

# Diploma in Corporate Administration & Compliance

## Tax Framework

<b>Course Title</b>	Tax Framework
<b>Course Code</b>	TXF101
<b>Type of Course</b>	Core/Required
<b>Level of Course</b>	Undergraduate, First Cycle
<b>Year of Study</b>	First
<b>Semester</b>	Second
<b>Credits (ECTS)</b>	6
<b>Prerequisites or co-requisites</b>	None
<b>Recommended optional program components</b>	None
<b>Language of Instruction</b>	English
<b>Mode of Delivery</b>	Face to Face

# General Information

## Description

This foundational course in Tax Framework offers a comprehensive exploration of the principles, policies, and practices that underpin modern taxation systems. The course provides a deep dive into the multifaceted world of taxes, covering everything from the basics of taxation to the intricacies of corporate tax and the challenges of the digital economy.

Starting with an introduction to the fundamentals of taxation, you will explore the historical evolution of tax systems, understand different types of taxes, and examine taxpayer classifications. The course progresses to dissect key tax principles such as equity, efficiency, and simplicity, and how these principles influence tax policy and administration.

As the course unfolds, you will delve into specific tax types, including income tax for individuals and businesses, corporate taxation, and indirect taxes like sales tax and VAT. Special attention is given to the taxation of dividends, capital gains, and international taxation issues, providing you with a global perspective on corporate tax planning.

The latter part of the course addresses contemporary issues in taxation, such as the implications of the digital economy on tax laws, the role of environmental taxes in fiscal policy, and the ethical considerations in tax planning. Through a mix of lectures, case studies, and interactive discussions, students will engage with current debates and consider future directions in taxation.

## Course objectives

The course is designed to equip you with a thorough understanding of the principles, policies, and practices underpinning taxation systems. It introduces fundamental concepts of taxation, including its historical roots, various tax types, and taxpayer roles. You will delve into critical taxation principles such as equity, efficiency, and simplicity, learning how these influence tax policy and its administration.

The course aims to impart practical skills in calculating taxable income and navigating tax rates and obligations for individuals and businesses, alongside a deep dive into corporate taxation. This includes an exploration of dividends, capital gains, and the nuances of international tax planning, providing insights into their impact on corporate decisions and global operations. Additionally, the course covers indirect taxes like sales tax and VAT, discussing their administration, compliance, and economic effects.

A significant focus is placed on contemporary issues in taxation, such as digital economy challenges, environmental taxes, and ethical considerations in tax planning. Ultimately, the course prepares you to critically assess and engage with tax systems and policies, fostering a capacity to navigate and contribute to tax reforms and innovations.

## Learning Outcomes

On successful completion of the course, you will be able to:

1. Understand the basic principles, history, and types of taxes, including the roles and responsibilities of different taxpayers.
2. Evaluate the foundational concepts of tax equity, efficiency, and simplicity, and understand their application in tax policy and law.
3. Learn the objectives and strategies behind tax policy formulation and the complexities of tax administration and compliance.
4. Gain proficiency in calculating taxable income, understanding tax rates and brackets, and navigating the tax obligations of individuals and businesses.
5. Understand the principles and practices of corporate taxation, including the treatment of dividends, capital gains, and international tax planning.
6. Master the concepts and application of sales tax, VAT, and other indirect taxes, including their economic and social impacts.
7. Analyze current trends and challenges in taxation, with a focus on digital economy taxation, environmental taxes, global tax initiatives, and the ethical implications of tax policies.

# Course Readings & Learning Activities

## Required Readings

- Lecture notes, assignments, cases, and other useful information will be posted on the CLASSE.
- Hancock, D., *Introduction to Taxation*, Routledge, Chapman & Hall, latest version.
- Astbury, K. *Basic Concepts in Business Taxation*, Edward Arnold, latest version
- James, S. and Nobes C., *The Economics of Taxation*, Philip Allan Publishers Ltd
- FI notes for Taxation - ACCA
- Many case studies can be found in the textbook.

## Optional Readings

- Melville, A., *Taxation*, 15th ed., FT Prentice Hall, latest version.
- Institute of Chartered Accountants in England and Wales, *Principles of Taxation*.
- Nellis, H., and Parker D., *The Essence of Business Taxation*, Prentice Hall
- Pritchard, B., *Taxation*, Pitman Publishing
- Bertram, D. and Cassel, E., *The Complete UK Tax Handbook*.
- Homer, A. and Burrows, R., *Torey Tax Guide*, Torey Publishing.

