 3: Transfer pricing and Double Taxation Conventions (Art. 9 OECD MTC)

Element 4: The OECD Transfer Pricing Guidelines

Element 6: Consideration of examples of thin capitalisation legislation

Element 7: Thin capitalization legislation and Double Taxation Conventions

## UNIT 7 - INTERNATIONAL TAX AVOIDANCE

Element 1: Identification of tax havens

Element 2: Domestic law approaches to international tax avoidance

Element 3: Money-laundering legislation and international tax avoidance

Element 4: Application of money-laundering legislation to foreign fiscal offences

Element 5: Co-operation between revenue authorities

Element 6: Conventions for administrative assistance in tax administration

**Notes**

### UNIT 8 - INDIRECT TAXES IN INTERNATIONAL TAXATION

Element 1: The origin and destination bases for indirect taxes

Element 2: GATT rules and the limitation on border tax adjustment

Element 3: WTO rules and taxes – the WTO dispute resolution regime and taxation

Element 4: Cross-border mergers

Element 5: The OECD Model Double Taxation Convention on Estates and Inheritances

Element 6: Taxation and international human rights instruments

Element 7: The European/international Convention on Human Rights and taxation

Element 8: The International Covenant on Civil and Political Rights and taxation

Element 9: Tax Treatment of Foreign Missions

## PAPER D6 TAX AUDIT AND INVESTIGATIONS

This Paper introduces students the wider concepts of auditing and investigations with the sole purpose of detecting under declarations of Income or over statements of expenditure. The Paper also covers issues of fraud detection and the examination of financial records in arriving at assessed tax.

**Objectives**

On completion of this paper, the student should be able to:

1. Undertake a detailed examination of financial statements and come up with a tax assessment;
2. Undertake a detailed Tax Audit;
3. Undertake a detailed Tax Investigation;
4. Respond to either Audit or Investigation queries from the Zambia Revenue Authority.

Structure of the examination paper

There shall be a three hour examination consisting of four (4) compulsory questions of twenty-five (25) marks each. Candidates will be allowed fifteen minutes' reading and planning time.

## Detailed Syllabus

### UNIT 1 - THE FRAMEWORK OF AUDITING IN GENERAL

Element 1: Nature, Purpose and Scope of Tax Audits

Element 2: Auditing Theory

Element 3: Audit Evaluation & Planning

Element 4: Evidence Collection and Analysis

Element 5: Performance of the Audit

Element 6: Audit Reporting Framework

### UNIT 2 - TAX AUDITS

Element 1: Introduction to Tax Audits

Element 2: Elements of a Qualitative Tax Audit

Element 3: Audit Process Flow Chart

Element 4: Place of Examination

Element 5: Taxpayer Involvement in Business Affairs
Element 6: Taxpayer and Spouse
Element 7: Third party Contacts
Element 8: No Records or Inadequate Records
Element 9: Basis of Accounting
Element 10: Gross Receipts or Turnover
Element 11: Use of Ratio Analysis
Element 12: Business Expenses

**UNIT 3 - THE ROLE OF THE TAXPAYER AUDIT PROGRAM**

Element 1: The Roles of the taxpayer audit program
Element 2: Types of Audit
Element 3: The Audit Context – administrative assessment versus self-assessment

**UNIT 4 - LEGAL FRAMEWORK**

Element 1: Why have a Legal Framework?
Element 2: Taxpayer's Record Keeping Obligations
Element 3: Giving Inspectors Access to Books and Records
Element 4: Giving Inspectors Access to Third Party Information
Element 5: Sanctions for Non Compliance

**UNIT 5 - ORGANISATION & MANAGEMENT OF THE TAXPAYER AUDIT FUNCTION**

Element 1: Organisation of Tax Audit Operations
Element 2: Resources for the Tax Audit Function
Element 3: Strategic management and the audit function
Element 4: Operational Management
Element 5: Performance Objectives and Measurement
Element 6: Evaluation of Audit Activities

