



THE POST GRADUATE DIPLOMA IN TAXATION

PROGRAMME

STUDENT HANDBOOK

2024

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1.0 Admission, and Award Criteria

1.1 Admission Criteria

All students must register with the Zambia Institute of Chartered Accountants at the start of the programme.

The minimum entry requirements are set out below:

1. **Non-school leavers** who hold the CA Application Advanced Diploma in Accountancy or a recognised Degree in Accountancy or other recognised level ZQF7 accounting qualifications and possess five (5) O level credits or better including Mathematics and English.
2. **Non-school leavers** holding a recognized non-accounting business related degree or other recognized non-accounting business related qualification rated at level ZQF7 and possess five (5) O level credits or better including Mathematics and English.

1.2 Regulations Governing the Award of Postgraduate Diploma in Taxation

To be awarded the Post Graduate Diploma in Taxation, candidates are required to complete all the following eight (8) modules in the programme which include:

1. PGDT 1: Financial Accounting and Reporting
2. PGDT 2: Law of Taxation
3. PGDT 3: Direct Taxes
4. PGDT 4: Indirect and Trade Taxes
5. PGDT 5: International Taxation
6. PGDT 6: Transfer Pricing
7. PGDT 7: Tax Audit and Investigations
8. PGDT 8: Tax Management and Planning

A transcript of results and certificate will be awarded by the Zambia Institute of Chartered Accountants on completion of the examination component of all the papers in the Programme.

2. Duration of Study

The recommended duration of study is one (1) year or 12 months.

2.1 Delivery and Learning Mode

Students may learn through any of the following methods: full time, part-time, online or self-study mode.

Full-time

Full time study mode is where students attend classes as a full-time student at one of the accredited tuition providers.

Part-time

Part-time study mode is where students attend classes as a part-time student at one of the accredited tuition providers.

Online Study

Online study is where students attend classes online with one of the accredited tuition providers.

Self-study

Self-study mode is where students study for the programme at their convenience without attending classes at any of the accredited tuition providers. The learners will, however, be required to write examinations at ZICA accredited examination centres.

3.0 Rules and Regulations

3.1 Student Progression

Candidates are advised to take not more than four papers per examination sitting, subject to the following progression rules:

- (1) A candidate who has not yet passed Financial Reporting, shall not be allowed to attempt Direct Taxes, Indirect and Trade Taxes, International Taxation, Transfer pricing, Tax Audit and Investigations and Tax Planning and Management.
- (2) A candidate who has not yet passed Law of Taxation, Direct Taxes and Indirect and Trade Taxes shall not be allowed to attempt International Taxation, Transfer pricing, Tax Audit and Investigations and Tax Planning and Management
- (3) A candidate who has not passed Law of Taxation, Direct Taxes, Indirect and Trade Taxes, International Taxation, and Transfer Pricing shall not be allowed to attempt Tax Audit and Investigations and Tax Planning and Management.

3.2 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:

- (a) Illness – applications for deferment are only authorized where illness is supported by a certificate issued by a registered medical practitioner. A penalty prescribed by Management shall apply.

(b) Loss of an immediate family member – applications are only authorized if the person who has died is the 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.

(c) Legal grounds – applications for deferment are allowed for persons who are required to attend court sessions or to give evidence in courts of law at the same time as they are expected to sit an examination. A penalty prescribed by Management shall apply.

3.3 Remarking

A remarking service shall be available to aggrieved candidates who appeal against the published results. The remarking service shall be granted subject to the remarking guidelines as follows:

(a) Only candidates who score between 35% and 47% inclusive will qualify to apply for remarking.

(b) A candidate should have passed all except one paper at the session or the paper in which the candidate scored between 35% and 47% is the only paper remaining to complete a level.

(c) The deadline for submission of application for remarking of scripts will be within one (1) month for all examinations after the date of publication of results.

(d) Remarking shall be done at a fee to be determined by Council from time to time. (e) All applications for remarking should be made in writing to the Secretary and Chief Executive and accompanied with receipt of payment for the remarking.

(f) Once remarking has taken place the initial results shall be nullified and replaced by the results from the remarking process.

(g) The Institute will notify the candidate about the corrections (if any) made to the results arising from remarking before certificates are issued.

(h) The decision of ZiCA on remarking shall be final.

3.4 Script Verification

Script verification service shall be available to aggrieved candidates who appeal against the published results. Script verification involves checking to ascertain that the marks appearing on the scripts were correctly captured onto the mark sheet and into the database.

Script verification is done at the discretion of the Institute upon receipt of a complaint. Candidates applying for script verification will be required to pay a non-refundable fee as will be determined by Council from time to time.

The deadline for submission of application for script verification will be within one (1) month for all examinations after the date of publication of results.

3.5 Certification

A transcript of results will be issued on completion of the examination component of the PGDT Zambia Programme. Upon successful completion and passing of the examinations, the Institute shall award the PGDT Zambia qualification to successful students.

The Institute shall have the liberty to withdraw the award of the Postgraduate Diploma in Taxation (PGDT) Zambia qualification if it has been proved that it was done so erroneously. There shall be no appeal against the withdrawal.

3.6 Examination Malpractices and Penalties

The types of malpractices and penalties are listed below:

| Types of malpractice | Description of malpractice | Penalties |
|------------------------------|---|---|
| Premeditated cheating | Smuggling and possession of unauthorised materials into the examination room, for instance pre-prepared answers, notes, electronic devices etc. | Nullify all the results for the affected candidate. In addition, candidate barred from writing ZiCA examinations for a period not exceeding two (2) years. |
| | Impersonation – cases where someone else writes an examination on behalf of the candidate. | Nullify all the results for the affected candidate. The impersonator and affected candidate should immediately be reported to Police for further proceedings. In addition, the affected candidate barred from writing ZiCA examinations for a period not exceeding two (2) years. |
| Assistance | Where a candidate is being assisted by someone at an examination centre to write an examination. | Nullify all the results. In addition, the candidate barred from writing ZiCA examinations for a period not exceeding two (2) years. |
| | Where a candidate submits two answer scripts with different handwriting. | Nullify all the results. In addition, the candidate barred from writing ZiCA examinations for a period not exceeding two (2) years. |

| | | |
|-----------------------------------|--|--|
| | Where a candidate submits two answer scripts with same handwriting | Give the candidate the lowest mark from the two scripts |
| Copying | Where one candidate copies from the other candidate in one subject/paper without the knowledge of the originator | Nullify the results in the affected subjects for the culprit |
| | Where one candidate copies from the originator who is not necessarily in collusion but is culpably negligent. | Nullify results for both in the affected subject. |
| Collusion | Where two candidates connive to copy from each other in one subject/paper | Nullify results in the affected subjects for both candidates |
| | Where two candidates have copied from each other in more than one subject/paper | Nullify results in all subjects for the affected candidates |
| | Where one candidate copies from the originator who is in collusion. | Nullify results in the affected subjects for both candidates |
| Widespread cheating | Where all candidates or a group of candidates at an examinations centre have similar answers | <p>In all cases: The first time – nullify results for all candidates in the affected subjects and warn the centre.</p> <p>The second time – nullify results for all candidates in the affected subjects and suspend the centre.</p> <p>The third time – nullify results for all candidates in the affected subjects and close the centre.</p> |
| Prior knowledge or leakage | Candidates having access to question papers prior to examination | Nullify all the results and candidate barred from writing ZiCA examinations for a period not exceeding two (2) years |

| | | |
|---------------------|---|--|
| Substitution | Where a candidate or someone else removes from the tamper evident envelope the script originally submitted by the candidate and replaces it with another done by the candidate or another person inside or outside the examination room, during or after the period of the examination. | Nullify all the results and candidate barred from writing ZiCA examinations for a period not exceeding two (2) years |
| Misconduct | Writing false personal details on the examination answer booklet | Nullify the results in the affected subject and caution the candidate |
| | Use of abusive language - where the candidate write insults to the examining body, to the lecturers, to the markers, etc. | Caution the candidate |

NOTE ON DECISION OF ZiCA

1. Decisions made by ZiCA regarding dishonest cases will be communicated to the candidates.
Decisions of ZiCA shall be final.
2. Any action or behaviour not indicated above but deemed against correct examination behaviour shall be regarded as malpractice and attract either:
 - (a) Caution if the impact on ZiCA's examination image is minor (one year suspension shall be effected for repeat offenders).
 - (b) Two (2) years suspension if the impact on ZiCA's examination image is major.

4.0 Course Assessment

4.1 Course Assessment

All module questions will be scenario-based, reflecting real-life tax practice challenges that require professional advice development. The focus will be on reporting skills, with tasks involving analysis, critical commentary, evaluation of alternatives, and clear articulation of information to third parties or supervisors. The assessments will test advanced skills such as evaluation, synthesis, and judgment, sometimes involving subtle or hidden issues within the scenarios.

The competency-based framework emphasizes skill achievement, with learning outcomes clearly identifying what students must do to demonstrate their skills. These outcomes are integrated into assessments, aligning with IES2, which defines proficiency levels in modern accounting qualifications. Each module will be assessed through a three-hour exam, with an additional fifteen minutes of reading time.

The structure of the examination papers at this level will be as follows:

| | Marks |
|--|------------|
| Section A: 1 compulsory scenario question | 40 |
| | |
| Section B: A choice of 3 questions from Four scenario questions of 20 marks each | <u>60</u> |
| | <u>100</u> |

Time allowed: 3 hours, plus 15 minutes reading time.

4.2 Pass Mark

In order to achieve the objectives of the programme and in line with the existing criteria for grading professional programmes, the pass mark will be based on assessments by means of final examination. The pass mark is 50% and above, and a fail for a candidate who has scored marks below 50%.

5.0 Exemptions (Accreditation of Prior Learning)

The Zambia Institute of Chartered Accountants recognizes prior learning for exemptions. Applicants must submit ZAQA validation certificates, certified copies of certificates, transcripts, and detailed

syllabi of relevant subjects, along with official translations if documents are not in English. Exemption requests must be made through the student registration form.

The Exemptions Committee evaluates applications based on the following criteria:

- At least 80% content overlap between the subjects.
- The examining body is recognized in the country of origin.
- A minimum pass mark of 50%.
- Tests and assignments should not exceed 40% of the final grade.
- The applicant must have a Grade Twelve School Certificate or equivalent, with five credits including Mathematics and English.

Decisions by the Exemptions Committee are final, with no appeals allowed.

A table below is provided to guide how exemptions will be awarded for specific programs.

| | Prior knowledge or qualification | Exemptions | Required papers |
|----|---|--|--|
| 1. | Holder of CA Zambia, ACCA, CIMA, and other recognized professional accounting qualifications | PGDT 1: Financial Accounting and Reporting PGDT 3: Direct Taxes PGDT 4: Indirect and Trade Taxes | PGDT 2: Law of Taxation PGDT 5: International Taxation PGDT 6: Transfer Pricing PGDT 7: Tax Audit and Investigations PGDT 8: Tax Management and Planning |
| 2 | Holder of CA Application Advanced Diploma in Accountancy, recognised Degree in Accountancy or other recognised level ZQF7 accounting qualifications | PGDT 1: Financial Accounting and Reporting PGDT 3: Direct Taxes PGDT4: Indirect and Trade Taxes | PGDT2: Law of Taxation PGDT5: Tax Management and Planning PGDT7: Tax Audit & Investigations PGDT 8: Tax Management and Planning |

| | | | |
|----|---|---|---|
| 3. | Holder of the Advanced Diploma in International Taxation (ADIT) | PGDT5: International Taxation PGDT 6: Transfer Pricing | PGDT2: Law of Taxation PGDT3: Direct Taxes PGDT4: Indirect and Trade Taxes PGDT5: Tax Management and Planning PGDT7: Tax Audit & Investigations |
| 4. | Holders of the Bachelor of Laws. | PGDT 2: Law of Taxation | Attempt all of the following papers in the PGDT program: PDGT 1: Financial Accounting and Reporting PGDT 3: Direct Taxes PGDT 4: Indirect and Trade Taxes PGDT 5: International Taxation PGDT 6: Transfer Pricing PGDT 7: Tax Management and Planning PGDT 8: Tax Audit and Investigations |
| 5. | Holders of the Bachelor of Economics, other recognized non –accounting related degrees and ZQF level 7 qualifications | No exemption | Attempt all eight (8) papers in the PGDT programme. |

6.0 Transitional Rules and Arrangements

Conversion passes should be awarded to students of the Diploma in Taxation for the papers already done which are equivalent to the papers in the PGDT program as shown in the table below:

| Paper in Diploma in Taxation | Paper in PGDT in which conversion pass should be awarded |
|--|---|
| C1 Business Management | No equivalent paper in PGDT |
| C2 Economics and Financial Mathematics | No equivalent paper in PGDT |
| C3 Accountancy for Tax Practitioners | PGDT 1: Financial Accounting and Reporting |
| C4 Direct Taxes | PGDT 3 Direct Taxes |
| C5 Indirect Taxes | PGDT 4 Indirect and Trade Taxes |
| C6 Law for Tax Practitioners | No equivalent paper in PGDT |
| D1 Business Information Management | No equivalent paper in PGDT |
| D2 Financial Management | No equivalent paper in PGDT |
| D3 Business Taxation | PGDT 3 Direct Taxes |
| D4 Personal Taxation | PGDT 3 Direct Taxes |
| D5 International Taxation | PGDT 5 International Taxation |
| D6 Tax Audit and Investigation | PGDT 7 Tax Audit & Investigation |

7.0 Programme Structure

7.1 Skill Levels and Learning Outcomes

Learning outcomes are articulated through tasks using verbs like analyze, evaluate, and advise to specify the required skills. This approach, rooted in Bloom's taxonomy of verbs, has been a standard in modern accounting qualifications.

The PGDT qualification emphasizes advanced skills in evaluation, synthesis, and judgment. These skills are reflected in the learning outcomes, using verbs like "calculate" and "analyze," culminating in higher-level tasks such as "evaluate" and "advise."