## Planned Learning Activities and Teaching Methods

- **Case Study Method:** Uses real-world accounting scenarios to teach you how to apply accounting principles and concepts.
- **Simulation and Role-Playing:** You will simulate real-world accounting situations or role-play as accountants, clients, or auditors.
- **Computer-Assisted Learning:** Utilizing accounting software and tools in teaching to simulate real-life accounting processes.
- **Collaborative Learning:** You will work in groups on accounting projects or case studies, encouraging peer-to-peer learning.
- **Problem-Based Learning (PBL):** You will be presented with an accounting problem to solve, requiring them to research and apply various accounting principles.
- **Flipped Classroom:** You will learn basic concepts and theories through pre-class assignments and videos. Class time is dedicated to practical application, problem-solving, and discussions.
- **Guest Lectures and Industry Interaction:** Inviting accounting professionals and experts to speak or interact with you.
- **Interactive Lectures with Real-Time Feedback:** Using technology such as clickers or educational apps to allow you to answer questions or solve problems during lectures and receive immediate feedback.

## Course Notes

Copies of lecture slides and other class information will be available through your CLASSE365 account.

# Course Detailed Syllabus

Students should read the assigned chapter(s) **BEFORE** the associated lecture date.

Topics	
Section I: Fundamentals of Taxation	
<p><b>Learning Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Understand the roles, types, and history of taxes.</li> <li>2. Recognize why taxes are collected and principles like equity and efficiency.</li> <li>3. Differentiate between direct and indirect taxes and their impacts.</li> <li>4. Know the differences among taxpayer groups and how tax rates work.</li> <li>5. Examine how taxes influence economic decisions and behaviors.</li> <li>6. Explain the operation and scope of the Cyprus tax system and the obligations of taxpayers</li> </ol>	
<p><b>Lectures 1</b></p>	<p><b>Introduction to Tax Concepts and Objectives</b></p> <ul style="list-style-type: none"> <li>• Fundamentals of taxation               <ul style="list-style-type: none"> <li>✓ Definitions and key functions of taxes in modern economies.</li> <li>✓ The historical evolution of taxation and its impact on societies.</li> </ul> </li> <li>• Historical perspectives on taxation               <ul style="list-style-type: none"> <li>✓ Ancient tax systems and their influence on modern taxation</li> <li>✓ Evolution from in-kind to monetary tax systems</li> <li>✓ Key historical milestones in tax legislation</li> </ul> </li> <li>• Core objectives and roles of taxation               <ul style="list-style-type: none"> <li>✓ Financing public expenditures and the provision of public goods.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>✓ Redistributing income to promote social equity.</li> <li>✓ Regulating economic activities through fiscal policy.</li> <li>• The Philosophy and Principles of Taxation <ul style="list-style-type: none"> <li>✓ The social contract and taxation</li> <li>✓ Adam Smith's canons of taxation: Equity, Certainty, Convenience, and Efficiency.</li> <li>✓ Modern principles including simplicity, transparency, and administrability.</li> </ul> </li> </ul>
<p><b>Lectures 2</b></p>	<p><b>Tax Structures and Taxpayer Dynamics</b></p> <ul style="list-style-type: none"> <li>• Overview of Tax Types <ul style="list-style-type: none"> <li>✓ Direct taxes: Characteristics and examples</li> <li>✓ Indirect taxes: mechanisms and impact</li> <li>✓ Comparative analysis of Direct vs. Indirect Taxes.</li> </ul> </li> <li>• Taxpayer Classifications <ul style="list-style-type: none"> <li>✓ Individual Taxpayers: Progressive, Regressive, and Proportional Taxes</li> <li>✓ Corporate Taxpayers: Tax Structures and Implications for Business</li> <li>✓ Special Entities: Tax Considerations for Trusts, Partnerships, and Non-Profits.</li> </ul> </li> <li>• Tax rate structures and their implications <ul style="list-style-type: none"> <li>✓ Analysis of progressive, regressive, and flat (proportional) tax systems, including examples from various countries.</li> <li>✓ The concepts of marginal and effective tax rates and their relevance to taxpayers.</li> </ul> </li> <li>• Economic impact of taxation <ul style="list-style-type: none"> <li>✓ Tax incidence and its effects on market behavior and economic efficiency.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>✓ The concept of tax elasticity, tax avoidance, and tax evasion.</li> <li>✓ Behavioral responses to taxation: labor supply, savings, investment, and consumption decisions.</li> </ul>
<b>Lecture 3</b>	<p><b>The Cyprus Tax system and its administration</b></p> <ul style="list-style-type: none"> <li>• Types of capital and revenue tax</li> <li>• Tax Avoidance vs. Tax Evasion</li> <li>• Principal sources of revenue law in Cyprus</li> <li>• Interaction with other tax jurisdictions</li> <li>• The purpose of the General Anti-Abuse Rule (GAAR)</li> <li>• Ethical and professional approach.</li> <li>• The systems for self and temporary assessment and the making of returns</li> <li>• The time limits for the submission of returns, information, objections, claims, and payment of tax</li> <li>• The procedures relating to inquiries, objections, and appeals</li> <li>• Penalties for non-compliance</li> </ul>
<b>Section II: Key Principles and Concepts in Taxation</b>	
<p><b>Learning Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Learn about different ways to make taxes fair for everyone.</li> <li>2. Understand how taxes affect the economy and how to make them cause the least harm.</li> <li>3. Find out why it's important for tax rules to be easy to understand and follow.</li> <li>4. Discover how to determine who ends up paying different taxes.</li> <li>5. Get to know the laws that guide taxes and discuss the right and wrong ways to handle taxes.</li> </ol>	