**UNIT 6 - AUDIT TECHNIQUES**

Element 1: Key Principles
Element 2: Audit Support Tools
Element 3: Audit Planning
Element 4: Pre- Contact Analysis & Case Selection Methods
Element 5: Examination Techniques
Element 6: Use of Indirect Methods to Verify Income
Element 7: Working Papers
Element 8: Finalizing the Audit

**Notes**

Notes

## UNIT 7 - EXAMINATION OF FINANCIAL STATEMENTS

Element 1: Preliminary Review of Financial Statements
Element 2: Objectives of Accounts Examination
Element 3: Compliance Risk Management Process
Element 4: The Balance Sheet
Element 5: The Income Statement
Element 6: Review of Tax Computations
Element 7: Drawings
Element 8: Stocks
Element 9: Bad Debts
Element 10: Depreciation
Element 11: Advertising Expenditure
Element 12: Legal and Professional Fees
Element 13: Salaries & Wages
Element 14: Travel & Entertainment
Element 15: Examination Techniques

## UNIT 8 - TAX INVESTIGATIONS

Element 1: What is a Tax Investigation?
Element 2: Reasons for a Tax Investigation
Element 3: Choosing the Investigation Approach
Element 4: Risk Based Approach
Element 5: Systems Based Approach
Element 6: Accounts Examination
Element 7: Risk Assessment
Element 8: Taxpayers with Complete Records
Element 9: Taxpayers with Incomplete Records
Element 10: Uncovering Hidden Income
Element 11: Perpetual Tax Loss Positions and Loss Harvesting

## UNIT 9 - AUDITING FAMILY BUSINESSES

Element 1: Introduction to Family Businesses
Element 2: Sole Trader
Element 3: Company
Element 4: Incorporation
Element 5: Transferring the Business to a Limited Company
Element 6: Loans to Effective Shareholders
Element 7: Loans from Shareholders
Element 8: Associated Trading Activities
Element 9: Methods of Profit Extraction from the Family Business
Element 10: Withdrawing Investment from the Family Business

## UNIT 10 - BUSINESS FINANCE

Element 1: Financing a company – Long term finance

Element 2: Financing a Sole trader or partnership

Element 3: Short Term Finance

Element 4: Financing Fixed Assets

Element 5: Deferring or reducing the tax liability of a business

## UNIT 11 - TRANSFER PRICING AUDIT

Element 1: Enterprises which have significant amount of or various types of related party transactions

Element 2: Enterprises which have been in long-term consecutive losses, low profitability, or fluctuating profit-and-loss situations

Element 3: Enterprises whose profit levels are lower than those in the same industry

Element 4: Enterprises showing an obvious mismatch between their profit levels and their functional and risk profile

Element 5: Enterprises which have business dealings with related parties in tax havens

Element 6: Enterprises which have not complied with the reporting of their related party transactions or preparation of contemporaneous documentation

Element 7: Enterprises obviously violating the arm's length principle

## UNIT 12 - AUDIT ISSUES IN THE MINING SECTOR

Element 1: Introduction

Element 2: The Classification of Capital expenditure

Element 3: Loan Relationships with Shareholders

Element 4: Losses from Non-Producing Mines

Element 5: Separate Profit Statements for each Mine

Element 6: Separate Reporting for Capital Expenditure for each Mine

Element 7: Sale of Base Metals & Precious Stones to related parties at Reference Price

