

# **Module outline**



# Taxation Australia (TAXAU)

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## Overview

Taxes are the most important source of government revenue in all modern economies and are compulsory for both individuals and organisations. As such, they are a pivotal aspect of an accountant's work.

The Taxation Australia (TAXAU) module includes practical examples and activities that will develop your understanding of relevant Australian taxation law as it applies to various tax entities. It will enable you to apply your knowledge to a variety of practical scenarios, including a comprehensive tax reconciliation which integrates the various units.

The TAXAU module is one of the five compulsory modules in the Chartered Accountants (CA) Program. It requires a good understanding of basic taxation principles from your previous tertiary studies.

## How is the TAXAU module taught?

The TAXAU module is 12 weeks in duration and offers flexible learning options with the delivery of materials online through myLearning. myLearning is accessible after you enrol in the module by logging into myAccount and selecting myLearning.

## Assumed knowledge

It is assumed that you have a good understanding of basic taxation principles from your tertiary studies. Detailed below is a summary of the assumed knowledge of the TAXAU module:

- Undertake research on taxation-related issues, which includes identifying sources of tax law and key cases.
- Define the principles of assessable income and identify the differences between revenue and capital receipts and between ordinary, statutory and exempt income, and demonstrate an awareness of timing issues.
- Define the principles of allowable deductions, and identify the differences between revenue and capital outgoings and between general and specific deductions with an awareness of timing issues.
- Understand the taxation implications of individuals, companies, trusts, partnerships and superannuation funds.
- Describe the administration of taxation in Australia, which includes issues regarding determining the residency of taxpayers and the consequences of tax avoidance or tax evasion.
- Explain the nature and incidence of fringe benefits tax (FBT).
- Explain the nature and incidence of capital gains tax (CGT).
- Explain the nature and incidence of the goods and services tax (GST).

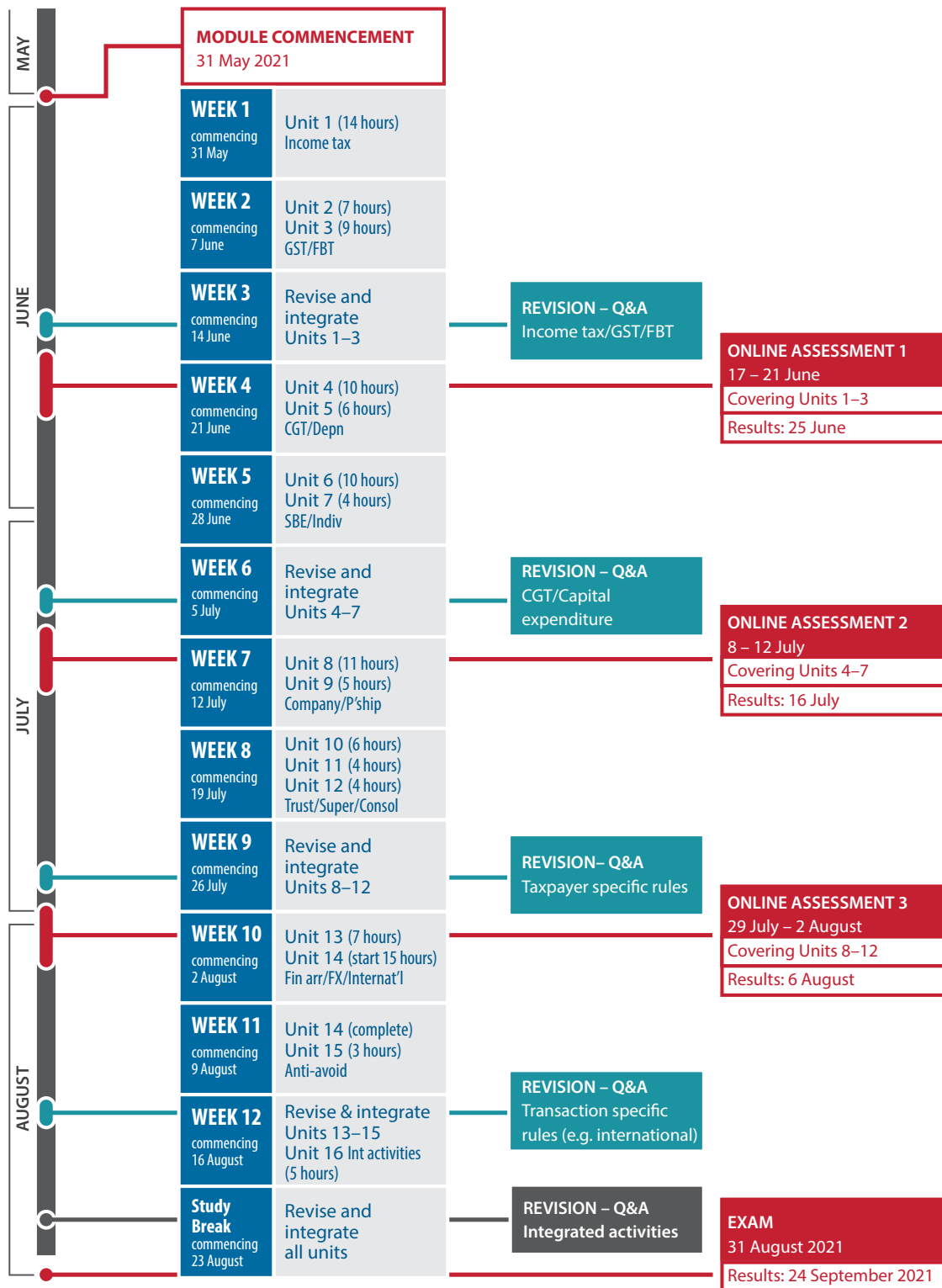
You can check your assumed knowledge for each of the technical modules by taking the Quiz in myLearning.