<b>Lecture 4</b>	<b>Principles of Taxation</b> <ul style="list-style-type: none"><li>• Equity in taxation<ul style="list-style-type: none"><li>✓ Horizontal equity: The principle of equal treatment</li><li>✓ Vertical equity: The ability-to-pay principle</li><li>✓ Critiques and practical challenges of achieving equity</li></ul></li><li>• Efficiency in taxation<ul style="list-style-type: none"><li>✓ The economic effects of taxation on resource allocation</li><li>✓ Deadweight Loss and optimal tax theory</li><li>✓ Tax neutrality and its importance in economic decision-making</li></ul></li><li>• Simplicity, transparency, and administrative ease<ul style="list-style-type: none"><li>✓ The costs of complexity in tax systems</li><li>✓ The benefits of simplifying tax codes</li><li>✓ Strategies for enhancing transparency and compliance</li></ul></li></ul>
<b>Lecture 5</b>	<b>Tax Incidence and Legal Frameworks</b> <ul style="list-style-type: none"><li>• Understanding tax incidence<ul style="list-style-type: none"><li>✓ The concept of tax incidence: Who bears the tax burden?</li><li>✓ Factors influencing tax incidence: Elasticity of demand and supply</li><li>✓ Analyzing the shift and incidence of various types of taxes</li></ul></li><li>• Legal frameworks governing taxation<ul style="list-style-type: none"><li>✓ Constitutional and legislative foundations of tax systems</li><li>✓ The role of tax courts</li><li>✓ International legal frameworks and tax treaties</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>• Tax policy design and reform <ul style="list-style-type: none"> <li>✓ Objectives and challenges in designing tax policies</li> <li>✓ Principles for effective tax reform</li> <li>✓ Case studies of successful and unsuccessful tax reforms</li> </ul> </li> <li>• Ethical considerations in taxation <ul style="list-style-type: none"> <li>✓ Tax avoidance vs. tax evasion: Legal and ethical perspectives</li> <li>✓ The social responsibilities of taxpayers and corporations</li> <li>✓ Ethical implications of tax planning strategies</li> </ul> </li> </ul>
<b>Section III: Tax Policy Formulation and Tax Administration</b>	
<p><b>Learning Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Get to know why we have taxes and what they aim to achieve.</li> <li>2. Look at how taxes are planned to meet their goals.</li> <li>3. Learn about the systems that collect and enforce taxes.</li> <li>4. Explore how to make people more willing to pay taxes.</li> <li>5. Understand how countries work together on tax issues.</li> </ol>	
<p><b>Lecture 6</b></p>	<p><b>Goals and Strategies of Tax Policy</b></p> <ul style="list-style-type: none"> <li>• Introduction to tax policy <ul style="list-style-type: none"> <li>✓ Defining tax policy: objectives and components</li> <li>✓ The interplay between Tax policy and economic objectives</li> </ul> </li> <li>• Goals of tax policy <ul style="list-style-type: none"> <li>✓ Revenue generation: Balancing adequacy and sustainability</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>✓ Redistribution of wealth: Equity and social justice</li> <li>✓ Repricing: Correcting market failures through taxation</li> <li>• Strategies for effective tax policy <ul style="list-style-type: none"> <li>✓ Balancing competing objectives in tax policy</li> <li>✓ Using tax incentives and disincentives strategically</li> <li>✓ The role of tax expenditures in achieving policy goals</li> </ul> </li> </ul>
<p><b>Lecture 7</b></p>	<p><b>Tax Administration and Compliance</b></p> <ul style="list-style-type: none"> <li>• The framework of tax administration <ul style="list-style-type: none"> <li>✓ Structure and functions of a tax administration system</li> <li>✓ Challenges in tax collection and enforcement</li> </ul> </li> <li>• Enhancing tax compliance <ul style="list-style-type: none"> <li>✓ Psychological and economic factors influencing tax compliance</li> <li>✓ Strategies for improving voluntary compliance rates</li> <li>✓ The use of technology in tax administration</li> </ul> </li> <li>• International aspects of tax administration <ul style="list-style-type: none"> <li>✓ Tax information exchange agreements and their impact</li> <li>✓ Addressing challenges of taxation in a global economy</li> <li>✓ The role of international organizations in tax policy harmonization</li> </ul> </li> <li>• Case studies in tax administration <ul style="list-style-type: none"> <li>✓ Innovative approaches to tax collection and compliance</li> <li>✓ Analysis of tax administration reforms in various countries</li> <li>✓ Lessons learned from tax compliance strategies worldwide</li> </ul> </li> </ul>