7.2 Course Structure

| YEAR ONE – 1 ST SEMESTER PAPERS | YEAR ONE – 2 ND SEMESTER PAPERS |
|---|---|
| PGDT 1: Financial Accounting and Reporting | PGDT 5: International Taxation |
| PGDT 2: Law of Taxation | PGDT 6: Transfer Pricing |
| PGDT 3: Direct Taxes | PGDT 7: Tax Audit and Investigations |
| PGDT 4: Indirect and Trade Taxes | PGDT 8: Tax Management and Planning |

8.0 Graduate Profile

The programme aims at producing a graduate who has the following profile:

| | | |
|----|---|--|
| 1. | Technical Competence | Ability to compute various taxes and ensure tax compliance for both local and international clients |
| 2. | Managerial Competence | <p>Ability to provide technical advice that meet legal expectations when handling both domestic and international tax matters.</p> <p>Ability to resolve tax disputes, and advise on the best strategies that lead to minimizing tax liabilities for clients</p> |
| 3 | Effective Communication | Ability to effectively communicate professional tax advice that is both technically sound and commercially appropriate across all taxes to both local and international clients. |
| 4 | Continuous Professional Development | Has a passion for learning that ensures technical knowledge is kept up to date in order to remain current on recent developments in legislation, tax policies and practice |
| 5 | Personal Direction and Ethical Behaviour | Ability to use ICT facilities to provide taxation services to clients and to communicate effectively with independence and objectivity while exhibiting the highest ethical behaviour |
| 6 | Personal Well-being and Work life balance | Participates in value-adding networking activities with integrity and ensures has a wellness programme to achieve work life balance. |

9.0 Detailed Syllabus

9.1 PGDT I: Financial Accounting and Reporting

AIM

This module will equip learners with the necessary skills to support the preparation of single and basic group financial statements which comply with international financial reporting standards, and interpretation and analysis of financial statements.

| Syllabus topics | Weighting (%) | LO |
|--|---------------|------------|
| The Conceptual and Regulatory Framework for financial Reporting | 5 | 1 |
| Recording transactions and events | 25 | 2,3 |
| Financial statements for sole traders and partnerships | 20 | 4 |
| Published financial statements for limited companies | 30 | 5,6 |
| Preparation of statement of cash flows | 5 | 6 |
| Consolidated Financial Statements for simple groups | 10 | 7 |
| Interpretation and Analysis | 5 | 8 |

Learning Outcomes

Upon completion of this module, students will be able to:

- (1) Describe the conceptual and regulatory framework for financial reporting and apply the principles set out in the International Accounting Standards Board (IASB's) *Conceptual Framework*.
- (2) Apply double-entry bookkeeping techniques to record financial transactions and to maintain accounting records.
- (3) Record accounting transactions and prepare a Trial Balance
- (4) Prepare financial statements for sole traders and partnerships.
- (5) Evaluate the appropriateness of choice of accounting principles and policies in accordance with Generally Accepted Accounting Practice
- (6) Prepare single entity financial statements for limited companies which comply with International Financial Reporting Standards (IFRSs)
- (7) Prepare basic consolidated financial statements for simple groups which comply with IFRSs.
- (8) Interpret and analyse the information in published financial statements.

Content

1. The Conceptual and Regulatory Framework for Financial Reporting: LO1

- (a) Explain the purpose of a conceptual framework of financial reporting.
- (b) Describe the qualitative characteristics of financial information including the application to the preparation of financial statements.
- (c) Explain the principle of comparability in accounting for changes in accounting policy.
- (d) Explain the importance of timeliness and comparability to users of financial statements.
- (e) Explain the recognition and measurement criteria for elements of financial statements.
- (f) Apply the recognition and measurement criteria contained in the Conceptual Framework to assets, liabilities, income, and expenses.
- (g) Explain the meaning of the following bases of valuing financial statement items:
 - Historical cost
 - Current cost
 - Net realizable value
 - Present value of future cash flows
 - Fair value
- (h) Discuss the regulatory framework and the role of IASB structure in the development and global harmonisation of IFRSs.

2. Recording Transactions and Events: LO2, LO3

- (a) Identify the sources of data and information for compiling financial records and financial statements.
- (b) Record and account for transactions and events, using double entry bookkeeping and books of prime entry, to support preparation of basic financial statements for sole traders, partnerships, limited companies.
- (c) Prepare Control Accounts specifically dealing with:
 - i) The nature and purpose of control accounts
 - ii) The accounting treatment for discounts allowed and received including contras between trade receivables and payables.
 - iii) Preparation of control account reconciliations for accounts receivables and payables
- (d) Prepare a Trial Balance from ledger accounts.
- (e) Account for year-end adjustments specifically dealing with irrecoverable debts, allowances for receivables and depreciation of non- current assets.
- (f) Account for accruals and prepayments in the preparation of financial statements

3. Financial statements for sole traders and partnerships: LO4

- (a) Prepare financial statements for Sole Traders

- i) Prepare statement of profit or loss from given information
- ii) Prepare the statement of financial position from given information
- (b) Prepare financial statements for Partnerships covering the following:
 - i) Nature of partnership accounts
 - ii) Preparation of partners' capital and current accounts
 - iii) Accounting for partner's salaries, drawings, interest on capital and drawings.
 - iv) Prepare statement of profit and loss and appropriation account for the partnership
 - v) Prepare statement of financial position of partnership
- (c) Prepare financial Statements from incomplete records covering the following:
 - i) The nature of incomplete records and how they can arise.
 - ii) Apply the accounting equation and other techniques to calculate missing figures including use of control and other ledger accounts; use of cash and bank summaries; use of profit percentages.

4. Published Financial statements for limited companies: LO5, LO6

- (d) Describe and apply the requirements of IAS I Presentation of financial statements in presenting financial statements, specifically dealing with the following:
 - i) The contents of published financial statements presented under IFRS.
 - ii) Presentation of the Statement of Profit or Loss and Other Comprehensive Income
 - iii) Presentation of the Statement of Financial Position
 - iv) Presentation of the Statement of Changes in Equity
- (e) Account for Tangible Non-current assets using the relevant accounting standards specifically covering:
 - i) The meaning and scope of property, plant, and equipment under IAS 16 *Property, Plant and Equipment*
 - ii) Recognition and measurement of property, plant & equipment.
- (f) The distinction between capital and revenue items
- (g) Accounting for depreciation of tangible non-current assets
- (h) Accounting for revaluations and disposals of non-current assets
- (i) The meaning and scope of investment property under IAS 40 *Investment Property*
- (j) Recognition and measurement of Investment Property under IAS 40.
- (k) The meaning and nature of borrowing costs under IAS 23 *Borrowing Costs*
- (l) Circumstances in which borrowing cost can be capitalised, identification borrowing cost eligible for capitalisation and accounting treatment of capitalised borrowing costs.
- (m) Account for Intangible assets using the relevant accounting standards specifically covering:
 - i) The meaning and scope of intangible assets under IAS 38 *Intangible Assets*.

- ii) The nature and accounting treatment of internally generated and purchased intangibles in accordance with IAS 38 and *IFRS3 Business Combinations*
 - iii) The nature and accounting treatment of research and development expenditure.
 - iv) Recognition and measurement of intangible assets.
- (n) Account for Inventory and Biological Assets using the provisions of IAS2 *Inventories* and IAS 41 *Agriculture* specifically covering:
- i) The principles of inventory valuation, under IAS2 *Inventories*, specifying the costs to be included in the cost of inventory.
 - ii) The scope of biological assets under IAS 41.
 - iii) Recognition, measurement and accounting treatment of biological assets and agricultural produce.
- (o) Account for impairment of assets and impairment losses in accordance with the provisions of IAS 36 *Impairment of Assets*, specifically covering:
- i) Nature of impairment losses
 - ii) Identification of the circumstances that may indicate impairments to assets.
 - iii) Calculation and accounting for impairment losses.
- (p) Describe and apply the requirements of IFRS 15 *Revenue* to account for revenue in the preparation of financial statements specifically covering:
- i) The principles of recognition of revenue
 - ii) The criteria for recognising revenue generated from contracts where performance obligations are satisfied over time or at a point in time.
 - iii) The acceptable methods for measuring progress towards complete satisfaction of a performance.
 - iv) The criteria for the recognition of contract costs.
- (q) Account for Provisions, Contingencies and Events after the end of the reporting period using the relevant accounting standards specifically covering:
- i) Nature of provisions and their recognition under IAS37 *Provisions, Contingent liabilities, and Contingent Assets*.
 - ii) Measurement and accounting treatment of provisions.
 - iii) Nature of contingent assets and liabilities and their accounting treatment under IAS 37.
- (r) Nature of adjusting and non-adjusting events after the end of the reporting period and their accounting treatment under IAS 10 *Events After the end of the Reporting period*.
- (s) Account for leases using the provisions of IFRS16 *Leases*, specifically covering:
- i) The nature of lease transactions.
 - ii) Accounting treatment of right-of-use assets and lease liabilities in the records of the lessee.
 - iii) The exemption from the recognition criteria for leases in the records of the lessee.

- iv) The accounting treatment of sale and leaseback agreements
- (t) Discuss and apply the provisions of IAS 12 *Income Taxes* in the preparation of financial statements specifically dealing with:
 - i) Accounting treatment for current tax and income tax expense.
 - ii) The nature and effect of taxable and deductible temporary differences on accounting and taxable profits.
 - iii) Computation and recording of deferred tax amounts in the financial statements.
- (u) Account for foreign currency transactions in accordance with the requirements of IAS 21, specifically covering:
 - i) The meaning of functional and presentation currency.
 - ii) The reasons why adjustments for foreign currency transactions are necessary.
 - iii) Accounting treatment of the translation of foreign currency transactions including monetary and non-monetary foreign currency items at the reporting date.
- (v) Account for Financial Instruments in accordance with the provisions of IAS32, IFRS7 and IFRS9 in the preparation of financial statements specifically covering:
 - i) The nature of financial instruments and their classification as financial assets, financial liabilities and equity instruments.
 - ii) Recognition and measurement of financial instruments.
 - iii) Accounting treatment of issue costs and finance costs of equity, redeemable preference shares and convertible debt.
 - iv) Accounting treatment of gains and losses arising from subsequent measurement of financial instruments.

5. Preparation of statement of cash flows: LO6

- (a) Describe the purpose and objectives of a statement of cash flows.
- (b) Prepare a statement of cash flows for a single entity using both the direct and indirect Methods under the provisions of IAS 7.
- (c) Discuss the benefits to users of a statement of cash flows, including its usefulness in assessing the performance of an entity.

6. Consolidated Financial Statements for simple groups: LO7

- (a) Describe the nature of Business Combinations dealing with the nature of a group, subsidiaries, and associates.
- (b) Describe the contents of consolidated financial statements for simple groups comprising the parent and a single subsidiary.
- (c) Account for subsidiaries using the provisions of IFRS 3 and IFRS 10

- (d) Apply the consolidation procedure, including accounting for goodwill, fair value adjustments, intragroup transactions in the preparation of consolidated financial statements for simple groups.
- (e) Prepare basic group statements of financial position and statements of profit and loss for simple groups.

7. Interpretation and Analysis: LO8

- (a) Compute and explain ratios assessing profitability, solvency, efficiency, and the value of a shareholder's investment in the entity.
- (b) Illustrate how these are compared with the results of previous periods, the results of other entities and industry average ratios.
- (c) Discuss the limitations of financial statement information and ratio analysis in assessing the financial performance of an entity.

Recommended Readings

- PGDT I Financial Accounting and Reporting Study Manual
- CA1.I Financial Accounting Study Manual
- CA2.I Financial Reporting Study Manual
- Latest International Financial Reporting Standards Manual, IFRS Foundation Education Initiative
- Alexander, D. ET al (2023) *International Financial Reporting and Analysis*. 9th Edition. Cengage
- Elliott, B. and Elliott, J. (2022) *Financial Accounting and Reporting*. 20th edition. Pearson.
- Wood, F. and Sangster, A. (2021) *Business Accounting I*. 15th edition. London, FT Prentice Hall.

9.2 PGDT 2: Law of Taxation

AIM

This paper introduces the sources and principles of the law of taxation in Zambia. It also deals with the administration of taxation according to the provisions of the Income Tax Act 1966 Chapter 323 of the Laws of Zambia, the Property Transfer Tax Act Chapter 340 of the Laws of Zambia, the Value Added Tax Act Chapter 331, The Zambia Revenue Authority Act Chapter 321 of the Laws of Zambia, The Customs and Excise Act Chapter 322 of the Laws of Zambia, Mines and Mineral Act Chapter 213, Mines and Mineral Development Act, 2015 and other subsidiary legislation that govern taxation in Zambia.

| Syllabus topics | Weighting (%) | LO |
|---|---------------|--------|
| Sources of Tax Law in Zambia | 5 | 1 to 3 |
| Administration of Tax in Zambia | 5 | 4,5 |
| The Law on Taxation of Income and Skills Development Levy | 30 | 5,6 |
| The Law on Value Added Tax | 20 | 7 |
| The Law on Customs & Excise Duty | 15 | 8 |
| The Law on Property Transfer Tax | 5 | 9 |
| The Law on Mines and Mineral Royalties | 5 | 10 |
| The Law on Companies and Partnerships | 10 | 11 |
| Non-Compliance with Laws and Regulations | 5 | 12 |

Learning Outcomes

Upon completion of this module, students will be able to:

1. Discuss the major sources of taxation law in Zambia.
2. Describe the history of Zambian tax legislation.
3. Discuss the rules of statutory interpretation used by Zambian courts.
4. Describe the administration of Taxation in Zambia
5. Discuss and apply the law relating to taxation of income.
6. Discuss and apply the law relating to skills development.
7. Discuss and apply the law and provisions relating to Value Added Tax
8. Discuss and apply the legal provisions relating to imports and export of goods.
9. Discuss and apply the law relating to the taxation of property transfers,
10. Discuss and apply the law and provisions relating to the law of taxation of mines and mineral royalties.

