

IKAF CEA-P6 Advanced Taxation

Syllabus and Study Guide

*CEA Certified External Auditor Qualification
(Based on ACCA Certifications)*

This syllabus and study guide is designed to assist in teaching and learning, also is intended to provide detailed information on the qualification, module and study guide.

Qualification Structure

It explains the content of Certified External Auditor Qualification level, which also includes the Advanced Taxation Module. Explains the connection of this module to other levels and modules of qualification; modules included at the specified level as well as membership criteria; as well as the characteristics of lectures that are held during the certification period. Modules and Qualifications are also presented through diagrams.

Module

It explains briefly the reasoning of the module's importance, the general and detailed objectives of the module and, also shows in the widest sense the skills that will be developed during the study of the module. The relation of the module to the other modules is presented through a diagram representing the links between them; in order to be as clear as possible for the reader. Also, topics that belong to the module are described; also, how the module's topics and subthemes are planned. Moreover, the form of examination and evaluation is explained in detail, what the exam will consider and why. In the end, the module's content is attached.

Syllabus Structure

It explains the syllabus content of the module Advanced Taxation, part of the Certified External Auditor Qualification Level. This module contains the main reasoning, aim, and capabilities expected to get learned during the course of the study. In addition, the syllabus includes the topics of the modules, the structure of the examination after the successful completion of the module as well as reading and scheduling the time.

Study Guide

This is the main document that students, education and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations

QUALIFICATION STRUCTURE

*CIA Certified External Auditor Qualification
(Based on ACCA Certifications)*

The Certified External Auditors must first get qualified as a Certified Accountant in IKAF. Not all Certified Accountants are required or need to qualify as Certified Auditors, unless they choose a career in providing legal audits and related services. The Kosovo Financial Reporting Council (KKRF) licenses Auditors in Kosovo and the role of IKAF is to ensure that they are certified in accordance with International Education Standards, the EU's 8th Directive and best international practices. In recent years, education standards and professional practice requirements for Legal Auditors have been updated, so the new IKAF qualification scheme aims to ensure that Kosovo auditors are qualified with the highest international standards.

To get Certified Auditor training you must first be a IKAF member and have completed the Qualification for a Certified Accountant. Membership at this level is open to all professionals who work in accounting and auditing and who have completed the level for a Certified Accountant.

Certified Auditor Candidates should demonstrate knowledge of Advanced Taxation.

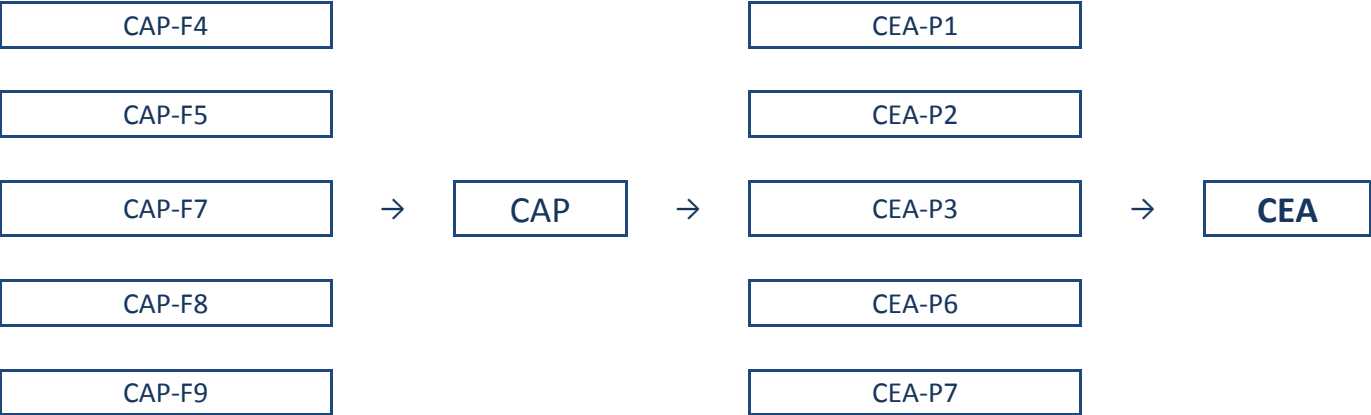


Diagram.1: Certified External Auditor Qualification relations with other modules and certified qualifications

Modules

CEA Certified External Auditor Qualification Level consists of five modules and is mandatory to pass all five in order to obtain the title:



Diagram.2: CEA Certified External Auditor Qualification Level Modules

Qualification and Membership Criteria: Certified External Auditor

- University Degree;
- Completion of Certified Accountant Level
- Proof for at least three (3) years of verified work experience in accounting - which can be acquired during or after the training;
- Have attended and passed five (5) certification exams for this purpose (Exam is passed if 50% of test points are reached) ;
- A person who has been certified in this qualification by IKAF and continues to have a regular membership status of the IKAF has the right to use the title "Certified Accountant" by fulfilling all of the above criteria;
- Regular members of the IKAF to use the title "Certified Accountant" are required to attend Continuing Professional Development (CPD) as defined in the IKAF Regulation.

Training Features:

- A comprehensive review of modules and during the training, participants will be provided with case studies, exercises similar to those given in the exams, and mock exam.
- Trainers are holding professional qualifications, and well experience in their field
- Upon completion of this course, participants will be able to take the exams of modules at IKAF center.

SYLLABUS STRUCTURE

Rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Relational diagram linking modules

This diagram shows direct and indirect links between this exam and other exams preceding or following it. It indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall Aim

This explains briefly the overall objective of the syllabus and indicates in the broadest sense the capabilities to be developed within the exam.

Main Capabilities

The aim of the syllabus is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Topics

Certain topics that module contains and that will be treated during tuitions.

Examining Structure

This section briefly explains the structure of the examination and how it is assessed.

Annex: Detailed Syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

MODULE

This syllabus and study guide is designed to help with study planning and to provide detailed information on what could be assessed in any examination session.

Rationale

This diagram shows direct and indirect links between this module and other modules preceding or following it. Some modules are directly underpinned by other modules such as Advanced Taxation by Taxation. Other modules only have indirect relationships with each other such as links existing between the accounting and auditing exams.



Diagram.1: Module relations

The syllabus for Advanced Taxation introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of advanced taxation as they affect the activities of individuals and businesses. Candidates are introduced to the rationale behind – and the functions of – the tax system.

The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as income tax from self-employment, employment and investments, the corporation tax liability of individual companies and groups of companies, the national insurance contribution liabilities of both employed and self-employed persons, the value added tax liability of businesses, the chargeable gains arising on disposals of investments by both individuals and companies, and the inheritance tax liabilities arising on chargeable lifetime transfers and on death.

Having covered the core areas of the basic taxes, candidates should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

Aim

To develop knowledge and understanding of commercial entities types, their classification based on ARBK, ATK and KKRF, as well as understanding financial statements preparing. In details:

Main capabilities

- Understanding types of businesses
- Understanding taxation procedures
- Understanding value added taxes
- Understanding Doan and excises
- Understanding personal income taxes

- Understanding corporate income taxes
- Understanding law requirements for reporting/auditing of financial statements

Topics

Major topics of Advanced Taxation Module that will be covered during the training:

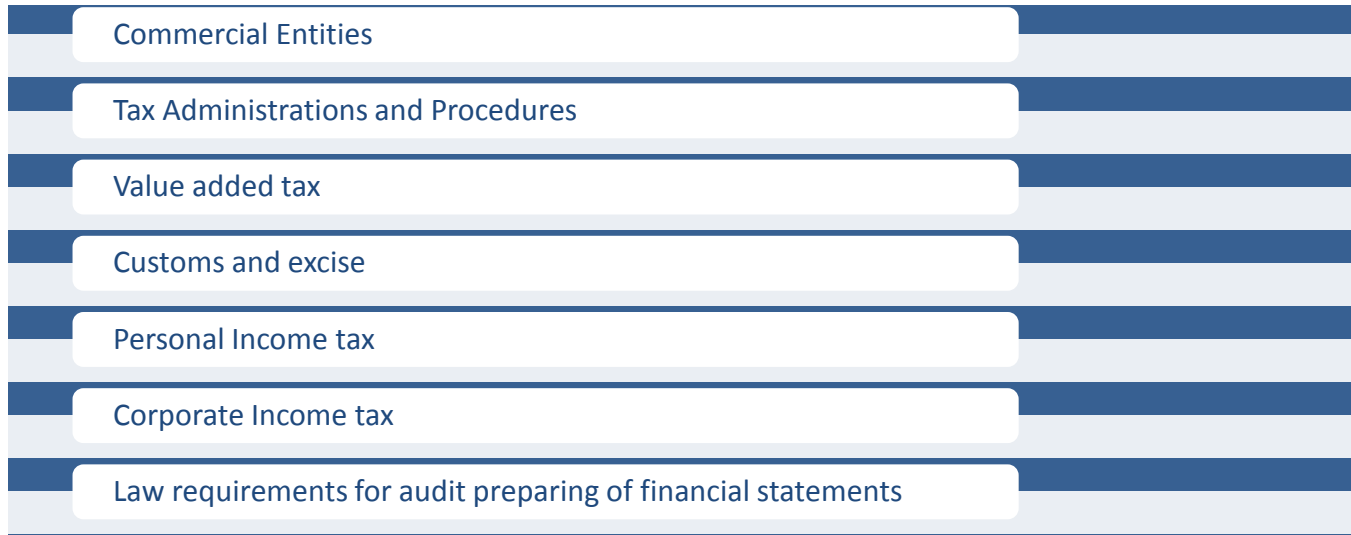


Diagram.2: Topics of Advanced Taxation Module that will be covered during the training

Examination Structure

The syllabus is assessed by a three-hour examination available in paper-based format. * All questions are compulsory. Some questions will adopt a scenario/case study approach. Candidates are provided with a formulae sheet.

Reading and Time Planning

For paper-based exams 15 minutes are added to the three hours to reflect the manual effort required. The total exam time is therefore three hours and 15 minutes. Prior to the start of the exam candidates are given an extra 10 minutes to read the exam instructions.

The pass mark for all IKAF Qualification examinations is 50%..

Annex: Detailed Syllabus

DETAILED SYLLABUS

1 Business Associations

- 1.1 Trade societies and business types which can be organized in Kosovo

2 Tax Administration and Procedures

- 2.1 Registration and cancellation procedures of taxpayers
- 2.2 Bookkeeping and recordings
- 2.3 Taxes Declaration (Declaration of Taxation, Self-assessment and ATK Assessment)
- 2.4 Tax payments, order of payments as well as credits and reimbursements
- 2.5 Compulsory collection procedures
- 2.6 Administrative penalties
- 2.7 The right of appeal by the taxpayer

3 Value Added Tax (VAT)

- 3.1 VAT and general VAT regulations
- 3.2 Taxable Transactions and Their Place
- 3.3 Exit moment, VAT charge and taxable amount
- 3.4 VAT exemptions
- 3.5 VAT deductible
- 3.6 Arrangement of deductions
- 3.7 Requests for refund of VAT credit
Billing and persons obliged to pay VAT
- 3.8 Tax period, submission of statement and payment
- 3.9 Registration of information, maintenance and retention of documentation

- 3.10 Practical examples until the VAT declaration

4 Customs and Excise

- 4.1 Customs and Excise

5 Personal Income TAX (TAP)

- 5.1 General and Specific regulations of TAP
- 5.2 Incomes from employment
- 5.3 Incomes other than employment
- 5.4 Permissible and Impermissible business expenses
- 5.5 Gains / Capital Losses and Methods of Cash and Accruals Accounting
- 5.6 Bookkeeping, Recordings and Withholding Tax
- 5.7 Partnerships and groupings of persons
- 5.8 Payments, Credits and Statements

6 Corporate Income TAX (TAK)

- 6.1 General and specific regulations
- 6.2 Allowable and Unallowable business expenses
- 6.3 Gains and losses on capital, liquidations and reorganizations, price transfers and Permanent Units
- 6.4 Withholding taxes
- 6.5 Declaration and payment of TAK

7 Legal requirements for the preparation and audit of the statements

- 7.1 Legal Requirements for Preparing and Auditing Financial Statements

Study Guide

A Business Associations

1 Trade societies and business types which can be organized in Kosovo

- Types of businesses that can be registered in the Registry Office in Kosovo
- Types of Businesses that can be registered in ARBK
- Forms of Business Certificates

B Tax Administration and Procedures

1 Registration and cancellation procedures of taxpayers

- Types of Taxes that apply in Kosovo
- Responsibilities of the Tax Administration of Kosovo
- Applicable tax laws, tax rates
- Fiscal number, equipping fiscal certificates, non-resident persons and fiscal representative
- Registration, business cancellation, cancellation of documents including fiscal number
- Names and numbers publication of Taxpayers