## MIDTERM EXAMINATION

### Section IV: Understanding Income Tax

#### Learning Objectives:

1. Understand the basic principles, history, and purpose of income tax.
2. Identify the characteristics of progressive, regressive, and proportional tax systems and their impact on taxpayers.
3. Learn how to determine taxable income for individuals and businesses, incorporating allowances, deductions, and credits.
4. Comprehend how tax rates and brackets work, and apply this knowledge to calculate tax liabilities for different income levels.
5. Gain insights into the taxation of different business structures, including the treatment of business expenses, capital gains, and corporate income tax.

#### Lecture 9

#### Basics of Income Tax

- Introduction to Income Tax
  - ✓ Definition and purpose of income tax
- Income tax principles
  - ✓ Progressive, regressive, and proportional tax systems
  - ✓ Taxable income: Definition and types
  - ✓ Allowances, deductions, and credits: Mechanisms for tax relief
- Taxation of individuals
  - ✓ Calculating taxable income for individuals
  - ✓ Understanding tax brackets and rates
  - ✓ Special considerations: employment benefits, investment income, and losses

	<ul style="list-style-type: none"> <li>✓ Tax treatment: Income from employment vs. income from self-employment</li> <li>• Taxation of Businesses <ul style="list-style-type: none"> <li>✓ Distinctions between business structures: sole proprietorships, partnerships, corporations</li> <li>✓ Corporate income tax: rates, credits, and deductions</li> </ul> </li> </ul>
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### Section V: Corporate Tax Essentials

#### Learning Objectives:

1. Gain knowledge of the fundamental principles, history, and purposes behind corporate taxation.
2. Learn how to calculate a corporation's taxable income, including recognizing allowable deductions, adjustments, and the treatment of losses.
3. Develop the ability to analyze and apply tax planning strategies within the context of corporate taxation, focusing on ethical considerations and international tax planning.

<b>Lecture 10</b>	<ul style="list-style-type: none"> <li>• Fundamentals of corporate taxation <ul style="list-style-type: none"> <li>✓ Defining corporate tax and its purpose</li> <li>✓ Theoretical Justifications</li> <li>✓ Differences between corporate and individual taxation</li> </ul> </li> <li>• Corporate taxable income <ul style="list-style-type: none"> <li>✓ Components of taxable income for corporations</li> <li>✓ Adjustments and deductions: understanding capital allowances, allowable expenses, and tax credits</li> <li>✓ Loss carryovers and their strategic use in tax planning</li> </ul> </li> </ul>
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### Section VI: Sales Tax, VAT, and Other Indirect Taxes

#### Learning Objectives:

1. Understand the definitions, purposes, and key differences between indirect and direct taxes.
2. Learn how sales tax and VAT are calculated, collected, and administered, including the concepts of input and output tax in VAT.
3. Identify and understand different types of indirect taxes, such as excise taxes, customs duties, and environmental taxes.
4. Examine the challenges and solutions related to indirect tax compliance, with an emphasis on technological tools and international guidelines.
5. Assess how indirect taxes affect consumer behavior, business operations, and the broader economy, including considerations of their regressive nature and impact on the digital economy.