- I 1. Discuss and apply the law relating to companies and partnerships.
- I 2. Discuss how to respond to matters of Non-compliance with Laws and Regulations (NOCLAR)

Content

1. Sources of Tax Law in Zambia: LO1, LO2, LO3

- (a) Describe the nature and purpose of the law of taxation.
- (b) Describe the history of Zambian Tax Law
- (c) Discuss the sources of Tax Law in Zambia, specifically covering:
 - i) The Constitution
 - ii) Enacted Legislation
 - iii) International Law
 - iv) Case Law
 - v) Interpretation of tax laws
- (d) Discuss the nature and purpose of taxation in Zambia dealing specifically with:
 - i) The Zambian Tax system.
 - ii) Qualities of a good Tax System
 - iii) Economic and social functions of the Tax System
 - iv) Types of Taxes in Zambia
 - v) Classification of Taxes
 - vi) The Badges of Trade for Tax Purpose

2. Administration of Tax in Zambia: LO4,

- (a) Describe the administration of Taxation in Zambia specifically covering:
 - i) The role of the Ministry of Finance and National Planning
 - ii) The role of the Zambia Revenue Authority
 - iii) The Court and Tax Appellant Process
 - iv) Case law

3. Law on Taxation of Income and Skills Development Levy: LO5, LO6

- (a) Discuss and apply the law relating to taxation of income, dealing specifically with:
 - i) The Income Tax Act, Chapter 340 of the Laws of Zambia,
 - ii) Preliminary and Interpretation
 - iii) Administration
 - iv) Charge of tax
 - v) Deductions
 - vi) Returns and assessments.
 - vii) Pay As You Earn
 - viii) Double Taxation Relief

- ix) Collection, recovery, refund and reliefs
- x) Tax Avoidance
- xi) Offences and penalties
- xii) Objections and appeals.
- (b) Discuss and apply the law relating to Skills Development Levy specifically covering:
 - i) The Law applicable
 - ii) Interpretation
 - iii) Administration of Act
 - iv) Charge of levy
 - v) When levy becomes due
 - vi) Exemptions
 - vii) Payment of levy into Fund
 - viii) Recovery of levy, assessment and other matters
 - ix) Administrative rules

4. The Law on Value Added Tax: LO7

- (a) Discuss and apply the law and provisions relating to Value Added Tax, specifically covering:
 - i) Preliminary and Interpretation
 - ii) Salient Features of Value Added Tax
 - iii) Accounting for Payment of Tax
 - iv) Default in Payment of Tax
 - v) Registration of Suppliers
 - vi) Appeals
 - vii) Administration and Enforcement
 - viii) Miscellaneous
 - ix) Case Law

5. The Law on Customs & Excise Duty: LO8

- (a) Discuss and apply the law on Customs and Excise Duty dealing specifically with:
 - i) Preliminary and Interpretation
 - ii) Powers of Officers
 - iii) Importation of Goods
 - iv) Customs Carriers
 - v) Exportation of Goods
 - vi) Warehousing of Goods
 - vii) Ordinary Duties and Dumping Duties

- viii) Agreements
- ix) Tariff Classification of Goods
- x) Value for Duty Purposes
- xi) Rebates, Refunds, and Remissions of Duty
- xii) Excise And Surtax Management
- xiii) Offences, Penal Provisions and Procedure
- xiv) General Provisions
- xv) Case Law

6. The Law on Property Transfer Tax: LO9

- (a) Discuss and apply the law relating to the taxation of property transfers, dealing specifically with:
 - i) The Scope of the Act
 - ii) The Functions and powers of Commissioner
 - iii) Realised Value
 - iv) Transfers to Immediate Family Members
 - v) Internal reorganization within a Group of Companies
 - vi) Transfer of shares
 - vii) Exempt Organisations
 - viii) Objections and appeals.
 - ix) Case Law

7. The Law on Mines and Mineral Royalties: LO10

- (a) Discuss and apply the law and provisions relating to the law of taxation of mines and mineral royalties, dealing specifically with:
 - i) The Law Applicable
 - ii) The Mines and Mineral Act Chapter 213,
 - iii) The Mines and Mineral Development Act, 2015
 - iv) Royalties on production of large-scale mining licence
 - v) Commissioner General Responsibilities for royalties
 - vi) Returns and assessments.
 - vii) Remission and deferment of royalties
 - viii) Provisional assessment of royalty
 - ix) Prohibition on disposal of minerals
 - x) Other charges

8. The Law on Companies and Partnerships: LO11

- (a) Discuss and apply the legal formation of different type of companies.
- (b) Discuss and apply the nature of share and share capital.
- (c) Discuss and apply the management, administration, and governance of companies, including:

- i) Memorandum and Articles of Association
 - ii) The role of company directors
 - iii) Meetings and resolutions
 - iv) Officers of the company
 - v) Corporate governance structures
- (d) Discuss and apply the process of corporate insolvency.
 - (e) Discuss and apply the legal formation of partnerships and different types of partners.
 - (f) Discuss and apply the rights and duties of partnerships.
 - (g) Discuss and apply the process of partnership dissolution.
 - (h) Discuss and apply the key aspects of limited liability partnerships.

9. Non-Compliance with Laws and Regulations LO12

- (a) Discuss how to respond to matters of Non-compliance with Laws and Regulations (NOCLAR)
- (b) The role of the Financial Intelligence Centre (FIC) under the FIC Act specifically covering:
 - i) Functions of Centre including the powers of inspectors
 - ii) Prevention of money laundering, financing of terrorism or proliferation and other serious offences under the FIC Act.
 - iii) Offences and penalties under the FIC Act.
- (c) Discuss the law and provisions relation to money laundering under the Prohibition and Prevention of Money Laundering Act, 2001

Method of Teaching

The conventional ways of teaching will be employed by a lecturer Further, Lecturers may employ blended methods of teaching if they have additional resources available, considering that there is need for referring learners to online resources available.

Recommended Reading:

- PGDT2 Law of Taxation Study Manual
- The Customs and Excise Act Chapter 322 of the Laws of Zambia,
- The Financial Intelligence Centre Act, 2010
- The Income Tax Act 1966 Chapter 323 of the Laws of Zambia,
- The Mines and Mineral Act Chapter 213 of the Laws of Zambia
- The Mines and Mineral Development Act, 2015
- The Prohibition and Prevention of Money Laundering Act, 2001
- The Property Transfer Tax Act Chapter 340 of the Laws of Zambia,
- The Value Added Tax Act Chapter 331 of the Laws of Zambia.
- The Zambia Revenue Authority Act Chapter 321 of the Laws of Zambia.

- The Companies Act, 2017
- The Corporate Insolvency Act, 2017
- The Partnership Act, 1890

9.3 PGDT 3 Direct Taxes

AIM

The module provides a structured approach to gaining knowledge and understanding of direct taxes needed to support both compliance and accurate professional tax advice. The emphasis in this module is in depth knowledge and application of Zambian tax legislation relating to income earned by persons and partnerships as defined by the Income Tax Act. Further, the paper will enable the learner to develop competences in tax computation, application of the tax law to commercial transactions, ensure tax compliance and provide valuable tax advice that is essential for tax planning.

Progression from

The course requires application of principles of Law learned in paper PGDT 2 Law of Taxation as they apply to Direct Taxes.

| Syllabus topics | Weighting (%) | LO |
|--|---------------|-----------|
| The framework for direct taxation in Zambia | 2 | 1 |
| Administrative procedures for direct taxes | 15 | 2 to 6 |
| Taxation liabilities for individuals and unincorporated businesses | 30 | 7 and 8 |
| Taxation liabilities for companies and specific sectors | 45 | 9 to 12 |
| Property Transfer Tax, Estates and Trusts | 5 | 13 and 14 |
| Ethical considerations | 3 | 15 |

Learning Outcomes

Upon completion of this module, students will be able to:

1. Describe the framework for Direct Taxation in Zambia.
2. Advise taxpayers on the administrative procedures for direct taxes, application of tax law including objections and appeals procedures and resolution of tax disputes.
3. Advise on the liability of taxpayers to turnover tax, presumptive taxes for transporters and presumptive taxes for betting and gaming establishments.
4. Advise on how income from letting of property is assessed and compute the income tax arising on rental income.
5. Advise on the operation of the withholding tax system and calculate withholding tax on all types of investment and other applicable income.
6. Prepare specimen tax returns to submit to tax authorities to enhance level of compliance.
7. Calculate taxable income for unincorporated businesses including sole proprietorships and partnerships and income tax payable thereon.

8. Calculate income tax payable on emoluments from employment and advise on the operation of the Pay as You Earn system.
9. Calculate company income tax payable and explain how it is payable.
10. Calculate taxable profits from farming and compute income tax payable on farming income.
11. Determine taxable income for mining operations and income tax.
12. Determine taxable profits and income tax payable for specific sectors including financial services, Telecommunications and Tourism operations.
13. Advise on the treatment of transfers of value and calculate Property Transfer Tax arising on such transfers.
14. Provide advice on the tax treatment of estates of the deceased and trusts.
15. Identify and deal with ethical and professional issues arising in the course of professional services in relation to direct taxes.

Content

1. The framework for direct taxation in Zambia: LO1

- (a) Describe the nature of the Zambian Tax System dealing with:
 - i) The scope of direct taxes in Zambia
 - ii) The role of the Ministry of Finance and the Zambia Revenue Authority
 - iii) Taxable and exempt receipts, income and gains
 - iv) Taxable and exempt persons
 - v) Residence of individuals, ordinary residence and domicile and their implications for taxation.
 - vi) Residence of companies

2. Administrative procedures for direct taxes: LO2, LO3, LO4, LO5 and LO6

- (a) Explain the administration of direct taxes, dealing specifically with:
 - i) Submission of returns
 - ii) Payment of tax on different types of investment and other applicable income for both companies and individuals under the withholding tax System.
 - iii) Presumptive taxes for public passenger transporters
 - iv) Presumptive taxes for gaming and betting establishments
 - v) Tax on rental income for both companies and individuals
 - vi) Turnover Tax
 - vii) The operation of the self-assessment system and provisional income tax
 - viii) Accounting dates and basis of assessment, including rules applicable on commencement, cessation and change of accounting date.
- (b) Determine the penalties arising under the Income Tax Act for late/underpayment of direct taxes and late submission of returns.

- (c) Describe the objections and appeals procedure including the resolution of tax disputes.
- (d) Describe the role, functions and composition of the Revenue Appeals Tribunal.

3. Taxation liabilities for individuals and unincorporated businesses: LO 7, LO8

- (a) Calculate tax liabilities of sole proprietorships dealing specifically with:
 - i) Taxable business profits for individual sole traders
 - ii) Revenue versus capital expenditure
 - iii) Determination of deductible expenses
 - iv) Capital allowances on implements, plant and machinery, industrial buildings and commercial buildings.
 - v) Trading losses
 - vi) Computing and paying income tax on business profits
- (b) Determine tax liabilities of partners, dealing specifically with:
 - i) Taxable profits for partnerships,
 - ii) Capital allowances for partnerships.
 - iii) Allocation to individual partners
 - iv) Changes in partnership agreement
 - v) Computation of tax liabilities arising for individual partners
 - vi) Loss relief for partners
- (c) Compute tax on income from employment, dealing specifically with:
 - i) Emoluments, employment and office
 - ii) Employment compared with self-employment.
 - iii) Basis of assessment for emoluments
 - iv) Taxable and exempt emoluments
 - v) Taxation of benefits in kind (non-cash benefits) or benefits not capable of being converted into cash, or money's worth.
 - vi) Taxation of payments on cessation of employment
 - vii) Tax treatment of share option schemes
 - viii) Allowable expenses against gross taxable emoluments
 - ix) Operation of Pay as You Earn system including computation of monthly tax payable.
 - x) Treatment of part-time employment and casual workers under the PAYE system
- (d) Discuss the tax treatment and compute statutory payments including:
 - i) Employees and employers National Health Insurance Scheme Contributions under the National Health Insurance Management Authority (NHIMA)
 - ii) Employees and employers National Pension Scheme (NAPSA) Contributions under the National Pension Scheme Authority.
 - iii) The skills development levy

- (e) Prepare comprehensive income computations for individuals, specifically dealing with:
 - i) Aggregation of individuals' income from different sources and computation of the total taxable income
 - ii) Computation of the income tax payable on aggregated taxable income
 - iii) Separate Taxation of husbands and wives

4. Taxation liabilities for companies and specific sectors: LO9, LO10, LO11, LO12

- (a) Determine taxable income and tax liabilities of companies, dealing specifically with:
 - i) Computation of taxable business profits for companies
 - ii) Relief for tax losses incurred by companies.
 - iii) Treatment of Investment income for companies
 - iv) The differences between the income tax expense and deferred tax for financial reporting purposes and income tax payable.
 - v) Differences in the tax treatment of specific items under the Income Tax Act and their treatment for financial reporting purposes under IFRSs.
- (b) Determine the taxable income and income tax payable by farming enterprises, dealing specifically with:
 - i) Characteristics of farming enterprises
 - ii) Tax incentives for farming operations
 - iii) Farming profits for individuals and companies
 - iv) Capital allowances for farming operations.
 - v) Relief for losses from farming businesses
 - vi) Averaging of farming and fishing income
 - vii) Valuation of livestock for tax purposes and computation of resulting taxable gains.
- (c) Compute taxable income and income tax for mining operations, specifically dealing with:
 - i) The scope of mining operations as outlined in the Mines & Minerals Development Act
 - ii) Tax incentives for mining operations
 - iii) Mineral Royalty Tax
 - iv) Computation of taxable mining profits
 - v) Treatment of revenue and capital expenditure, including environmental expenditure for mining operations
 - vi) Capital allowances and their indexation.
 - vii) Interest expense deductions for mining operations
 - viii) Mining Tax losses and their indexation
 - ix) Tax treatment of hedging income
 - x) Income Tax computations for mining operations

- (d) Determine the taxable income and income tax for enterprises in the financial services sector dealing specifically with:
 - i) Nature of the financial services sector
 - ii) Meaning of bank and insurance company for taxation purposes
 - iii) Calculation of taxable income and Income Tax payable by banks
 - iv) Calculation of Income Tax payable by insurance companies on both general insurance and life insurance business
 - v) Calculation of taxable income and income tax payable on management of pension
- (e) Compute taxable income and income tax for enterprises in the Telecommunications services sector, dealing specifically with:
 - i) Nature of the Telecommunications services sector
 - ii) Calculation of taxable income and Income Tax payable by Telecommunications services providers.
- (f) Compute taxable income and income tax for tourism operations, dealing specifically with:
 - i) Nature of the Tourism operations
 - ii) Computing taxable income and Income Tax payable by Tourism operators
- (g) Discuss the tax treatment of Public Benefit Organisations (PBOs), specifically dealing with the following:
 - i) Meaning of public benefit organisation under the Income Tax Act
 - ii) Meaning of public benefit Activity under the Income Tax Act
 - iii) Requirements for approval of PBOs
 - iv) Treatment of foreign charities with branches in Zambia
 - v) Tax treatment of income of PBOs
- (h) Discuss the income tax treatment of Estates and Trusts

5. Property Transfer Tax, Estates and Trusts: LO13, LO14

- (a) Determine the amount of Property Transfer Tax (PTT) arising on transfers of property, dealing specifically with:
 - i) The meaning of property, transfers and realized value.
 - ii) Transfers to members of the immediate family
 - iii) Calculation and payment of property transfer tax
 - iv) Exempt transfers and organisations

6. Ethical issues relating to Direct Taxes: LO15

Apply the Fundamental principles of the IFAC code of ethics to identify and deal with moral and common ethical issues in tax practice arising in the course of the provision of direct taxation services.