## Suggested module plan and time allocation

The expected workload for the TAXAU module is a minimum of 10 hours per week over 12 weeks, or 120 hours in total, excluding module orientation, online assessments, final online exam and study time for the assessments/exam. You are advised to plan your enrolment carefully around your work and other commitments, to ensure you are able to devote the time required to your studies.

The suggested module plan with key dates for TAXAU221 is provided below. It is also available on myLearning.

# Suggested module plan



## Module learning outcomes and how they align with module (CSG) units

Module learning outcomes provide an outline of the expected knowledge and skill level achieved on completion of the TAXAU module.

On successful completion of the TAXAU module you will be able to:

Module Learning Outcomes	Unit															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
MLO1 Apply technical knowledge to a range of transactions and events to determine the tax consequences	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓
MLO2 Advise on the taxation consequences of a range of transactions and events	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓
MLO3 Apply an ethical and socially responsible approach to determining taxation consequences															✓	
MLO4 Evaluate future changes that impact the taxation environment	✓		✓	✓	✓	✓	✓	✓		✓	✓			✓	✓	
MLO5 Apply advanced technical knowledge to a range of transactions or events to determine the taxation consequences		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
MLO6 Advise on the taxation consequences of complex transactions and events		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
MLO7 Communicate complex taxation information to a range of stakeholders		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

## Unit learning objectives

Unit learning objectives provide an outline of the expected knowledge and skill level achieved on completion of the unit. Unit learning objectives are shown on the unit learning page and on the first page for each unit. Each unit learning objective commences with a verb, such as explain, calculate, demonstrate etc. These terms are defined in the 'Task words' section below.

TAXAU module	
Unit topic	Unit learning objectives
Unit 1: Australian tax fundamentals	<ul style="list-style-type: none"> <li>Calculate the tax payable of a tax entity by applying the method statement</li> <li>Explain and calculate the assessable income of a tax entity</li> <li>Explain and calculate the deductions available to a tax entity</li> <li>Explain and apply the trading stock definition</li> <li>Explain and calculate the effect of trading stock expenditure on taxable income</li> <li>Explain and calculate the taxation consequences of a disposal of trading stock</li> <li>Explain and calculate the taxation consequences of property either becoming or ceasing to be trading stock</li> <li>Outline the application of land tax, stamp duty provisions and payroll tax</li> <li>Explain the pay as you go (PAYG) system of taxation collection</li> <li>Explain the provisions relating to the self-assessment framework</li> <li>Explain and apply the provisions relating to the uniform administrative penalty regime and the interest regime</li> </ul>
Unit 2: Goods and service tax (GST)	<ul style="list-style-type: none"> <li>Explain and calculate the net GST payable/refundable</li> <li>Outline the GST provisions that apply to second-hand goods</li> <li>Outline the GST anti-avoidance provisions</li> <li>Describe the administrative and compliance arrangements relating to the GST</li> </ul>
Unit 3: Fringe benefits tax (FBT) and employment remuneration	<ul style="list-style-type: none"> <li>Determine when FBT applies</li> <li>Explain and calculate an employer's FBT liability</li> <li>Explain the interaction between income tax, GST and FBT</li> <li>Explain and calculate the effect on an individual's assessable income on deriving termination payments</li> <li>Explain the taxation treatment of employee share schemes</li> </ul>
Unit 4: Capital gains tax (CGT)	<ul style="list-style-type: none"> <li>Outline the background to the CGT regime</li> <li>Explain, calculate and advise on a taxpayer's capital gain or capital loss</li> <li>Analyse and apply the provisions relating to CGT exemptions and the rollover relief provisions</li> <li>Explain and apply the CGT rules related to death</li> <li>Explain and apply the CGT integrity measures</li> </ul>
Unit 5: Capital expenditure	<ul style="list-style-type: none"> <li>Explain, calculate and recommend the most appropriate decline in value for depreciating assets</li> <li>Explain and calculate balancing adjustments</li> <li>Explain the taxation consequences of a change in ownership or interest in a depreciating asset</li> <li>Explain the interactions between the CGT provisions, the trading stock provisions and the capital allowance provisions</li> <li>Explain and calculate the deduction available for capital works</li> <li>Explain and apply the provisions in relation to the interaction between the capital works allowance and the CGT regimes</li> <li>Explain and calculate deductible capital expenditure</li> </ul>