Element 8: Gradual Reduction of Qualifying Capital Expenditure

Element 9: Clauses from Development Agreements

## UNIT 13 - AUDIT ISSUES IN THE BANKING SECTOR

Element 1: Introduction

Element 2: Separate Source Income

Element 3: Realisation Basis for Income Recognition

Element 4: Leasing Income

Element 5: Derivatives

Element 6: Accrued Discounts on Government Bonds

Element 7: Special Deposit Reserve Accounts

Element 8: Credit Card Income

Element 9: Converted Exchange Differences

Element 10: Foreign Exchange Earnings

**Notes**

Element 11: Fee Income

Element 12: Bad Debts and Portfolio Provisions

Element 13: Non Performing Loans

Element 14: Third Party Guarantees

Element 15: Interest Suspense Accounts

**UNIT 14 - AUDIT ISSUES IN THE TELECOMMUNICATIONS SECTOR**

Element 1: Introduction

Element 2: Inter – Connection Charges and their impact on VAT Liability

Element 3: Tax treatment of Discounts to Air Time Dealers

Element 4: Tax treatment of Discounts to Subscribers

Element 5: Tax Treatment of Network Switch Expenditure

Element 6: Tax Treatment of Roaming Charges & Income

## 5.0 Rules and Regulations

### 5.1 Certification

Upon successful completion and passing all of each level, ZICA shall award certificates to successful students. The Institute shall have the liberty to withdraw the award of a certificate if it has proved that it was done erroneously. There shall be no appeal against the withdrawal

### 5.2 Exemptions

The Zambia Institute of Chartered Accountants subscribes to the principle of recognition of prior learning.

Students seeking exemptions must apply for them by completing the relevant section in the student registration form.

All applications must be accompanied by certified copies of certificates and results transcript (academic record) issued by the relevant examining body. In addition, detailed syllabi for the subjects which form the basis for the application must also be submitted.

Official translations should be provided where any of the documents referred to above is not in English.

The exemptions committee shall consider and grant exemptions to ZICA programme subjects on merit using the following criteria:

(i.) There is at least 75% content overlap between the subject for which the recognition is being applied for and the one(s) which is/(are) the basis for the application.

(ii.) The examining body that issued the qualification is recognised by the authorities in the country of origin.

(iii.) The pass mark is at least 50% and has not been condoned.

(iv.) Test and assignments do not exceed 40% of the final grade awarded.

The decisions of the exemption committee shall be final and no appeal shall be allowed.

No exemptions shall be considered if an application is based on non-certified learning.

Exemption fees are payable equivalent to the ruling examinations fees for the subjects that have been applied for. Fees are payable on application.

It is recommended that where candidates study plan is dependent on the exemptions to be awarded, applications should be submitted early enough to allow for adequate time for processing. In those cases, candidates are advised to wait for response before entering for

any examinations.

### 5.3 Deferments

Students who wish to defer any examination shall make an application in writing. Applications for deferment of examinations shall only be allowed on three conditions:

- **Illness –** applications for deferment are only authorised where illness is supported by a certificate issued by a registered medical practitioner.
- **Loss of an immediate family member –** applications are only authorised if the person who died is a spouse, child, biological parent or direct guardian of the candidate. The application must be supported by the death certificate and burial permit for the family member who has died.
- **Legal grounds –** applications for deferment are allowed for persons who are required to attend court sessions or give evidence in court of law at the same time as they are expected to sit an examination.

### 5.4 Remarking

Under no circumstances shall remarking of the examination answer script(s) be permitted. Script verification will however be done at the discretion of the institute upon receipt of the complaint.

Candidates applying for script verification will be required to pay a non-refundable fee as will be determined by the Institute.

All complaints regarding the examinations shall be launched with the Manager – Education and Examinations – within three months after the results have been released.

### 5.5 Examination Malpractices and Penalties

The types of malpractices and penalties are listed below

| Malpractice | Recommended Action/Penalties |
|---|---|
| Attempting to go or going into the examination room with unauthorized notes or materials | Invigilator to write a report and ensure that the candidate writes an exculpatory letter and leaves the examination immediately |
| Impersonation – where somebody else write for the candidate | Nullify all the results for that sitting |
| Copying from each other. | Invigilator to write a report. If two or more candidates connive to share their solutions, nullify results in that particular subject.<br>If one candidate copies from the other without consent, nullify the results for the one copying in that particular subject.<br>Where two or more candidates have copied from each other for more than one subject, nullify all their results for that particular sitting. |
| Submission of two or more answer scripts. | Examiner to write a report. Nullify results for that particular subject |