Method of Teaching

The conventional ways of teaching will be employed by a Lecturer. Further, Lecturers may employ blended methods of teaching if they have additional resources available, considering that there is need for referring learners to online resources available, especially as provided by ZRA and decided cases in the public domain of the legal system. Learners may access online resources available to them in the event that they cannot enroll on fulltime basis for tuition.

Recommended Reading:

- PGDT 3 Direct Taxes Study Manual
- The Mines and Mineral Development Act, 2015
- The Income Tax Act 1966 Chapter 323 of the Laws of Zambia,
- The Property Transfer Tax Act Chapter 340 of the Laws of Zambia
- The Tax Tribunal Act, 2015
- ZRA Practice Notes
- Code of Ethics for Professional Accountants
- IFAC and International Ethics Standards Board for Accountants (IESBA) Publications and guidance on ethics

9.4 PGDT 4: Indirect and Trade Taxes

AIM

This module equips the learner with the requisite knowledge to support the provision of tax advice on a wide range of issues relating to Value Added Tax, customs and excise duty and other related charges and their impact on business decision-making.

Progression from

The course requires application of principles of Law learnt in paper PGDT2 Law of Taxation as they apply to Indirect and Trade Taxes.

| Syllabus topics | Weighting (%) | LO |
|--|---------------|---------|
| The scope and administration of indirect taxes and Trade taxes | 5 | 1 |
| Value Added Tax | 40 | 2 to 7 |
| Local Excise Duty | 20 | 9 to 13 |
| Customs duty and other trade taxes | 30 | 9,14,15 |
| Ethical considerations | 5 | 16 |

Learning Outcomes

Upon completion of this module, students will be able to:

1. Describe the scope and administration of indirect and trade taxes in Zambia.
2. Describe the operation and administration of the VAT system, including the operation of the Withholding VAT and Reverse VAT mechanisms.
3. Advise on the classification of supplies for VAT purposes including the liability of different types of supplies to VAT.
4. Advise on the VAT registration and deregistration requirements for businesses.
5. Calculate and account for Value Added Tax on all types of supplies.
6. Advise on the application of the partial exemption rules for businesses making both taxable and exempt supplies, including the determination of the resulting VAT liability.
7. Advise on VAT issues relating to specific sectors, including mining, agriculture, tourism, telecommunications, construction and the banking and financial services sectors.
8. Advise on and compute the penalties and interest arising for non-compliance with statutory obligations arising under the VAT Act.
9. Describe the scope, operation and administration of the Customs and excise duty.
10. Advise on the types of products and services that are liable to local excise duty, including their valuation and applicable duty rates.

11. Advise on the registration procedures for local excise duty and export procedures for excisable goods.
12. Advise on the procedures relating to rebates, refunds and remissions of local excise duty.
13. Advise on the review and appeals processes for local excise duty including appealable Matters.
14. Determine the valuation of imported motor vehicles and other imported good for customs, excise duty and import VAT purposes and advise on the other charges and levies arising on the importation of goods.
15. Apply the Harmonized Commodity Description and Coding system to determine customs and excise tariffs arising on different products.
16. Evaluate and deal with moral and common ethical issues in tax practice relating to indirect and trade taxation.

Content

1. The scope and administration of indirect taxes and Trade Taxes: LO1

- (a) Describe the scope of indirect taxes covering:
 - i) Value Added Tax,
 - ii) Tourism levy
 - iii) Insurance levy
 - iv) local excise duty
- (b) Describe the scope of trade taxes and other charges including:
 - i) Customs duty
 - ii) Import excise duty
 - iii) Import VAT
 - iv) Fuel levy
 - v) Carbon Emissions Surtax
 - vi) Motor Vehicle Fees
- (c) Discuss the role of the ZRA's Domestic Taxes and Customs Services Division in administration of indirect and trade taxes.

2. Value Added Tax: LO2, LO3, LO4, LO5, LO6, LO7, LO8

- (a) Describe the nature and operation of the VAT mechanism, covering the following:
 - i) The operation of the VAT mechanism and computation of VAT.
 - ii) Classification of supplies for VAT purposes with an overview of standard rated Zero rated and exempt supplies.
 - iii) The taxable value of a supply for VAT purposes, including the treatment of cash and trade discounts.

- iv) Meaning of Minimum Taxable Value (MTV) and overview of goods with minimum taxable values.
 - v) Determination of the place of supply for goods and services.
 - vi) The time of a supply for VAT purposes covering rules for determining the basic tax point and the tax point for specific supplies
- (b) Advise on the VAT registration and deregistration requirements dealing specifically with:
- i) VAT registration rules and procedures, including intending traders' provisions and waiver of registration for businesses making only Zero-rated supplies,
 - ii) Supplies considered when calculating taxable turnover.
 - iii) Effective Date of Registration (EDR) including late registration penalties
 - iv) The obligations of a VAT registered supplier
 - v) Registration rules for businesses with branches
 - vi) Special Rules relating to Government Agencies
 - vii) Conditions for cancellation of VAT registration and effective Date of cancellation (De-registration)
 - viii) Payment of VAT on assets held at de-registration.
 - ix) Changes not requiring cancellation of registration.
- (c) Advise on the records and documents required under VAT Regulations, covering the following:
- i) Tax Invoices including timeframe for issuing invoices, bank statements, issuance and receipt of credit notes and other relevant records.
 - ii) Use of electronic payment machines, penalties for failure to avail an electronic payment machine and exemptions from use of electronic payment.
 - iii) Concessions from issuing invoices and retailers making mixed supplies.
 - iv) Invoice and cash basis of accounting for VAT
 - v) Regulations relating errors, omissions, false returns, documents, information, statements and fraudulent evasion.
 - vi) Penalties for submission of false returns and documents and tax evasion
- (d) Determine input tax on business purchases and expenses specifically dealing with:
- i) Conditions and restrictions on the recovery of Input tax.
 - ii) The treatment of expenditure which is partially for business and private purposes.
 - iii) Procedures and documentation required for claiming input tax, including the three months' time limit for claiming input tax.
 - iv) Non-deductible or irrecoverable input tax
 - v) Bad debt relief

- vi) Partial exemption rules for businesses making both taxable and exempt supplies including the partial exemption methods of apportionment of input tax.
- (e) Describe the operation of Withholding VAT and Reverse VAT mechanisms.
- (f) Advise on the VAT regulations relating to supplies made by or through agents covering:
 - i) Accounting for VAT on agency service
 - ii) Agents recording transactions in their own name.
 - iii) Invoicing for supplies made through a selling agent
 - iv) Invoicing for supplies obtained through a buying agent.
 - v) Auctioneers
- (g) Advise on Specific Sector Value Added Tax issues dealing specifically with:
 - i) VAT Considerations in the Mining Sector
 - ii) VAT Considerations in the Agriculture Sector
 - iii) VAT Considerations in the Tourism Sector
 - iv) VAT Considerations in the Telecommunications Sector
 - v) VAT Considerations in the Banking & Financial Services Sector
 - vi) VAT Considerations in the Construction Industry
 - vii) VAT considerations by Oil Marketing Companies
- (h) Advise on issues relating to appeals and requests for review under the Act, focusing on:
 - i) ZRA internal review
 - ii) The Tax Appeals Tribunal
 - iii) Appealable matters
 - iv) Appeal conditions

3. Local Excise Duty: LO9, LO10, LO11, LO12, LO13

- (a) Describe the nature and scope of local excise duty specifically dealing with:
 - i) Overview of products liable to excise duty including excisable goods and excisable services.
 - ii) Overview of the applicable duty rates,
 - iii) Application of the taxing point.
 - iv) Valuation of goods for excise duty purposes
- (b) Advise on the regulations relating to the registration and licensing of excise manufacturers, operators and dealers, covering the following:
 - i) Legal Provisions for Registration and Licensing
 - ii) Exemption from Registration or Manufacturing License Requirements
 - iii) The Registration and Licensing Process
 - iv) claims of excise input tax on goods and services
- (c) Discuss the export procedures for excisable goods, covering the following:
 - i) Obligations of taxpayers

- ii) Return submission and payments.
 - iii) Record keeping
 - iv) Notice on suspension of operations/closure of plant.
 - v) Notice for approval of alterations to the plant.
 - vi) Display a valid licence at the manufacturing premises.
- (d) Advise on issues relating to Appeals and Requests for Review, specifically dealing with:
- i) The Review and Appeal Processes
 - ii) Appealable Matters

4. Computation of Customs duty and other trade taxes: LO14, LO15

- (a) Describe the scope, operation and administration of the Customs and Excise duty on imported goods.
- (b) Determine the valuation of imported motor vehicles and other imported goods for customs, excise duty and import VAT purposes covering:
 - i) Procedures and documentation required for customs clearance of motor vehicles and other goods such as clothes, medical supplies, arms, etc.
 - ii) Determination of the value for customs purposes on motor vehicles and other goods
 - iii) Methods used to determine the value for customs purposes of imported goods.
 - iv) Rules applying to export of goods and export concessions.
 - v) Payment of customs and excise duties, and penalties for non-compliance
- (c) Describe the operation of the ZRA's Harmonized Commodity Description and Coding system and its application in determining customs and excise tariffs arising on different types of goods.
- (d) Advise on the export concessions available under the Duty Drawback system, specifically covering:
 - i) The operation of the Duty Drawback System
 - ii) Basis of Payment
 - iii) Challenges of the duty drawback system
 - iv) Calculation of Coefficients for Duty Draw Back
 - v) Zero Rating of goods for Export
- (e) Advise on Rebates, Refunds and Remissions of Duty available to:
 - i) Diplomatic Personnel
 - ii) Diplomatic Mission
 - iii) Zambia defense Forces
 - iv) New Residents
- (f) Evaluate Trade agreements and their impact on the economy and rules governing origins of goods and tax implications including:

- i) The COMESA Customs Union
- ii) The African Growth and Opportunity Act (AGOA)
- iii) Overlapping Membership of Regional Tax Groupings
- iv) Preferential Trade Agreements
- (g) Describe the handling of goods in bonded warehouses.
- (h) Discuss recent developments in Customs and Excise matters.
- (i) Discuss International Valuation Methods

5. Ethical issues relating to Indirect and Trade Taxes: LO16

Apply the fundamental principles of the IFAC code of ethics to identify and deal with moral and common ethical issues in tax practice relating to indirect and trade taxation.

Method of Teaching

The conventional ways of teaching will be employed by a Lecturer. Further, Lecturers may employ blended methods of teaching if they have additional resources available, considering that there is need for referring learners to online resources available, especially as provided by ZRA and decided cases in the public domain of the legal system. Learners may access online resources available to them in the event that they cannot enroll on fulltime basis for tuition.

Recommended Reading:

- PGDT 4 Indirect and Trade Taxes Study Manual
- The Customs and Excise Act Chapter 322 of the Laws of Zambia,
- The Value Added Tax Act Chapter 331 of the Laws of Zambia,
- Zambia Revenue Authority, Excise Guide
- Zambia Revenue Authority, National Tariff Book
- Zambia Revenue Authority, VAT Guide
- Zambia Revenue Authority, VAT Liability Guide
- Code of Ethics for Professional Accountants
- IFAC and International Ethics Standards Board for Accountants (IESBA) Publications and guidance on ethics

9.5 PGDT 5: International Taxation

AIM

This paper covers topical issues in International Taxation with particular emphasis on international tax guidance focusing on the work of the OECD, Tax jurisdiction, double taxation conventions including treaty interpretation, international tax avoidance and Zambian Double Taxation guidelines.

Progression from

The course incorporates concepts learnt in papers PGDT2 Law of Taxation, PGDT3 Direct Taxes and PGDT4 Indirect and Trade Taxes and as they relate to the impact of cross-border transactions.

| Syllabus topics | Weighting (%) | LO |
|--|---------------|---------|
| International Tax law | 10 | I |
| Tax Jurisdiction | 10 | 2 and 3 |
| International co-operation between tax administrations | 5 | 4 |
| International Double Taxation | 20 | 5 to 7 |
| Zambian Double Taxation Guidelines | 30 | 8 |
| International Tax Avoidance | 15 | 10 |
| Indirect taxes in international taxation | 5 | 11 |
| Taxation and International Human Rights | 5 | 12 |

Learning Outcomes

Upon completion of this module, students will be able to:

1. Determine the Liability of residents and non-residents to Zambian Income Tax and the Liability of foreign income to Zambian Income Tax.
2. Advise on and apply the methods used to give double taxation relief under Zambian Income Tax regulations when determining tax liabilities, including the application of the limited deduction directives and the mutual agreement procedures.
2. Discuss the fundamental sources and basic principles of international tax law and apply them for provision of appropriate technical advice and competent services to Zambian individuals and businesses, including multinational enterprises, on international dimension relevant to their taxation circumstances.
3. Discuss the importance of international co-operation between tax administrations and the international initiatives used to achieve international co-operation on tax matters.