<b>TAXAU module</b>	
<b>Unit topic</b>	<b>Unit learning objectives</b>
Unit 6: Small business entities (SBEs)	<p>Explain and apply the definition of an SBE taxpayer</p> <p>Explain and apply the SBE concessions in calculating an SBE's taxable income</p> <p>Analyse and apply the small business CGT relief provisions</p>
Unit 7: Individuals	<p>Explain the general tax principles that apply to individuals</p> <p>Examine and apply the non-commercial loss provisions</p> <p>Examine and apply the personal services income provisions</p>
Unit 8: Companies	<p>Explain what is a company and the general tax principles</p> <p>Explain and calculate the tax payable by a company</p> <p>Explain and apply the franking account provisions</p> <p>Explain the Trans-Tasman tax arrangements</p> <p>Explain and calculate the taxation consequences of company distributions</p> <p>Explain and apply the general and specific anti-avoidance provisions in relation to company distributions</p> <p>Explain and apply the company loss provisions</p>
Unit 9: Partnerships	<p>Explain what is a partnership and the general tax principles for partnerships</p> <p>Explain and calculate the net income or loss of a partnership</p> <p>Explain and calculate a partner's taxable income</p> <p>Analyse and calculate the taxation consequences relating to changes in partnership interests</p> <p>Analyse and apply the partnership CGT rollover relief provisions</p>
Unit 10: Trusts	<p>Explain what is a trust and the general tax principles that apply to trusts</p> <p>Explain and calculate the net income or loss of a trust estate</p> <p>Explain how net income of a trust estate is taxed</p> <p>Explain the main CGT events that relate to trusts</p> <p>Explain the specific trust anti-avoidance provisions</p>
Unit 11: Superannuation funds	<p>Explain what is a complying and non-complying superannuation fund</p> <p>Explain and calculate the tax concessions for superannuation contributions</p> <p>Explain and calculate the taxable income and tax payable of complying superannuation funds</p> <p>Identify the tax payable on the payment of superannuation benefits</p>
Unit 12: Consolidated entities	<p>Explain and apply the eligibility requirements for forming a tax consolidated group</p> <p>Explain and apply the tax consolidation core rules</p> <p>Outline the tax sharing arrangements available to tax consolidated groups</p> <p>Explain and calculate the income tax effect of the tax cost setting rules at consolidation and when an entity leaves a tax consolidated group</p> <p>Explain and calculate the income tax consequences associated with tax losses within a tax consolidated group</p> <p>Explain the treatment of franking accounts when tax consolidated groups are formed and exited</p>
Unit 13: Financial transactions	<p>Identify the taxation of financial arrangements (TOFA) provisions</p> <p>Explain the tax consequences of financing asset acquisitions by lease or as a hire purchase agreement</p> <p>Determine the appropriate Australian dollar tax base for transactions in foreign currency applying the foreign currency translation rules</p> <p>Explain and calculate foreign exchange gains and losses</p> <p>Analyse and apply the tax debt-equity rules</p>

TAXAU module	
Unit topic	Unit learning objectives
Unit 14: International transactions	Explain and calculate the tax payable of taxpayers in receipt of foreign income Explain and calculate a taxpayer's liability to interest, dividend and royalty withholding tax Explain and apply double taxation treaties Explain and apply the attribution rules in non-complex international transactions Outline the transferor trust provisions Explain and apply the thin capitalisation provisions Discuss the transfer pricing provisions
Unit 15: Tax planning, control and anti-avoidance	Examine what constitutes ethical tax advice by explaining the difference between tax planning, avoidance and evasion Explain the statutory and professional requirements applicable to a tax agent Outline the operative provisions of recent developments Explain and apply the anti-avoidance provisions
Unit 16: Integrated activities	Prepare a tax reconciliation to calculate taxable income by making tax adjustments to accounting profit Integrate all unit learning objectives from Units 1 to 15

## Learning resources and support materials

The TAXAU module has a range of resources and supports available for candidates, including:

### Hard copy learning material

- Candidate Study Guide (CSG) – after enrolment in the TAXAU module, you will receive a hard copy of the core content for the module.