| | |
|---|---|
| Widespread cheating at an examination centre in one paper | This may include poor invigilation, poor seating arrangement, candidates being assisted, candidates having prior knowledge of examination papers.<br>In all these:<br>• The first time- nullify for the affected subjects and warn the centre.<br>• The second time- nullify results for the affected subjects and suspend the centre.<br>• The third time- nullify results for the affected subjects and close the centre |
| Misconduct | This may include, but is not limited to, going to the examination room drunk; engaging in harassment of ZICA staff, invigilators, support staff or other candidates either verbally or physically. The candidates shall be expelled from the programme with no room for appeal. |
| Exhibiting false examination documents | This includes exhibiting false school certificates, results transcripts and/or certificates. This student shall be expelled from the ZICA programme with immediate effect. |

## 6.0 Study Guidance

### 6.1 How to Study

**Have a positive attitude**

You have a lot to learn. However others have passed so can you. You should focus on all the benefits of passing the examinations will bring to you. Studying may seem difficult at times, but you are doing it for a reason – to advance your career.

**Focus on the exams**

You need to keep the exam firmly in your sights throughout your studies. You should read the guidance in the front pages of the Study Manual about the exam. You should also look out for all the references to the exam in chapter introductions, Exam alerts and other places in the Study Manual.

**Organise your time**

Before you start studying you must organise yourself properly. You need to timetable your studies, to ensure that you have enough time to cover the entire syllabus and revise it. Choose the notes format that is most helpful to you. Do not copy out too much, but summarise key areas that show you understand the entire syllabus content of your subject.

**Learn actively**

There are various ways in which you can keep your mind active when studying and hence improve your understanding and recall of the material. You should keep asking yourself how what you are studying fits into the whole picture of the exam. If you are not sure, go through the introduction of the Chapter and front pages of the Study Manual. You will also increase your understanding of the syllabus by going carefully through every example and trying every question in the Study Manual.

**Review what you have learnt**

Regularly reviewing the topics you are studying will help cement your understanding. The Study Manual will help you do this. The Chapter roundups summarises the key points in each

chapter. The quick quizzes test your grasp of the essential knowledge in each chapter.

## 6.2 How to revise

### Plan your revision

At the start of your revision period, you should draw up the timetable to plan how long you will spend on each subject and how you will revise each area. You need to consider the total time you have available and also the time that will be required to revise the other exams you are taking. It is important not to spend too much time on small areas, and leave yourself insufficient time to cover the rest of the syllabus.

### Question for practice

You will significantly improve your chances of passing the exam by practising exam-standard questions. Answering full questions against the clock will mean that you'll get used to the time pressure of the exam and will help you improve your written communication skills. When the time is up, you may find it useful to note where you have reached and then to try to complete the questions, giving yourself practise at all the techniques that the question tests. You should attempt the questions before you read the answers. Reading the answers without doing the questions will give you false assurance that you would have tackled the question in the best way and made the points that the answer does. You should also practise written and numerical questions, don't only attempt calculation questions.

### Revise the whole syllabus

Make sure that your revision covers the entire syllabus. Examiners are well aware that some students only revise those syllabus areas that they think will be examined. Examiners try to prevent this by doing the unexpected, for example setting questions on the same topic in successive sittings. The most important topics in a syllabus often appear in questions. You need to identify these topics and spend sufficient time revising them. Take time to ensure you know the fundamental calculations, proformas and preferred report layouts for each examination, to increase the chances of scoring high marks.

### Deal with difficult areas

Difficult areas are topics you find dull and pointless, or subjects that you found problematic when you were studying them. You must not become negative about these topics. Instead you should build up your knowledge by reading the Chapter summaries and using the Quick quiz questions in the Study Manual to test yourself. When practising questions, go back to the Study Manual if you are struggling.