4. Evaluate the Jurisdiction to tax of taxpayers, including limits to tax jurisdiction arising from public international tax law, and cross border enforcement of taxes.
5. Apply the concept of connecting factors in determining tax jurisdiction.
6. Advise on the sources of double taxation and the role of Double Taxation Conventions (DTCs) in avoiding double taxation, including the approaches used to interpret double taxation conventions and the interaction of double taxation treaties with domestic law.
7. Advise on the tax treatment of different types of income under the Organisation for Economic Cooperation and Development (OECD) Model Tax Convention (MTC)
8. Advise on and apply the methods used to give international double taxation, including the methods used to limit benefit provisions under Double Taxation Conventions (DTCs), when determining tax liabilities of taxpayers.
9. Advise on the impact of international tax avoidance legislation for taxable persons and their tax liabilities.
10. Apply indirect taxes to international transactions, including the role of the OECD and World Trade Organisation (WTO).
11. Discuss the interaction between taxation and international human rights.

Content

1. International Tax law: LO1

- (a) Discuss the objectives of international tax rules and overview of taxes and tax systems, covering the following:
 - i) Common factors inherent in federal and municipal tax systems
 - ii) Global trends of lower tax rates and widening of the tax base
- (b) Describe the history of international tax law focusing on the roles of international organisations including the Southern African Development Community (SADC), the League of Nations, the OECD, the United Nations (UN) group of experts and the European Union (EU).
- (c) Discuss the interaction between international tax law and domestic tax law, considering the following:
 - i) Taxation and International Law Concepts
 - ii) The work of the International Court of Justice (ICJ) and Sources of Law Used in Judgments
- (d) Discuss the rules of public international tax law governing the assessment and collection of taxes, cross-border enforcement of tax debts and international settlement of fiscal disputes, covering:
 - i) The General Agreement on Tariffs and Trade (GATT) rules and the limitation on border tax adjustment
 - ii) The WTO rules and taxes – the WTO dispute resolution regime and taxation

2. International co-operation between tax administrations: LO2,

- (a) Discuss the international co-operation by bilateral agreement, and analysis of model agreements on administrative co-operation, considering the following matters:
 - i) The OECD Model DTC provisions relating to co-operation.
 - ii) The work of the Platform for Collaboration on Tax
 - iii) The work of the UN Committee of Experts on International Cooperation in Tax Matters
- (b) Discuss the multilateral co-operation between tax administrations, regional developments, and cross-border co-operation, including regional economic integration and trade blocs dealing specifically with:
 - i) African Tax Administration Forum
 - ii) African Continental Free Trade Area Agreement (AfCFTA)
 - iii) Trading within Common Market for Eastern and Southern Africa (COMESA) and Southern Africa Development Community (SADC)

3. Tax Jurisdiction: LO3, LO4

- (a) Discuss the general principles of jurisdiction focusing on:
 - i) The concepts of personam and in rem jurisdiction
 - ii) general and unlimited jurisdiction on world-wide income and property
 - iii) limited jurisdiction on locally sited or property or local-source income
- (b) Discuss the concept of connecting factors in determining tax jurisdiction focusing on:
 - i) In persona connecting factors, focusing on residence including ordinary residence and habitual residence, domicile and citizenship.
 - ii) In rem connecting factors focusing on situs and source
 - iii) Tax issues arising from the use of citizenship as a connecting factor.
 - iv) State practice in determining residence of individuals and corporations.
 - v) State practice in determining the source of income and gains.
 - vi) Tax implications of a change of residence or citizenship
 - vii) The Concept of Universal Jurisdiction Within the Context of International Crimes
- (c) Describe the limits to tax jurisdiction arising from public international law, and cross border enforcement of taxes.

4. International Double Taxation: LO5, LO6, LO7

- (a) Discuss the types of double taxation and causes of international Double Taxation focusing on:
 - i) Juridical double taxation and economic double taxation including the operation of classical and imputation tax systems.
 - ii) Source of income, conflicts of residence, conflicting definitions of connecting factors and issues arising from using citizenship as a connecting factor.
- (b) Advise on the methods of giving international double taxation relief including:

- i) Relief by credit – including indirect and underlying credit and tax sparing credit and practical difficulties arising in the application of the relief.
 - ii) Relief by exemption – including participation exemption and practical difficulties arising.
 - iii) Contrast relief by exemption and credit discussing the concept of capital import neutrality and capital export neutrality.
 - iv) Relief by deduction of foreign tax and relief by deferral
 - v) Elimination of double taxation under the OECD MTC and the impact of the non-discrimination article.
- (c) Describe the role of Double Taxation Conventions (DTCs) specifically dealing with:
- i) Types of DTCs and negotiation of DTCs
 - ii) The interaction of DTCs and domestic law discussing how DTCs are incorporated into domestic law and Treaty override
 - iii) Format and structure of DTCs focusing on the SADC Treaty, the OECD MTC, the UN Model Double Taxation Convention, USA Model Income Tax Convention and the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS)
 - iv) EU law and double taxation conventions
- (d) Advise on the interpretation of DTCs, focusing on:
- i) The General approaches to interpretation
 - ii) The importance of the Vienna Convention on the Law of Treaties.
 - iii) External aids used in the interpretation Double Taxation Treaties (DTTs)
 - iv) Resolution of interpretation issues and disputes under DTTs focusing on the OECD MTC and the SADC treaty
 - v) Commentaries on the relevant articles based on the Base Erosion and Profit Shifting Project by OECD and the G20
- (e) Discuss the concept of permanent establishments, covering the rules for determination of permanent establishments and the implications of permanent establishment in international taxation.
- (f) Advise on the tax treatment of various income under the OECD MTC, focusing on:
- i) Business profits, including the treatment of associated enterprises.
 - ii) Income of individuals focusing on employment income
 - iii) Investment income focusing on income from land, dividends, interest, and royalties.
 - iv) The relevance of other income
- (g) Evaluate the methods used to limit benefit provisions and prevention of treaty abuse under DTCs, focusing on:
- i) Forms of abuse and misuse of DTTs including abuse of law doctrines under DTCs.

- ii) Abuse Provisions in the OECD Model Treaty
 - iii) Provisions Under BEPS Action 6 on Treaty abuse.
 - iv) Limitation on Benefits Articles Outside of the OECD Model Treaty
 - v) Treaty Overrides, Abuse of Law Doctrines and Tax Treaties
 - vi) The General Anti-Avoidance /Anti-abuse rule (GAAR).
- (h) Analyse and discuss the interaction between Double Taxation Treaties and Domestic Tax Law including:
- i) Incorporation of Treaties into Domestic Law
 - ii) The Dual Nature of Treaties
 - iii) Treaty Override

5. Zambian Double Taxation Guidelines: LO8, LO9

- (a) Advise on the liability of residents and non-residents to Zambian Income Tax and the Liability of foreign income to Zambian Income Tax including:
- i) Discussion of the methods of giving Double Taxation relief to Zambian resident persons receiving income from foreign sources focusing on treaty relief, unilateral relief, and unilateral expense relief.
 - ii) Determination of Tax liabilities of resident individuals with foreign employment, businesses, and investment income.
 - iii) Determination of Tax liabilities of resident corporations with foreign businesses profits and investment income
 - iv) The tax treatment of domestic employment income, business profits of non-residents individuals
 - v) The tax treatment of domestic business profits of non-residents corporations
 - vi) Taxation of Expatriate Employees and Zambian Employees Seconded to work abroad.
 - vii) The Tax Treatment of Foreign Missions and employees employed by foreign missions.
- b) Advise on the key provisions of Double Taxation Agreements (DTAs) between Zambia and other countries.
- c) Advise on the Zambia Revenue Authority's (ZRA) administrative procedures for claiming double taxation relief.
- d) Describe the ZRA's limited deduction directives to limit benefits under DTAs.
- e) Describe the ZRA's Mutual Agreement Procedure covering the following:
- i) Time frame for filing requests
 - ii) Requirements for filing competent authority requests
 - iii) Obligations of competent authorities

6. International Tax Avoidance: LO10

- a) Discuss the criteria for identifying tax havens and harmful tax practices under OECD Forum on Harmful Tax Practices and their application in the Zambian context, focusing on:
 - i) Identification of Tax Havens
 - ii) OECD CFA Harmful Tax Competition Report
 - iii) EU Code of Conduct
 - iv) Other Initiatives for identification of harmful tax practices, including recognition of foreign legal entities, entity characterisation, partnerships, hybrid entities and conflict of qualification under tax treaties.
- b) Analyse the relationship between controlled foreign companies (CFC) rules and domestic law approaches to international tax avoidance, specifically focusing on:
 - i) Controlled Foreign Companies (CFC)
 - ii) Main Features of CFC Legislation
 - iii) Rules Relating to Profit Apportionment of a CFC
 - iv) Foreign Personal Holding Companies
 - v) The Interaction of CFC Legislation and Tax Treaties
 - vi) Mandatory Disclosure Rules
 - vii) Diverted Profits Tax
 - viii) EU Anti-Tax Avoidance Directives and US Tax Reforms
- (e) Compare and Contrast Money-laundering legislation and international tax avoidance legislation, focusing on the following:
 - i) The nature of money laundering
 - ii) Application of money-laundering legislation to foreign fiscal offences
 - iii) Application of money laundering legislation in the Zambian context under the Prohibition and Prevention of Money Laundering Act, 2001
- (f) Discuss the co-operation between revenue authorities including exchange of information, tax information exchange agreements and joint investigation of taxpayers.
- (g) Discuss the Conventions for administrative assistance in tax administration.
- (h) Discuss and apply international transfer pricing and thin capitalization regulations, dealing specifically with the following:
 - (i) Key features of transfer pricing legislation
 - (ii) Double Tax Treaties and Transfer pricing under the OECD Model DTC
 - (iii) Tax treaties and thin capitalization.
 - (iv) Base Erosion and Profit Shifting (BEPS) provisions under OCED project covering BEPS Action 4 interest deductions.

- (v) Application of Zambian legislation relating to limiting interest expense deductions

7. Indirect taxes in international taxation: LO11

- a) Discuss the origin and destination bases for indirect taxes
- b) Discuss the issues arising from Cross-border mergers specifically focusing on:
 - i) GATT and GATS rules and the limitation on border tax adjustment
 - ii) WTO rules and taxes – the WTO dispute resolution regime and taxation

8. Taxation and International Human Rights: LO12

- a) Discuss provisions contained within The International Covenant on Civil and Political Rights (ICCPR)
- b) Discuss provisions of the European Convention on Human Rights (“ECHR”)
- c) Discuss Tax Abuse and Human Rights

Recommended Reading:

- PDGT5: International Taxation Study Manual
- Arnold, B.2019, International Tax Primer (Kluwer Law International, 4th edition,
- Baker, P., 2020, Double Taxation Conventions (London Sweet & Maxwell, loose leaf 3rd edition, 2020) [ISBN: 9780421673601]
- Harris, P, 2020, International Commercial Tax, (Cambridge University Press, 2nd edition, [ISBN:9781108477819]
- OECD. Base Erosion and Profit Shifting Project: 2015 Final Reports, Executive Summaries (Paris: OECD, 2015).
- OECD, Committee on Fiscal Affairs. Model Tax Convention on Income and on Capital (Paris: OECD, 2017)
- OECD, Committee on Fiscal Affairs. Transfer Pricing Guidance on Financial Transactions: Inclusive Framework on BEPS. Actions 4, 8-10 (Paris: OECD, 2020).
- OECD, Committee on Fiscal Affairs. Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (Paris: OECD, 2017)
- Zambia Revenue Authority, Practice notes
- Zambia Revenue Authority, Practice note No. 2, Country by Country Reporting, (2022)
- Zambia Revenue Authority, Practice note No. 3, Mutual Agreement Procedure, (2022)

9.6 PGDT 6: Transfer Pricing

AIM

This module equips learners with skills and understanding of key concepts relating to transfer pricing, based on the OECD model. It covers fundamental issues relating to transfer pricing including the application of functional analysis, the arm's length principle, comparability, avoidance of double taxation, transfer pricing compliance issues as well as issues relating to dispute resolution. The paper also incorporates recent developments in Zambian Transfer Pricing guidelines.

Progression from

The course incorporates concepts learnt in papers PGDT2: Direct Taxes, PGDT3: Indirect and Trade Taxes, PGDT4: Law of Taxation and PGDT5: International Taxation.

| Syllabus topics | Weighting (%) | LO |
|---|---------------|---------|
| Sources of International Transfer Pricing Guidance | 10 | 1 |
| Transfer Pricing Approaches | 20 | 2 to 4 |
| Permanent Establishments | 10 | 5 |
| Transfer Pricing Guidelines for specific transactions | 10 | 6 |
| Compliance aspects of transfer pricing | 5 | 7 |
| Avoidance of Double Taxation and dispute resolution | 10 | 8 & 9 |
| Zambian Transfer Pricing Regulations under the Income Tax Act | 30 | 10 & 11 |

Learning Outcomes

Upon completion of this module, students will be able to:

1. Discuss the fundamental sources of international transfer pricing regulations.
2. Advise on the approaches to transfer pricing under international transfer pricing guidelines.
3. Advise on the tax implications arising from the transfer pricing policies which multinationals may adopt and the impact on taxable profits.
4. Discuss the application of the arm's length principle, functional analysis, and comparability in transfer pricing.
5. Advise on transfer pricing issues relating to permanent establishments.
6. Apply international transfer pricing guidelines to specific transactions, including intra-group services, financial transactions, intangibles, business restructurings and e-commerce.
7. Advise on compliance issues and transfer pricing documentation required under international transfer pricing guidelines.

8. Advise on international guidance relating to avoidance of Double Taxation and dispute resolution on issues relating to transfer pricing.
9. Discuss the interaction between thin capitalisation guidance and Double Tax Conventions.
10. Advise on the application of Zambian Transfer pricing regulations under the Income Tax Act and the impact on taxable profits.
11. Apply Zambian transfer pricing guidelines to prepare requisite transfer pricing documentation including country by country reports.