2 Bookkeeping and recordings

- Bookkeeping and recordings requirements
- Inventory
Methods for calculating stocks
- Origin of goods I
- invoicing requests for transactions between taxable persons and non-taxable persons
- Cash Register Coupon
- Fiscal equipment
- Transactions and transaction reporting over 500 euros
- Allowed expenditures and credits

- Destruction of goods, destroyed goods

3 Taxes Declaration (Declaration of Taxation, Self-assessment and ATK Assessment)

- Tax Declaration
- Self-assessment
- ATK assessment
- Indirect methods
- Resource and Found Application Method
- Cash expenditures and Bank reimbursement methods
- The method of the marsh
- The volume unit method
- Net worth method
- Access books, recordings, computers and other data storage devices
- Access to Business Facilities / Taxpayer Controls
- Collection of information or evidence
- Time limits for assessments Risk assessments
- Assessments against Responsible Persons

4 Tax payments, order of payments as well as credits and reimbursements

- Payments
- Interests
- Order of Payment
- Credits and Refunds

5 Compulsory Collections and Procedures

- Tax burdens
- The release of wealth
- Special regulations for socially owned enterprises
- The status bar of a bar and the re-submission request
- Actions before compulsory collection of tax debt
- Levies
- Enforcement of Levy

- Other Provisions Related to Enforced Collection
- Recovery of tax from partners and members of unincorporated associations
- Jeopardy Orders
- Embargo on imports and exports
- Departure prohibitions
- Transfers of Assets
- Uncollectible Tax Debts
- Illegal Acts

6 Administrative penalties

- TAK approach to the administration of penalties
- Appeals under the law on tax administration and procedures
- Other reductions in sanctions

7 The right of appeal by the taxpayer

- Complaints in the complaint department
- The right of appeal by the taxpayer

C Value Added Tax (VAT)

1 VAT and general VAT provisions

- Introduction to VAT
VAT to be paid
- VAT to be reimbursement
- VAT chain
- Taxation Object
- Obligatory Identifications for VAT – Taxable Persons
- Registration and Cancellation for VAT

2 Taxable Transactions and Their Place

- Supply with goods
- Transfer of business
- Supply with services
- Venue of supply with goods
- Venue of supply with service
- Venue of importing goods
- Supply of goods/services place of taxable and non-taxable persons
- Special Regulations

- Supplies related to immovable property
- Supplying to taxable persons
- Supply with taxable and non-taxable food

3 CHARGEABLE EVENT AND CHARGEABILITY OF VAT AND TAXABLE AMOUNT

- Chargeable event and chargeability of VAT for supply of goods and services
- Chargeable event and chargeability of VAT for importing goods
- Taxable amount
- Taxable amount for supply with goods and services
- Taxable amount for importing goods
- Taxable Rate
- The flat rate of VAT for agricultural producers

4 VAT exemptions

- What are supplies exemptions?
- Types of Supplies exemptions
- Exemptions without right of deduction of input vat
- Exemptions for certain activities in the public interest
- Hospital services, medical care
- Welfare and social security work
- Education Services
- Exemptions for other activities
- Exemptions on importation
- Other special exemptions in respect of importation
- Exemptions on exportation
- Exemptions relating to certain transactions treated as exports

5 VAT deductible

- A comprehensive review of deduction
- The right to deduct VAT
- Exercise of the right of deduction
- The manner to exercise the right to deduct input VAT

- Calculation of the part of input VAT allowed as deductible
- VAT Refund Claims
- Deduction of input VAT on commencement of economic activity as VAT registered taxable person

6 Adjustments of deductions

- Adjustments of deductions

7 Requests for refund of VAT credit Billing and persons obliged to pay VAT

8 INVOICING AND ISSUANCE OF OTHER TAX DOCUMENTS

- Issuance of invoices and other documents serving as invoice by a taxable person
- Content of invoices issued by taxable persons to taxable persons
- Content of an invoice issued by taxable persons to other persons
- Invoice Examples
- Debit and Credit Notes
- Bad Debt invoice
- Requirement to Provide Simplified Invoices and fiscal receipts
- Persons liable for payment of VAT
- VAT charge for services supplied in the construction sector
- VAT postponement and application form

9 Tax Periods, Submission of the declaration and payment

- Tax Periods of VAT
- VAT Declarations, submissions and payment
- EID Steps

10 Record information, maintenance and retention of documentation

- Recording information
- Documentation
- Sales book
- Purchase book

- Retention of documentation

11 Practical examples of VAT declaration

- Examples of VAT Declaration

D Customs and Excise

1 Customs and Excise

- How goods are imported
- The role of customs
- Customs Rate
- Standard Excise tax rate in Kosovo
- Determining the cost of transport costs of imported goods
- Unified Customs Document - DUD
- Exercises