### Online learning material

- Announcements – to alert you to important matters.
- Module orientation and unit introductions – to help you get started.
- Core content – to 'tell' you the relevant theory.
- Worked examples and embedded examples – to 'show' you how to do the task.
- Activities – for you to 'do' the task unassisted.
- Quick reference guides, mind maps and summaries – to help you summarise topics.
- Technical videos – to help you understand and integrate topics.
- Unit quizzes – to help you check your understanding of certain key concepts.
- Practice online assessments – to help you prepare for each assessment.
- Past exam paper from prior term and revision questions – to help you prepare for the final online exam.
- Assessment results and feedback.

### Additional online support tools

- Videos providing interactive questions that focus on a variety of key areas.
- Discussion forums
  - Unit forums – where you can ask specific technical questions related to unit content.
  - Peer-to-peer forum – where you can form study groups or discuss issues in groups with other candidates.
  - Other forums – where module leaders can post additional guidance for candidates.
  - Online exam forum – where you can post specific questions regarding the administration and IT requirements of the online exam.



- Past exams library in 'Chartered Accountants' area of myLearning – to help you prepare for the final exam, past exams will be available to download with suggested solutions. Supplementary exams and solutions from the TAXAU219 module onwards will not be released.

### Date convention

The TAXAU module uses actual dates. However, all years are treated as having 365 days (i.e. the impact of leap years is ignored for the purpose of calculations).

### Required reading

The examinable content for the TAXAU module includes the CSG, worked examples, activities and the additional sections of the taxation legislation as detailed in the 'Required readings' sections for each unit.

All required readings are examinable. Where a question refers or requires you to provide a reference to a section of the taxation legislation you must provide a specific section reference. However, you are not required to provide the name of the taxation legislation from which that specific section is sourced.

### Access to required reading

The required references in the TAXAU module are sourced from a range of Australian taxation legislation. They are required reading (as specified in each unit) and therefore examinable. You may also need to refer to them in the final online exam. You have a choice on how to access the legislation:

- Access the free online versions via:
  - Australian Taxation Office legal database: [www.ato.gov.au](http://www.ato.gov.au) → **Legal database**
  - Australian Legal Information Institute (AustLII): [www.austlii.edu.au](http://www.austlii.edu.au).

When accessing the relevant tax legislation online, you will need to refer to the law that is applicable to the income tax year ended 30 June 2021 and the fringe benefits tax year ended 31 March 2021, as these are the years covered in the current offering of the module (i.e. TAXAU221).

- Purchase the prescribed textbook:
  - Barkoczy, S, 2021, *Core Tax Legislation and Study Guide 2021*, 24th edn, Oxford University Press, South Melbourne, Victoria.

Please note, the relevant soft copy versions of the legislation will be accessible to you during the computer-based final online exam and/or you may choose to refer to the physical textbook during the exam.

### Six-month rule

Legislation changes constantly. In the CA Program modules, you are expected to be up to date with the relevant legislation, Standards, cases, rulings, determinations and other guidance as they stand six months before the exam date unless otherwise stated. However, you are always encouraged to be aware of current developments.

The relevant date for legislation is the date the legislation receives royal assent. However, as the specific amendments within Australian taxation legislation may have retrospective application, your CSG will clearly set out the changes that are outside the scope of the current offering of the module.

The relevant date for cases is the date the case decision was handed down.

## Assessment

The assessment components are outlined below:

Assessment component	Contribution to final marks	Details
Online assessment	20 marks	<p>Three (3) online assessments</p> <p>Before being eligible to attempt each online assessment, you must formally affirm the <i>Candidate Code of Conduct</i> (3 affirmations, each completed online)</p> <p><b>Format:</b> Each assessment will consist of 10 single response, multiple-choice questions</p> <p><b>Time:</b> Each assessment has a time limit</p> <p>It is important that you attempt all online assessments</p>
Online exam	80 marks	<p><b>Format:</b> Four (4) compulsory multi-part written questions based on the module learning outcomes</p> <p><b>Time:</b> Three (3) hours and 30 minutes</p> <p><b>Resources:</b> The exam is open book</p>
	100 marks	You must achieve 50 marks or more overall, <b>AND</b> 40 marks out of 80 in the final online exam to pass the module

To pass the module, you must:

1. pass the exam (achieving 40 out of 80 marks or more), and
2. pass the module overall (achieving 50 out of 100 marks or more).