Content

1. Sources of International Transfer Pricing Guidance: LO1

- (a) Discuss the OECD Transfer Pricing Guidelines dealing specifically with:
 - i) The objectives of the OECD Transfer pricing guidelines
 - ii) The OECD Model Double Taxation Convention
 - iii) Application of OECD Transfer pricing guidelines by states
- (b) Discuss the OECD BEPS Actions 8-10 specifically covering the following:
 - i) The impact of BEPS on transfer pricing.
 - ii) Aligning transfer pricing outcomes with value creation under BEPS Actions 8-10.
 - iii) Transfer pricing Documentation and country-by-country reporting under BEPS Action 13:
 - iv) The OECD/G20 Base Erosion and Profit Shifting (BEPS) Project and thin capitalisation rules
- (c) Discuss tax treaties, based on the OECD Model Convention and UN Model Convention, under Articles 9 to 12.
- (d) Advise on transfer pricing guidelines for developing countries under The UN Practical Manual on Transfer Pricing for Developing Countries.

2. Transfer Pricing Approaches: LO2, LO3, LO4

- a) Advise on transfer pricing methodologies, dealing specifically with:
 - i) The description of transfer pricing methods, including the comparable uncontrollable price, resale Price method, cost plus method and transactional profit methods.
 - ii) Selection and application of the transfer pricing method under the OECD Model.
- b) Discuss the application of the Arm's Length Principle (ALP) in transfer pricing, dealing specifically with:
 - i) Interpretation of the arm's length principle
 - ii) Determination of profits of branches and associated enterprises
 - iii) Advance Pricing Agreements (APAs) and resolution of transfer pricing disputes and
 - iv) Global Formulary Apportionment
 - v) Recognition of the actual transactions undertaken
- c) Advise on the application of functional analysis covering:

- i) The role of functional analysis in transfer pricing
 - ii) The objective of functional analysis
 - iii) Analysis of functions, assets, and risks (FAR)
 - iv) Relating functional analysis to selection of transfer pricing method
 - v) Entity characterisation
 - vi) The practical approach to undertaking functional analysis.
- d) Discuss the role of comparability in transfer pricing, dealing specifically with:
- i) The significance of comparability and factors determining comparability
 - ii) Performing a comparability analysis
 - iii) Dealing with the lack of comparable data
 - iv) Sources of information including internal and external sources and comparables incorporating both secret and foreign comparables
 - v) Timing and compliance issues in comparability

3. Permanent Establishments (PEs): LO5

- a) Discuss the importance of PEs when dealing with transfer pricing and the OECD guidelines for establishing the presence of PEs for transfer pricing purposes.
- b) Deal with business profits and attribution of profits to permanent establishments under the OECD covering the following:
 - i) Rejection of Force of Attraction Principle
 - ii) The Functionally Separate Approach and the Two-step Approach to Profit Attribution
 - iii) Practical Application of the Transfer Pricing Process
 - iv) Special Considerations for Dependent Agent PE's
 - v) E-commerce and PEs
 - vi) Attribution of Profit in Excess of the Total Profit of the Enterprise
 - vii) Additional Guidance on the Attribution of Profits to a PE.
- c) Discuss the guidelines on Permanent establishments under the UN Model Double Tax convention.

4. Transfer Pricing Guidelines for specific transactions: LO6

- a) Advise on transfer pricing issues relating to intra-group services covering:
 - i) Different types of intra-group services
 - ii) Transfer pricing methods for intragroup services
 - iii) Direct/indirect charging and allocation keys
 - iv) International guidelines on reviewing services.
- b) Advise on transfer pricing issues relating to intra-group financial transactions covering:
 - i) Intragroup loans, credit guarantee fees, factoring or receivables, cash pooling, and other forms of financing and credit risk transfer arrangements.

- ii) Loan pricing including creditworthiness, interest rates and credit margins.
- iii) Thin capitalisation rules and the nexus with transfer pricing
- iv) Debt pricing and/or debt amounts that result in ongoing losses or low levels of profitability.
- c) Discuss transfer pricing issues relating to intangibles.
- d) Advise on guidance on transfer pricing aspects of business restructurings under the OECD, dealing specifically with:
 - i) The Rationale for Restructuring and the Role of Tax
 - ii) Typical Models Applied During Restructuring
 - iii) The OECD Approach
 - iv) UN Practical Manual on Transfer Pricing for Developing Countries
 - v) Tax Authority Response to Business Restructuring
- e) E-commerce and transfer pricing focusing on:
 - i) The OECD Advisory Groups' Work on Tax and E-commerce
 - ii) E-commerce and Permanent Establishments
- f) Apply the BEPS Project guidance on transfer pricing issues relating to e-commerce.
- g) Discuss Cost Contribution Arrangements (CCAs).

5. Compliance aspects of transfer pricing: LO7

- a) Discuss the importance of transfer pricing documentation.
- b) Advise on documentation required under the OECD transfer pricing guidance.
- c) Advise on country-by-country reporting requirements, master and local file documentation formats.
- d) Apply guidelines relating to examination practices, burden of proof and penalties.
- e) Apply guidelines relating to risk assessment and risk management.

6. Avoidance of Double Taxation and dispute resolution: LO8, LO9

- a) Discuss the interaction between thin capitalisation legislation and DTCs, focusing on:
 - i) Overview of the scope of the OECD BEPS project
 - ii) Overview of all BEPS actions I-15
 - iii) Transfer pricing issues relating to interest deductions.
- b) Advise on the resolution of transfer pricing disputes, focusing on:
 - i) The mutual agreement procedure based on the OECD Model Double Tax Convention and OECD BEPS guidelines.
 - ii) Tax Treaty Arbitration Procedure under the OECD Model Double Tax Convention
 - iii) Dispute Resolution in the Multilateral Instrument (MLI)
 - iv) The EU Arbitration Convention
 - v) EU Directive on Tax Dispute Resolution Mechanisms
 - vi) Article 25 of the UN Model Tax Treaty

- a. Discuss Advance Pricing Agreements (APAs)
- b. Describe the interaction between customs valuation and transfer pricing.

7. Zambian Transfer Pricing Regulations under the Income Tax Act: LO10, LO11

- a) Describe the fundamental features and scope of Zambian transfer pricing rules.
- b) Discuss the application of the principle of comparability in the Zambian context.
- c) Advise on the application of transfer pricing methods in the Zambian context and the impact on taxable profit, dealing specifically with:
 - i) The Comparable Uncontrolled Price method (CUP method)
 - ii) The Resale Price Method (RP method)
 - iii) The Cost-Plus method (CP method)
 - iv) The Transactional Net Margin Method (TNMM)
 - v) The Transactional Profit Split method (TPS method)
- d) Advise on the application of methods of transfer pricing in special circumstances.
- e) Advise on transfer pricing issues relating to the provision of low value-added services between connected persons and the impact on taxable profits.
- f) Discuss the application of the Arm's Length Principle in specific circumstances analysing the impact on taxable profits focusing on:
 - i) Intangibles
 - ii) Services
 - iii) Business Restructures
 - iv) Cost Contribution Arrangements
 - v) Financial Transactions
 - vi) Hard to Value Intangibles
- g) Advise on transfer pricing documentation required under Zambian transfer pricing guidelines and other related considerations including:
 - i) Information in the possession of foreign associated persons
 - ii) Acceptability of analyses prepared for foreign tax authorities.
 - iii) Application of the anti-avoidance provisions
 - iv) Corresponding adjustments
- h) Advise on the Zambian Transfer Pricing country-by-country reporting guidelines, covering the following:
 - i) Country by country filing requirements.
 - ii) Format and contents of country-by-country reports
 - iii) Exemptions from filing country by country reports
 - iv) Restriction of information in country by country and other related confidentiality issues.
- i) Advise on the penalties relating to transfer pricing under the Income Tax Act

Recommended Reading:

- PDGT6: Transfer Pricing Study Manual
- Andrus, J.L. and Collier, R. Transfer Pricing and the Arm's Length Principle After BEPS (Oxford University Press, 2018) [ISBN: 9780198802914]
- Donegan, R. and Henshall, J. Global Transfer Pricing: Principles and Practice (Bloomsbury Professional, 4th edition, 2019) [ISBN: 9781526511218]
- Konrad, K. A. and Schön, W. Fundamentals of International Transfer Pricing in Law and Economics (Springer, 2nd edition, 2014) [ISBN: 9783642434280]
- Lang, M. et al. Fundamentals of Transfer Pricing: A Practical Guide (Kluwer Law International, 2nd edition, 2019) [ISBN: 9789041189943]
- OECD, Committee on Fiscal Affairs. Model Tax Convention on Income and on Capital (Paris: OECD, 2017) [ISBN: 9789264287945] and accompanying Commentary: Article 5, Article 7, Article 9, and "special relationship" in Articles 10-1
- OECD, Committee on Fiscal Affairs. OECD/G20 Base Erosion and Profit Shifting Project 2015 Final Reports. Actions 8-10 (Paris: OECD, 2015) [ISBN: 9789264241237]
- OECD, Committee on Fiscal Affairs. OECD/G20 Base Erosion and Profit Shifting Project 2015 Final Reports. Action 13 (Paris: OECD, 2015) [ISBN: 9789264241466]
- OECD, Committee on Fiscal Affairs. Report on the Attribution of Profits to Permanent Establishments (Paris: OECD, 2010)
- OECD, Committee on Fiscal Affairs. Transfer Pricing Guidance on Financial Transactions: Inclusive Framework on BEPS. Actions 4, 8-10 (Paris: OECD, 2020)
- OECD, Committee on Fiscal Affairs. Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (Paris: OECD, 2017) [ISBN: 9789264262737]
- United Nations. UN Model Double Taxation Convention between Developed and Developing Countries 2017. (New York: UN, 2017) [ISBN: 9789211591026]
- United Nations. UN Practical Manual on Transfer Pricing for Developing Countries 2021 (New York: UN, 2021) [ISBN: 9789212591858]
- Zambia Revenue Authority, Practice note No. 1 (2022)
- Zambia Revenue Authority, Practice note No. 2, Country By Country Reporting, (2022)
- Zambia Revenue Authority, Practice note No. 3, Mutual Agreement Procedure, (2022)
- Zambia Revenue Authority, Practice note No. 1 (2019)
- Zambia Revenue Authority, Practice note No. 1 (2018)
- Zambia Revenue Authority, Practice note No. 2, Transfer Pricing, (2018)

9.7 PGDT 7: Tax and Investigations

AIM

The paper explains the nature of audit exercises, procedure and benefits of such audits. The paper also discusses objectives and benefits of health audit when conducted by the client business and those of tax audits when conducted by the tax authority, ZRA.

| Syllabus topics | Weighting (%) | LO |
|---|---------------|---------|
| Legal & audit framework, organisation & management of the taxpayer audit function | 20 | 1 and 2 |
| Examination of Financial Statements and application of audit techniques to audit investigations | 25 | 1 to 3 |
| Specific Tax Audit Assignments | 40 | 4 |
| Practical and ethical aspects of Tax Audits | 15 | 5 to 7 |

Learning Outcomes

Upon completion of this module, students will be able to:

1. Explain audit principles and techniques in the tax audit framework.
2. Discuss and apply various aspects of organisation and management of the taxpayer.
3. Apply audit techniques to an examination of financial statements and associated audit investigations.
4. Apply tax audit principles, procedures, and techniques to specific audit assignments including family businesses, mining, farming, financial institutions, telecommunications, tourism and Transfer Pricing.
5. Respond appropriately to tax audit and tax investigation queries from the Zambia Revenue Authority.
6. Perform tax health audits to identify or prevent potential non-compliance or tax fraud.
7. Evaluate the ethical and professional issues that may arise in relation to tax audits and investigations and design appropriate ethical safeguards.

Contents

- I. **Legal and Audit Framework, Organisation and Management of the Taxpayer: LO1, LO2**
 - a) Discuss the nature, purpose and scope of Tax Audits dealing specifically with:
 - i) The nature, purpose and scope of Tax Audits
 - ii) Difference between a tax audit and a tax investigation

- iii) The issue of forensic audit and the role of the tax auditor
- iv) Auditing Theory
 - v) Audit Evaluation & Planning
 - vi) Evidence Collection and Analysis
 - vii) Performance of the Audit
 - viii) Audit Reporting Framework
- b) Describe the elements of a Qualitative Tax Audit focusing on the following:
 - i) Types of tax audits including comprehensive tax audit (integrated and single tax type) Issue audits, Credibility checks, Refund audit, Deregistration audit and educational audits
 - ii) Audit Process Flow Chart
 - iii) Place of Examination
 - iv) Taxpayer Involvement in Business Affairs
 - v) Taxpayer and Spouse
 - vi) Third party Contacts
 - vii) No Records or Inadequate Records
 - viii) Basis of Accounting
 - ix) Gross Receipts or Turnover
 - x) Use of Ratio Analysis
 - xi) Business Expenses
- c) Describe the Role of the Taxpayer Audit Program, covering the following:
 - i) The Roles of the taxpayer audit program
 - ii) Responsibilities of a business owner towards a tax audit
 - iii) The Audit Context – administrative assessment versus self-assessment
- d) Describe the legal framework, including the following aspects:
 - i) Importance of the legal framework
 - ii) Taxpayer's Record Keeping Obligations
 - iii) Giving Inspectors Access to Books and Records
 - iv) Giving Inspectors Access to Third Party Information
 - v) Sanctions for Non-Compliance
- e) Discuss the organisation and management of the Taxpayer Audit Function, focusing on the following:
 - i) The organisation of Tax Audit Operations
 - ii) Resources for the Tax Audit Function
 - iii) Strategic management and the audit function
 - iv) Operational Management
 - v) Performance Objectives and Measurement

- vi) Evaluation of Audit Activities

2. Examination of Financial Statements and Application of Audit Techniques to Audit Investigations: LO3,

- a) Apply audit techniques in the performance of tax audits specifically covering:
 - i) Key Principles
 - ii) Audit Support Tools
 - iii) Audit Planning
 - iv) Pre- Contact Analysis and Case Selection Methods
 - v) Examination Techniques
 - vi) Use of Indirect Methods to Verify Income
 - vii) Working Papers
 - viii) Finalizing the Audit
- b) Apply audit techniques in the examination of financial statements covering the following:
 - i) Preliminary Review of Financial Statements
 - ii) Objectives of Accounts Examination
 - iii) Compliance Risk Management Process
 - iv) The Statement of Financial Position
 - v) The Statement of Profit or loss and Other Comprehensive Income
 - vi) Review of Tax Computations
 - vii) Drawings
 - viii) Inventories
 - ix) Irrecoverable debts
 - x) Depreciation
 - xi) Advertising Expenditure
 - xii) Legal and Professional Fees
 - xiii) Salaries & Wages
 - xiv) Travel & Entertainment
 - xv) Examination Techniques
- c) Plan and conduct Tax Investigations specifically focusing on the following:
 - i) The Nature and purpose of tax investigations
 - ii) Choosing the Investigation Approach
 - iii) Risk Based Approach
 - iv) Systems Based Approach
 - v) Accounts Examination
 - vi) Risk Assessment
 - vii) Taxpayers with Complete Records