E Personal Income TAX (TAP)

1 General and Specific provisions of TAP

- Taxpayers
- Object of taxation
- Taxable income
- Tax rates
- Gross income
- Exempted income

2 Employment Income

- Income from wages
- Business Travel Expenses
- Taxpayers and income from salaries
- Steps to be taken to apply tax on income from salaries
- Employee records
- Employee Contracts
- Tax on wages and pension contributions
- Payroll Monthly Certificate of Pension
- Contribution and Withholding of Tax on Wages

- Annual declaration on personal income tax

3 Incomes other than those of employment

- Income from business activities
- Income from rents
- Income from intangible property
- Interest income
- Other income including gifts

4 Allowable and unallowable business expenses

- Which are allowable business expenses?
- Expenses for representation, advertisement and economic promotion
- Bad Debt Expenses
- Business Travel Expenses
- Payments to related persons
- Depreciation
- Depreciation of Livestock
- Amortization
- Special Deductions for New Assets
- Deprecation Methods
- Purchases costs for assets until 1000 euros
- Repairs and Improvements
- Research and Development Costs
- Tax Losses
- Rent Expenses
- The deduction allowed for public interest activities
- Educational and Training Expenses
- Unallowable expenses

5 Capital Gains and Losses and Cash and Accruals Methods of Accounting

- Capital Gains
- Recognitions of Capital Gains
- Exceptions
- Specifications with time definitions
- Capital loss
- Recognition of capital losses
- Specifications with time definitions

- Cash and Accruals Methods of Accounting

6 Books, Record, and Withholding Tax

- Requirement for Books and Records
- Requirements for Books and Records for Small Businesses
- Avoidance of Double Taxation
- Source Withholding Tax on Income
- Source Withholding Tax on Wages and Source Withholding of Contributions
- Withholding Tax on Interest, Royalties and Rent
- Source withholding tax for Special Categories
- Withholding at source for certain payments to non-residents

7 Partnerships and grouping of persons

- Partnerships and grouping of persons

8 Payments, Credits and Declarations

- Payment of tax for business activities
- Taxpayers with annual gross income from business activities of up to fifty thousand (50.000) euro
- Taxpayers with annual gross income from business activities exceeding fifty thousand (50.000) euro
- Payment of tax for intangible property
- Credits against tax
- Tax declarations and payments

F Corporate Income TAX (TAK)

1 General and specific dispositions

- Taxpayers
- Object of taxation
- Taxable income
- Taxable income
- Revenues from the sale of goods Income from intangible assets
- Taxable income from long-term construction projects
- Lease income

- Tax rate
- Exempt income
- Special dispositions of ATK law
- Treatment of insurance activities
- Treatment of commercial income of non-governmental organizations

2 Allowed and Disallowed business expenses

- Disallowed expenses
- Allowed expenses
- Allowable deductions for the activities of public interest
- Allowable deductions for public interest activities
- Costs of representation, advertising and economic promotion
- Bad debts costs
- Reserve funds
- Payments to related persons
- Depreciation
- Special Allowance for New Assets
- Repairs and improvements
- Amortization
- Exploration and Development Costs

3 Capital gains and losses, liquidations and reorganizations, price transfers and Permanent Units

- Capital Gains and Loses
- Recognition of capital gains
- Recognition of capital loses
- Involuntary Conversions
- Liquidation and Reorganization
- Liquidation
- Reorganization

- Price Transfer
- Avoidance of Double Taxation
- Permanent Establishment

4 Withholding taxes

- Withholding Taxes
- Withholding Taxes for Wages and Contributes
- Withholding taxes for rate, rents and properties
- Withholding tax for special categories
- Withholding tax in certain payments for non-residents

5 Declaration and payment of TAK

- Request for Books and Recording
- Taxes Declaration
- Tax Payments

G Legal requirements for the preparation and audit of the statements

1 Legal Requirements for Preparing and Auditing Financial Statements

- Trade Societies Classification
- Financial Reporting based on National Standards of Accounting
- Implementation of SNRF, SKK and SNA other requirements for preparing of audit and financial statements
- Annual financial reporting
- Accounting calendar year
- Submission and publication of financial statements
- Preserving documents