### Learn from your mistakes

When you complete a question you should try to look at your answer critically. It is worth noting mistakes you have made, and referring to these notes in the days before the exam. You should aim to learn at least one new point from each question you attempt, a technical point perhaps or a point on style or approach.

## 6.3 How to pass your exams

### Prepare for the day

You should allow plenty of time to get to the examination room and plan to arrive well in advance of the starting time, so that you may be seated and accustomed to your surroundings by the time the examinations begins. You should have your route planned in advance and should try to find out about potential travel problems. You should check the night before to see that you have:

- Pens
- Pencils
- Erasers
- Watch
- Calculator with spare batteries

- Exam documentation and evidence of identity

You should not however bring paper or printed material into the examination room.

**Select the right questions**

You should select the optional questions you feel you can answer best, basing your selection on:

- The topics the question covers
- The requirements of the question
- How easy it will be to apply the requirements
- The availability of easy marks

**Plan your time**

You need to make sure that you answer the correct number of questions. You should also ensure that you spend the right length of time on each question. This will be determined by the number of marks available. Each mark carries with it a time allocation of 1.8 minutes. If you have not finished a question when you budgeted time is up, you should leave it and maybe return to it once you have completed the rest of the paper. The number of marks will also help to indicate the expected length and required depth of the answer.

**Read the requirements carefully**

It's often best to read the requirements first. To score well, you must follow the requirements of the question, understanding what aspects of the subject area are being covered, and the tasks you will have to carry out. Failing to provide everything the examiner asks for will limit the marks you can score. The requirements will also help you identify the most important information in the scenario more rapidly. They may specify that your answer has to be in a particular format, for example a letter. You will limit the marks you can score if you do not use that format.

**Read the question scenario carefully**

Reading the question scenario carefully will help you decide what issues to discuss, what techniques to use and how your answer should be structured.

**Plan your answers**

Five minutes of planning plus twenty-five minutes of writing is certain to earn you more marks than thirty minutes of writing. When you are planning, you should ensure your answer is structured in accordance with the requirements of the question. You should also consider whether you should group connected points under a single header and how long each part of the answer should take to write. You should confirm before you start writing that your plan:

- Makes sense
- Covers all relevant points
- Does not include irrelevant material or repetitions

Your answer will need to be full response to the requirements of the question. The markers cannot award marks for what they think you know but have not written down.

**Demonstrate judgement**

Examiners are not just looking for a display of knowledge; they want to see how well you can apply the knowledge you have. Evidence of application and judgement includes writing answers that:

- Only contain relevant materials
- Support the statements you make with adequate reason and arguments
- Use the material in scenarios to support your answer
- Discuss the limitations and assumptions of the techniques you use.

- Make reasonable recommendations that follow from your discussion.

**Notes**

### Avoid poor exam techniques

There are various signs of lack of judgement and poor exam technique. The most serious one is setting out all you know about a subject and paying no attention to the question requirements. Answers that give a vague broad outline or which contain contradictions also won't score well. There is also no need to write out the question requirement – this wastes valuable time. You will also decrease your chances by writing an answer with insufficient depth, for example providing a single line bullet point list when the examiner asks you for a discussion.

### Present your work clearly

Markers will only be able to give you credit if they can read your writing, so you must write legibly. You can help the marker by writing on alternate lines and leaving adequate space between words, sentences and paragraphs. There are also plenty of other things that will make it more difficult for the markers to reward you. Examples include:

- Not showing clearly which question you're attempting
- Scattering question parts from the same question throughout your answer booklet
- Not showing clearly workings or the results of your calculations
- Writing paragraphs that are too long or which lack headers
- Writing paragraphs that are too long or which lack headers
- Writing sentences that are too long – you should normally restrict yourself to one idea per sentence.

### Stay until the end of the exam

You should use any spare time to check and recheck your script. This includes checking you have:

- Filled out the candidate details correctly
- Labelled question parts and workings clearly
- Used headers and underlining effectively
- Ensure that spelling, grammar and arithmetic are correct