- viii) Taxpayers with Incomplete Records
- ix) Uncovering Hidden Income
- x) Perpetual Tax Loss Positions and Loss Harvesting

3. Specific Tax Audit Assignments: LO4

- a) Apply tax audit techniques to perform specific tax types of audits, including Pay As You Earn Audits, Value Added Tax Audits, Turnover Tax Audits, Customs and Excise Duty audits.
- b) Apply tax audit techniques to audit assignments for family businesses dealing with the following:
 - i) Nature of family businesses
 - ii) Sole Trader
 - iii) Company
 - iv) Incorporation
 - v) Transferring the Business to a Limited Company
 - vi) Loans to Effective Shareholders
 - vii) Loans from Shareholders
 - viii) Associated Trading Activities
 - ix) Methods of Profit Extraction from the Family Business
 - x) Withdrawing Investment from the Family Business
- c) Apply tax audit techniques to assignments for the mining sector, dealing specifically with the following:
 - i) Nature of the mining sector
 - ii) The Classification of Capital and Revenue expenditure
 - iii) Loan Relationships with Shareholders
 - iv) Losses from Non-Producing Mines
 - v) Separate Profit Statements for each Mine
 - vi) Separate Reporting for Capital Expenditure for each Mine
 - vii) Sale of Base Metals & Precious Stones to related parties at Reference Price
 - viii) Gradual Reduction of Qualifying Capital Expenditure
 - ix) Clauses from Development Agreements
- d) Apply tax audit techniques to assignments in the banking, insurance and other financial services sector, dealing specifically with the following matters:
 - i) Nature of the financial services sector
 - ii) Separate Source Income
 - iii) Realisation Basis for Income Recognition
 - iv) Leasing Income
 - v) Derivatives
 - vi) Accrued Discounts on Government Bonds

- vii) Special Deposit Reserve Accounts
 - viii) Credit Card Income
 - ix) Converted Exchange Differences
 - x) Foreign Exchange Earnings
 - xi) Fee Income
 - xii) Irrecoverable Debts and Portfolio Provisions
 - xiii) Non-Performing Loans
 - xiv) Third Party Guarantees
 - xv) Interest Suspense Accounts
- e) Apply tax audit techniques to assignments in the Insurance sector and other financial services.
- f) Apply tax audit techniques to assignments in the telecommunications sector, dealing specifically with the following matters:
- i) Nature of the telecommunications sector
 - ii) Inter – Connection Charges and their impact on VAT Liability
 - iii) Tax treatment of Discounts to Airtime Dealers
 - iv) Tax treatment of Discounts to Subscribers
 - v) Tax Treatment of Network Switch Expenditure
 - vi) Tax Treatment of Roaming Charges & Income
- g) Apply tax audit techniques to assignments in the Farming, Mining, and Tourism sectors.
- h) Apply tax audit techniques to transfer pricing audits, dealing specifically the following:
- i) Enterprises which have significant amount of or various types of related party transactions
 - ii) Enterprises which have been in long-term consecutive losses, low profitability, or fluctuating profit-and-loss situations
 - iii) Enterprises whose profit levels are lower than those in the same industry.
 - iv) Enterprises showing an obvious mismatch between their profit level and their functional and risk profile.
 - v) Enterprises which have business dealings with related parties in tax havens
 - vi) Enterprises which have not complied with the reporting of their related party transactions or preparation of contemporaneous documentation.
 - vii) Enterprises obviously violating the arm's length principle.

4. Practical and ethical aspects of Tax Audits: LO5, LO6, LO7

- a) Deal with practical aspects of tax audits, including the following:
- i) Handling Tax Audits by ZRA
 - ii) Lodging Tax Appeals to Resolve Tax Disputes
 - iii) Writing Legal Opinions as part of Tax Dispute Resolution
 - iv) Performing Tax Compliance Audits and Health Tax Audits

- v) Identifying Potential Non-Tax Compliance and Tax Fraud
- b) Evaluate the ethical and professional issues that may arise in relation to tax audits and investigations and design appropriate ethical safeguards to manage them using the IFAC Ethical code.

Method of Teaching

The conventional ways of teaching will be employed by a Lecturers. Further, Lecturers may employ blended methods of teaching if they have additional resources available, considering that there is need for referring learners to online resources available, especially as provided by ZRA and decided cases in the public domain of the legal system. Learners may access online resources available to them in the event that they cannot enroll on fulltime basis for tuition.

Recommended Reading:

- PDGT 7: Tax Audit and Investigations Study Manual
- Code of Ethics for Professional Accountants
- IFAC and International Ethics Standards Board for Accountants (IESBA) Publications and guidance on ethics.

9.8 PGDT 8: Tax Management and Planning

AIM

The module develops tax related competencies which will ensure efficient tax management and identify opportunities for tax planning and develop appropriate strategies. Students will be able to demonstrate skills of communication by conveying appropriate levels of advice to a wide range of clients.

Progression from the course incorporates and integrates concepts learned in all the papers from PGDT2 to PGDT6.

| Syllabus topics | Weighting (%) | LO |
|-------------------------------------|---------------|------|
| Taxation and Investment policy | 10 | 1, 2 |
| Financial Planning and Arrangements | 15 | 3 |
| Tax Treatment of groups | 10 | 4, 5 |
| Tax planning | 40 | 6, 9 |
| Ethical issues in tax practice | 10 | 8 |
| Entrepreneurship and Taxation | 5 | 9 |
| Current issues in taxation | 10 | 10 |

Learning Objectives

Upon completion of this module, students will be able to:

1. Advise on the nature of taxation and investment regulation in Zambia.
2. Evaluate the tax implications of the various investment opportunities and calculate the taxes payable.
3. Advise on the taxation implications of various financial arrangements that could be made by individuals and enterprises.
4. Determine the liability of groups to Income tax, Value Added Tax, and Property Transfer tax, including the tax treatment of losses.
5. Advise on the tax issues arising from group restructurings, including acquisitions mergers and disposals.
6. Evaluate and advise on appropriate tax planning strategies for individuals and business.
7. Evaluate and advise on international tax strategies that might be used to minimise taxes.
8. Communicate tax advice, recommendations, and information in an appropriate format.
9. Evaluate the interaction of different tax types and advise individuals and corporations of their liability to multiple taxes which may apply to their specific circumstances.

10. Identify ethical and professional issues that may arise in giving tax planning advice and design and recommend appropriate ethical safeguards.
11. Prepare and implement a business plan for a tax practice.
12. Be aware of and give advice on current issues in taxation.

Content

1. Taxation and Investment policy: LO1, LO2

Evaluate the tax implications of the various investment opportunities and calculate the taxes payable, dealing specifically with:

- i) Foreign Direct Investment and types of business investment in Zambia
- ii) Taxation of inward investments
- iii) Taxation of outward investments
- iv) Taxation incentives under the Zambia Development Agency Act
- v) Negotiating fiscal incentives with government

2. Financial planning and Arrangements: LO3

- a) Advise on the taxation implications of financial arrangements for individuals and enterprises, dealing specifically with:
 - i) General tax policy and financial principles relevant to the Income Tax treatment of financial instruments
 - ii) Zambian tax law applicable to financial instruments including debt/equity rules, hire purchase, leasing and sale and lease back.
 - iii) Debt-financing techniques, particularly the treatment of interest surrogates and hybrid debt instruments
 - iv) Personal financial planning, including personal insurance schemes and village banking.
 - v) Collective investment plans
 - vi) Deposit based investments.
 - vii) Pension scheme planning and the role of the National Pension Scheme Authority

3. Tax Treatment of groups: LO4, LO5

- a) Determine the liability of groups to income tax dealing specifically with:
 - i) Income Tax assessment of consolidated groups including:
 - ii) Treatment of entry and exits from a group, including takeovers, mergers, acquisitions, demergers, and disposals.
 - iii) Demergers and deemed dividends.
 - iv) Treatment of group losses
- b) Determine the liability of groups to Property Transfer Tax (PTT) dealing specifically with:
 - i) Regulations relating to transfer of property for purposes of internal group reorganisations.

- ii) Regulations relating to indirect transfers of shares by group members incorporated outside Zambia.
 - iii) Liability to PTT arising from indirect transfers of shares by group members outside the republic.
- c) Determine the liability of groups Value Added Tax.

4. Tax planning: LO6, LO7, LO8, LO9

Advise on the measures that could be put in place to minimise or defer taxation liabilities, dealing specifically with:

- a) The differences between tax planning, tax avoidance and tax evasion
 - i) Basic principles of tax planning.
 - ii) Factors affecting tax planning.
- b) Incorporating Tax Planning into Risk Management Strategy including Tax governance and control framework.
- c) Tax planning and management strategies for individuals and businesses covering:
 - i) The impact of the choice of the opening year and cessation dates for businesses on the timing of tax liabilities.
 - ii) Efficient utilisation of loss relief
 - iii) Maximising use of capital allowances
 - iv) Tax implications of alternative remuneration packages
 - v) Employment versus self-employment
 - vi) Choice of business medium, including family business
 - vii) Conversion of a sole proprietorship into a partnership
 - viii) Tax implications of incorporation of a business
 - ix) Tax treatment of alternative ways of extracting profits from a company
 - x) Tax implications of loans to effective shareholders
 - xi) Tax implications arising from the disposal of a business.
 - xii) Corporate insolvency, reconstructions, and restructurings.
- d) International tax planning strategies
- e) Tax implications of modes of entry into foreign markets:
 - i) Direct sales to foreign markets
 - ii) Sales through foreign agents
 - iii) Entry through branches/divisions
 - iv) Entry by establishing foreign subsidiaries.
- f) Methods of giving double taxation relief to Zambia resident persons receiving income from foreign sources

- g) Foreign versus domestic income including
 - i) Foreign versus domestic employment income
 - ii) Foreign versus domestic business profits
 - iii) Foreign versus domestic rental income
 - iv) Foreign versus domestic investment income
- h) Determination of Double taxation relief on income from foreign sources
- i) Analyse the interaction of different tax types and advise individuals and corporations of their liability to multiple taxes which may apply to their specific circumstances.

5. Ethical issues in Tax Practice: LO10

- a) Identify ethical and professional issues that may arise in giving tax planning advice and design and recommend appropriate ethical safeguards, specifically covering:
 - i) The definition and explanation of tax morality, voluntary tax compliance and Tax transparency.
 - ii) The definition and application of Tax Justice concept
 - iii) Corruption, fraud and fraudulent behaviour in organisations including money laundering, bribery, embezzlement, theft, fraud, extortion, and blackmail.
 - iv) Models of professional-client relationship; agency, contract, paternalism and fiduciary.
 - v) Identification of ethical and professional issues that may arise in giving tax planning advice, designing and recommending appropriate ethical safeguards in tax practice.

6. Entrepreneurship and Taxation: LO11

- a) Discuss the concept of entrepreneurship and its relevance to work of a tax practitioner focusing on:
 - i) Entrepreneurship creativity and Innovation
 - ii) Role of Entrepreneurship in the economy
 - iii) The impact of entrepreneurship on the individual, the organization and on society
 - iv) Support for Entrepreneurship Development
- b) Design and develop a written business plans focusing on:
 - i) The importance and mechanisms of business planning
 - ii) Elements of a business plan
 - iii) The company registration process.

7. Current issues in taxation: LO12

Advise on current issues in Income Tax, Value Added Tax, Customs & Excise Duty, and other aspects of Zambian Taxation.

Recommended Reading:

- PDGT 8: Tax Planning and Management Study Manual
- Chris J. Finnerty, Paulus Merks et al Editor(s) (2007), Fundamentals of International Tax Planning

- IFAC and International Ethics Standards Board for Accountants (IESBA) Publications and guidance on ethics.
- The Customs and Excise Act Chapter 322 of the Laws of Zambia,
- The Income Tax Act 1966 Chapter 323 of the Laws of Zambia,
- The Property Transfer Tax Act Chapter 340 of the Laws of Zambia
- The Value Added Tax Act Chapter 331 of the Laws of Zambia,
- The National Assembly of Zambia, Latest National Budget Speeches
- Zambia Revenue Authority, Excise Guide
- Zambia Revenue Authority, VAT Liability Guide
- Zambia Revenue Authority Practice Notes

10.0 Study Guidance

10.1 How to study

Have a positive attitude

You have a lot to learn. However, others have passed and so can you. You should focus on all the benefits that passing the exam will bring 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 material. You should keep asking yourself how what you're 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're studying will help cement your understanding. The Study Manual will help you do this. The Chapter roundups summarise the key points in each chapter.

Practise questions as you learn

It is important you regularly confirm your understanding and recall of syllabus knowledge by practising the questions at end of each chapter in the Study Manual. The Quick quizzes test your grasp of the essential knowledge in each chapter and longer questions allow you apply your knowledge in a scenario.

Once you are familiar with the syllabus content you can begin the revision phase and attempt questions from the Revision Kit. We advise you to begin your revision phase as early as possible to maximise the time you have to improve your knowledge and develop the exam skills you will need to pass the exam.

10.2 How to revise

Plan your revision

At the start of your revision period, you should draw up a 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 for 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.

Questions for Practise

You can greatly increase your chances of passing the exam by practicing exam-standard questions. Answering full questions under timed conditions will help you adapt to the exam's time pressure and enhance your written communication skills. When the time is up, it's helpful to note where you left off and then try to complete the question. Attempt the questions before reviewing the answers, as reading answers without attempting the questions can give you a false sense of confidence.