It is therefore critical to practise your exam technique and make the most of the time you have.

## Task words

Below is a glossary of task words as they apply to the CA Program.

Word	Meaning
Account for	Demonstrate the accounting treatment by using a set of accounts
Advise	Communicate appropriately the recommended course of action based on an analysis of specific circumstances
Analyse	Examine closely; examine something in terms of its parts and show how they are related to each other
Apply	Use established methods/tools/procedures to resolve relatively straightforward scenario or problem
Appraise	Assess the value or quality of something; or assess its performance
Assess	Decide the value of something in a particular context
Calculate	Ascertain or determine by mathematical processes, usually by the ordinary rules of arithmetic
Classify	Place objects/concepts into appropriate categories using an established tool/methodology or framework
Compare	Critically consider two or more things, emphasising their similarities
Consider	Think carefully about something before making a decision, to look closely or attentively at something
Construct	Build or make something, to form an idea, a process or procedure by bringing together various theoretical and conceptual elements
Contrast	Critically consider two or more things, emphasising their differences

<b>Word</b>	<b>Meaning</b>
Critique	Give a judgement about the value of something and support that judgement with evidence
Define	Make clear what is meant by something; or use a definition or definitions to explore a concept
Demonstrate	A practical explanation of how something works or is performed
Describe	Present a detailed account of something focusing on depth of knowledge
Design	Develop a procedure/process or course of action based on a selection of the optimum combination from a range of available options
Determine	Establish the most appropriate or most correct answer or course of action from a range of available options
Develop	Bring something into existence that has not previously existed, or to reshape something from its initial position into something more refined
Discuss	Present a detailed account offering an interpretation of something or focusing on breadth of knowledge
Distinguish	Separate one from the other by distinct difference
Evaluate	Determine the value of something, normally with reference to specific criteria
Examine	Inspect something in detail and investigate the implications
Explain	Make clear the details of something; or show the reason for, or underlying cause of, or the means by which something occurs
Identify	Point to the essential part or parts. You might also have to explain clearly what is involved
Illustrate	Offer an example or examples, to show how something happens, that something happens, or to make concrete a concept by giving examples
Integrate	Combine one aspect of their learning with another to form a holistic understanding of a process, procedure or course of action
Interpret	Make clear the meaning of something and its implications
Justify	Provide reasons why certain decisions should be made, conclusions reached and/or courses of action taken
List	Note or itemise in point form
Outline	Go through and identify briefly the main features of something
Plan	Prepare a detailed proposal for doing or achieving something
Prepare	Follow established procedures/methods to create a report of financial information or commentary (e.g. Using a pro forma spreadsheet)
Prioritise	Designate or treat something as being very or more important; determine the order for dealing with (a series of items or tasks) according to their relative importance
Produce	Without using a pro forma spreadsheet, or without any guidance, create a report of financial information with commentary
Recommend	Advocate a particular outcome or course of action based on an analysis of a range of available options
Review	Report the main facts about something
Select	Carefully choose as being the best or most suitable
Solve	Resolve; work out to a result or conclusion
State	Accurately articulate established principles, concepts, terms, etc.
Summarise	Describe something concisely

## CA Program Candidate Code of Conduct and other policies

As a CA Program candidate, you are bound by CAANZ's CA Program *Candidate Code of Conduct*. This code outlines rights and responsibilities that candidates and staff have to each other and to the Chartered Accountants community and applies also to social media use. You need to behave professionally and ethically when posting anything about the CA Program on social media.

You are bound also by all other CA Program regulations, policies and procedures. Cheating, plagiarism, falsifying data, breaching copyright, collusion and other forms of academic dishonesty are breaches of the CA Program's *Candidate Academic Integrity Policy and Procedure* and will be addressed in accordance with this policy and procedure.

## Candidate support and Special consideration

The CA Program's policy and procedure for special consideration is available in our *Candidate Assessment and Grading Policy and Procedure*.

Should you find you require additional support during your studies, please get in touch with us via email to [TAXmoduleAU@charteredaccountantsanz.com](mailto:TAXmoduleAU@charteredaccountantsanz.com), or contact our Candidate Support team at [CandidateSupportProgram@charteredaccountantsanz.com](mailto:CandidateSupportProgram@charteredaccountantsanz.com).