<b>Lecture 11</b>	<p><b>Understanding Indirect Taxes</b></p> <ul style="list-style-type: none"> <li>• Introduction to indirect taxes <ul style="list-style-type: none"> <li>✓ Definition and purpose of indirect taxes</li> <li>✓ Differences between direct and indirect taxes</li> <li>✓ Overview of sales tax and Value-Added Tax (VAT)</li> </ul> </li> <li>• Principles of Sales Tax and VAT <ul style="list-style-type: none"> <li>✓ Mechanisms of Sales Tax: Calculation and Collection</li> <li>✓ How VAT works: Input Tax, Output Tax, and the VAT Invoice System</li> <li>✓ Advantages and challenges of Sales Tax vs. VAT</li> </ul> </li> </ul>
<b>Lecture 12</b>	<p><b>Special Topics in Indirect Taxation</b></p> <ul style="list-style-type: none"> <li>• Other forms of indirect taxes <ul style="list-style-type: none"> <li>✓ Excise taxes: definition and examples</li> <li>✓ Customs duties and import taxes: Role in international trade</li> <li>✓ Environmental taxes and their policy objectives</li> </ul> </li> <li>• Indirect tax compliance and administration</li> </ul>

	<ul style="list-style-type: none"> <li>✓ Challenges in indirect tax collection and compliance</li> <li>✓ Technological solutions for managing VAT and Sales Tax compliance</li> <li>✓ International VAT/GST guidelines and harmonization efforts</li> <li>• The economic and social impact of indirect taxes <ul style="list-style-type: none"> <li>✓ The regressive nature of indirect taxes and mitigation strategies</li> <li>✓ The effect of indirect taxes on consumer behavior and business operations</li> <li>✓ Indirect taxes in the digital economy: Challenges and solutions</li> </ul> </li> </ul>
<b>Section VII: Current Trends and Challenges</b>	
<p><b>Learning Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Learn about the taxation challenges and strategies in the digital economy.</li> <li>2. Study the impact of environmental taxes and global tax initiatives on economies and businesses.</li> <li>3. Investigate how technology affects taxation and discuss ethical considerations in tax policy..</li> </ol>	
<p><b>Lecture 13</b></p>	<p><b>Taxation in the Digital Economy</b></p> <ul style="list-style-type: none"> <li>• Understanding the digital economy and taxation <ul style="list-style-type: none"> <li>✓ The rise of the digital economy: Characteristics and challenges</li> <li>✓ Digital Services Taxes (DST): Principles and Global Perspectives</li> <li>✓ The OECD's role and guidelines for taxing digital transactions</li> </ul> </li> <li>• Tax challenges posed by the digital economy <ul style="list-style-type: none"> <li>✓ Identifying taxable presence: Traditional nexus vs. Digital presence</li> <li>✓ Taxing digital goods and services: Cross-border challenges</li> <li>✓ Efforts to combat Base Erosion and Profit Shifting (BEPS) in the digital context</li> </ul> </li> </ul>

	<p><b>Innovations and Reforms in Tax Policy</b></p> <ul style="list-style-type: none"> <li>• Environmental taxes and fiscal policies <ul style="list-style-type: none"> <li>✓ Carbon taxes and Emissions Trading Systems (ETS)</li> <li>✓ The role of taxation in promoting sustainable development</li> <li>✓ Evaluating the effectiveness and fairness of environmental taxes</li> </ul> </li> <li>• Responding to global tax challenges <ul style="list-style-type: none"> <li>✓ Recent developments in international tax cooperation</li> <li>✓ The impact of global minimum taxes on multinationals and tax havens</li> <li>✓ Tax transparency and Information Exchange Agreements</li> </ul> </li> </ul>
<b>Revision</b>	
<b>Lecture 14</b>	<p><b>Course Revision &amp; Practical Application</b></p> <ul style="list-style-type: none"> <li>• Case study scenarios</li> <li>• Applying knowledge to real life scenarios</li> </ul>
<b>FINAL EXAMINATION</b>	

## Assessment Method and Criteria

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Type of Assessment	Weight
Final Examination	60%
Mid Term Examination	30%
Class Attendance and Participation	10%

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## Assessment Criteria

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Numerical Grade	Grade	Meaning
90-100%	A	Excellent
85-90%	B+	Very Good
80-84%	B	Good
75-79%	C+	Above Average
70-74%	C	Average
65-69%	D+	Below Average
60-64%	D	Poor

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Below 60

F

Failure

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