Be sure to practice both written and numerical questions, not just calculations. Practicing as many exam-style questions as possible is essential for success. Complete questions under timed conditions and write full answers for discussion sections, in addition to performing calculations. Make sure to practice the written parts just as thoroughly as the calculations.

Review the entire syllabus

Ensure that your revision covers all areas of the syllabus. Examiners are aware that some students focus only on topics they expect to be tested, so they may surprise you by repeating topics in successive exams. Key topics in the syllabus frequently appear in questions, so it's crucial to identify these and dedicate ample time to revising them. Additionally, make sure you are familiar with the essential calculations, proformas, and preferred report formats for each exam to boost your chances of achieving higher marks.

Address challenging areas

These are topics you may find uninteresting or difficult when studying. Instead of becoming discouraged, focus on building your knowledge by reviewing chapter summaries and using the Quick Quiz questions in the Study Manual to test yourself. If you struggle while practicing questions, refer back to the Study Manual for additional support.

Learn from your mistakes

After completing a question, critically review your answer. Take note of any mistakes you made and revisit these notes in the days leading up to the exam. Aim to learn at least one new point from each question you attempt, whether it's a technical detail or an improvement in style or approach.

10.3 Exam Skills You Need to Develop

Exam success relies on both a solid understanding of the syllabus and strong exam skills. The following six exam skills are crucial for achieving success:

1. Answering multiple-choice questions
2. Interpreting the requirements
3. Planning your answer
4. Producing well-written answers
5. Producing accurate numerical answers
6. Managing your time effectively

Applying the following advice on how to develop each of these skills will help improve your exam performance.

1. Answering Multiple Choice Questions

Multiple choice questions are designed to effectively assess your knowledge of the syllabus. To approach these questions successfully, follow these recommended steps:

Step 1: Read the Question and Requirements Carefully

While this may seem obvious, it's easy to overlook important details during the exam. For instance, missing a "NOT" in a question can lead to selecting the wrong answer. Take your time to ensure that you have fully understood the question.

Step 2: Read the Answer Options Carefully

If you can identify the correct answer immediately, go ahead and select it before moving on to the next question. If not, eliminate any obviously incorrect options to improve your chances of selecting the right answer from the remaining choices.

Step 3: Double-Check Your Selected Answer

It's easy to accidentally choose the wrong letter when answering multiple choice questions. For example, you might know the answer is 'A' but mistakenly mark 'B'. Before submitting your exam, review your answers to confirm that you have selected the options you intended.

2. Interpreting the Requirements

In your exam, it is crucial to focus solely on what is being asked in the requirements. While this may seem simple, quickly grasping what is expected and crafting a response within the allotted time can be challenging.

This skill is often underestimated; it's easy to provide either too little, which limits your marks, or too much, which can waste valuable time. Additionally, straying from the requirement can lead to irrelevant answers that earn no marks.

By following the following steps and practicing regularly, you can enhance your ability to align your answers with the requirements effectively.

Step 1: Read the Requirement

Begin by reading the requirement slowly and carefully a couple of times, highlighting the active verbs. These verbs (e.g., "explain," "discuss," "evaluate") guide the approach your written answer should take. Pay attention to any specific references to a company, product, event, economic factor, or accounting standard.

Step 2: Read the Scenario

After understanding the requirement, read the scenario with a clear focus. This targeted approach saves time and prevents the need to read the entire question multiple times. As you go through the scenario, annotate key points that will help you address the specific requirements.

Step 3: Read the Requirement Again

Quickly revisit the requirement to remind yourself of the exact wording before starting your answer plan. Pay special attention to the mark allocation, as this can help you avoid mistakes or misinterpretations. Make it a habit to check for conjunctions like "and," as they indicate multiple requirements that are often overlooked.

3. Planning Your Answer

Having a structured plan for your answer significantly enhances its quality. Examiners often note that students fail to answer the question, clearly present their points, or relate their responses to the scenario. These issues can be avoided with effective planning. By following these steps and practicing regularly, you'll see an improvement in the quality of your answers.

Step 1: Use Subheadings

Incorporate subheadings from your answer plan to provide structure and clarity to your response. This approach ensures that your answer aligns with your plan and the requirements. Subheadings also help the examiner quickly identify how you have addressed different points.

Step 2: Write in Short, Concise Sentences

Use short, clear sentences when writing your answers. Aim for legible handwriting, and consider leaving a line between points to enhance readability. Avoid lengthy paragraphs that could waste valuable exam time. In discussion questions, focus on making and explaining each point without unnecessary elaboration. If you struggle with brevity, try the "red pen exercise," where you aim to eliminate 20% of your words while maintaining the meaning. This practice helps you become more efficient in your writing.

Step 3: Elaborate on Your Points

Ensure that your response doesn't leave the examiner wondering "so what?" or "why?" at the end of a paragraph. Insufficient elaboration can significantly reduce your marks. A helpful technique is to state your point in one sentence and then explain its significance by starting the next sentence with "This matters because...".

4. Producing Well Written Answers

To effectively demonstrate your knowledge of the syllabus, it is essential to structure your written answers so that the examiner can easily identify your key points in a professional manner. By implementing the following steps and practicing regularly, you'll enhance the clarity and effectiveness of your responses.

Step 1: Use Subheadings

Incorporate subheadings from your answer plan to provide organization and clarity. This approach has two main advantages: it links your answer to your plan, which is connected to the requirements, and it clearly indicates to the examiner how you have addressed the question in an organized manner.

Step 2: Write in Short, Concise Sentences

When presenting your answers, use brief and impactful sentences. Aim for clarity and ensure your handwriting is legible. If you find yourself using more than three sentences to earn a single mark, practice condensing your responses. During the revision phase, every word should contribute to your marks; if it doesn't, it is unnecessary.

Step 3: Elaborate on Your Points

Avoid leaving the examiner wondering "so what?" or "why?" at the end of your paragraphs, especially

when asked to explain or evaluate. Failing to provide sufficient detail can significantly reduce your marks. A useful technique is to clarify your point in one sentence and explain its significance in the next. However, remember to keep your sentences concise.

5. Producing Accurate Numerical Answers

To quickly earn marks in calculation-based questions, it's crucial to clearly demonstrate your problem-solving process. Presenting your answers in a well-organized manner allows you to retain marks even if minor errors occur. Avoid losing points simply because the examiner cannot follow your calculations. Therefore, adhere to standard formats for your workings and answers, and make sure to use cross-referencing when necessary.

Step 1: Use Standard Formats

Whenever possible, present your answers using standard formats, proformas, or tables. This approach makes it easier for examiners to locate marks and helps you navigate the figures systematically and efficiently.

Step 2: Show Your Workings

Keep your calculations clear and straightforward, ensuring they are cross-referenced with the main part of your answer. Providing brief explanations for each step can assist the examiner in understanding your calculations. Always state your assumptions and remember to show your workings.

Making your workings easy to follow is essential because if an error occurs, the marker can still award follow-on marks based on your earlier steps. If the examiner cannot decipher your calculations, you risk losing marks for subsequent answers or for your method based on incorrect figures.

Step 3: Keep Moving

In an exam setting, it's important to recognize that achieving perfect accuracy with every number can be challenging. Therefore, focus on not spending excessive time on any one calculation. If you find yourself struggling, make a reasonable assumption, clearly state it for the examiner, and then move on to the next question. This approach will help you manage your time effectively and maximize your overall performance.

6. Time Management

Effective time management is crucial for attempting all questions during the exam, which enhances your chances of passing. By following these steps and practicing regularly, you will improve your ability to complete questions within the allotted time.

Step 1: Stick to Mark/Time Allocations

Before starting a question, calculate how much time you should dedicate to it. For instance, if the exam allocates 2 minutes per mark, a 10-mark question should take about 20 minutes. Remember that this total includes not only writing the answer but also planning it. A good rule is to spend 20% of the total time on planning; therefore, for a 10-mark question, allocate approximately 4 minutes for planning.

Step 2: Follow Your Answer Plan

Many students waste time by creating an answer plan but then not using it. Treat your plan like a table of contents, ensuring that if a requirement has five points, your answer includes five corresponding headings, each followed by a relevant paragraph.

Step 3: Keep an Eye on the Clock

After planning your time, it's important to adhere to these allocations while writing your answers. Your speed will naturally increase with practice, so develop an awareness of when it's time to move on to the next question or requirement. While attempting all parts is the goal, be prepared to be decisive and shift on if a particular answer is not progressing as expected.

10.4 How to Pass Your Exams

Prepare for Exam Day

Ensure you arrive at the exam room with plenty of time to spare, allowing yourself to settle in before the exam starts. Plan your route in advance and check for any potential travel issues. The night before, verify that you have the following items:

- Pens
- Pencils
- Erasers
- Watch
- Calculator with extra batteries
- Exam documentation and identification

Do not bring any paper or printed materials into the exam room.

Choose the Right Questions

When selecting optional questions, focus on those you can answer most effectively by considering:

- The topics addressed in the questions
- The specific requirements of each question
- The ease of applying the requirements
- The potential for earning easy marks

Plan Your Time

Ensure you answer the required number of questions and allocate the appropriate amount of time to each. Each mark corresponds to approximately 1.8 minutes. For instance, a 25-mark question should take around 45 minutes to complete, including time for checking your work. If you find yourself unable to finish a question within the allotted time, move on to the next one and consider returning to it later. The number of marks also indicates how detailed and lengthy your answer should be.

Read the Requirements Carefully

It's advisable to start by reading the requirements of each question. To achieve a high score, you must adhere to these requirements and understand the subject areas being assessed, as well as the

tasks you need to complete. Failing to address all aspects the examiner requests can significantly reduce your score. Additionally, the requirements can help you quickly pinpoint the most relevant information in the scenario. They may also specify a particular format for your answer (e.g., a letter), and not following this format can further limit your marks.

Read the Question Scenarios Carefully

Taking the time to read the question scenarios thoroughly will help you identify the key issues to discuss, the appropriate techniques to apply, and how to structure your answer effectively.

Plan Your Answers

Investing five minutes in planning followed by twenty-five minutes of writing is more likely to yield better results than spending thirty minutes solely on writing. During your planning, ensure that your answer aligns with the question's requirements. Consider grouping related points under a single heading and estimating how long each section should take to write. Before you start writing, confirm that your plan:

- Is logical
- Covers all relevant points
- Excludes irrelevant material or repetitions

Your response must fully address the question's requirements, as markers can only award marks for what you have explicitly written.

Demonstrate Judgment

Examiners are not just interested in your knowledge; they want to see your ability to apply it effectively. To demonstrate application and judgment, ensure your answers:

- Contain only relevant information
- Are supported by adequate reasons and arguments
- Utilize scenario material to back up your points
- Discuss the limitations and assumptions of the techniques you employ
- Offer reasonable recommendations that stem from your analysis

Avoid Poor Exam Technique

Signs of poor exam technique include failing to address the question requirements and providing vague or contradictory answers. Instead of listing everything you know about a topic, focus on the

specifics of the question. Avoid rewriting the question requirements, as this wastes valuable time. Additionally, ensure your answers are sufficiently detailed; a simple bullet-point list is inadequate when a discussion is requested.

Present Your Work Clearly

For markers to award you credit, your writing must be legible. To aid readability, write on alternate lines and leave sufficient space between words, sentences, and paragraphs. Common pitfalls that hinder clarity include:

- Failing to clearly indicate which question you are answering
- Mixing parts of different questions throughout your answer booklet
- Not clearly showing your workings or calculation results
- Writing overly long paragraphs without headers
- Creating lengthy sentences that should focus on one idea at a time

Stay Until the End of the Exam

Utilize any remaining time to review your work thoroughly. Check that you have:

- Correctly filled out your candidate details
- Clearly labeled question parts and workings
- Effectively used headers and underlining
- Ensured accurate spelling, grammar, and arithmetic

11.0 Appendix A

Technical Knowledge Required – Accounting Standards

This appendix outlines the essential accounting standards that must be understood and applied. It will be periodically updated to reflect new standards as they become effective or existing standards as they are revised.

| No. | IAS/IFRS Number | Title/Description |
|-----|-----------------|--|
| 1 | IAS 1 | Presentation of Financial Statements |
| 2 | IAS 2 | Inventories |
| 3 | IAS 7 | Statement of Cash Flows |
| 4 | IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5 | IAS 10 | Events After the Reporting Period |
| 6 | IAS 16 | Property, Plant and Equipment |
| 7 | IAS 17 | Leases |
| 9 | IAS 20 | Accounting for Government Grants and Disclosure of Government Assistance |
| 10 | IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| 11 | IAS 23 | Borrowing Costs |
| 14 | IAS 28 | Investments in Associates and Joint Ventures |
| 15 | IAS 32 | Financial Instruments: Presentation |
| 16 | IAS 33 | Earnings per Share |
| 17 | IAS 34 | Interim Financial Reporting |
| 18 | IAS 36 | Impairment of Assets |
| 19 | IAS 37 | Provisions, Contingent Liabilities and Contingent Assets |
| 20 | IAS 38 | Intangible Assets |
| 21 | IFRS 9 | Financial Instruments: Recognition and Measurement |
| 22 | IAS 40 | Investment Property |
| 23 | IAS 41 | Agriculture |
| 24 | IFRS 1 | First-time Adoption of International Financial Reporting Standards |
| 25 | IFRS 2 | Share-based Payment |
| 26 | IFRS 3 | Business Combinations |

| | | |
|----|---------|--|
| 28 | IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| 29 | IFRS 6 | Exploration for and Evaluation of Mineral Resources |
| 30 | IFRS 7 | Financial Instruments: Disclosures |
| 31 | IFRS 8 | Operating Segments |
| 32 | IFRS 9 | Financial Instruments |
| 33 | IFRS 10 | Consolidated Financial Statements |
| 34 | IFRS 11 | Joint Arrangements |
| 35 | IFRS 12 | Disclosure of Interests in Other Entities |
| 36 | IFRS 13 | Fair Value Measurement |
| 37 | IFRS 14 | Regulatory Deferral Accounts |
| 38 | IFRS 15 | Revenue from Contracts with Customers |
| 39 | IFRS 16 | Leases |
| 40 | IFRS 17 | Insurance Contracts |
| 42 | IAS 19 | Employee Benefits |