



COMPETENCY ASSESSMENT GUIDELINES

Reference for Assessment of Competence Applications

These **Competency Assessment Guidelines** provide additional reference material for applicants completing the Assessment of Competence requirements, towards becoming an Accounting Technician.

It provides applicants and their Referee (Manager) with further detail to refer to when identifying evidence and assessing an applicant's competence for each of the Intermediate and Advanced Competency Assessment Areas.

As part of the **Assessment of Competence Application** the applicant will need to pull together an **Evidence portfolio** (an electronic folder or manual workbook) that holds all of the evidence supporting the application. Each piece of evidence

will support and help to demonstrate the applicant's competence when performing relevant tasks in the workplace or through training. Please note that Chartered Accountants Australia and New Zealand does not need to sight the physical evidence of your competence as we understand it is confidential to your organisation. However, you should keep a copy of your application for 2 years so that it may be audited if required by Chartered Accountants Australia and New Zealand.

There are **11 AT** Intermediate and Advanced Competency Areas. Please refer to this information when completing **Part 2** of the **Application for Admission as a Provisional Member and Assessment of Competence form**.

AT INTERMEDIATE COMPETENCIES

The candidate will need to demonstrate competence in these area by performing relevant tasks in the workplace or through training.

There are **five AT** Intermediate Competencies at this level:

- Accounts Preparation
- Prepare Final Accounts for Sole Traders and Partnerships
- Costs and Revenues
- Indirect Tax
- Spreadsheet Software.

Accounts Preparation

Accounts Preparation requires the applicant to have the knowledge and skills to prepare ledger accounts to trial balance stage according to current financial standards, including making any necessary adjustments. They will know how to account for the purchase and disposal of non-current assets.

ASSESSMENT CRITERIA	DESCRIPTION
Understand generally accepted accounting principles and concepts	<ul style="list-style-type: none">• Explain the accounting principles of going concern, accruals, prudence and consistency.• Explain the purpose of maintaining financial records for internal and external use.• Describe the types of accounting records that a business should maintain and the main uses of each.• Describe the main requirements of accounting standards (IFRS) in relation to inventory and non-current asset valuations.• Explain the accounting characteristics of relevance, reliability, comparability, ease of understanding and materiality.• Explain the differences between capital and revenue expenditure, classifying items as one or the other.
Understand the principles of double entry bookkeeping	<ul style="list-style-type: none">• Explain the accounting equation.• Define assets, liabilities and equity in an accounting context.• Explain the purpose and use of books of prime entry and ledger accounts.• Explain the purpose of reconciling the sales and purchases ledgers, and the cash book.

ASSESSMENT CRITERIA	DESCRIPTION
Understand the accounting methods used to record non-current assets	<ul style="list-style-type: none"> Describe how the acquisition of non-current assets can be funded, including part exchange. Explain the accounting treatment for recording the acquisition and disposal of non-current assets. Explain the need for, and methods of, providing for depreciation on non-current assets. Describe the contents and use of the non-current assets register. Resolve any queries, unusual features or discrepancies relating to the accounting records for non-current assets or refer to an appropriate person.
Account for the purchase of non-current assets	<ul style="list-style-type: none"> Calculate total capital expenditure including all associated costs. Record prior authority for the capital expenditure. Record in the appropriate accounts the acquisition of a non-current asset including funded by/part exchange. Record the acquisition in a non-current assets register. Close off or transfer the ledger account balances at the end of the financial period.
Account for depreciation	<ul style="list-style-type: none"> Calculate the depreciation charges for a non-current asset using the straight line method and reducing balance method. Record the depreciation in the non-current assets register. Record depreciation in the appropriate ledger accounts. Close off the ledger accounts at the end of the financial period, correctly identifying any transfers to the statement of profit or loss.
Account for the disposal of non-current assets	<ul style="list-style-type: none"> Identify the correct asset, removing it from the non-current assets register. Record the disposal of non-current assets in the appropriate accounts. Calculate any gain or loss arising from the disposal, closing off or transferring the account balance.
Account for adjustments	<ul style="list-style-type: none"> Explain the accounting treatment of accruals and prepayments to expenses and revenue. Explain the reasons for, and method of, accounting for irrecoverable debts and allowances for doubtful debts. Record the journal entries for closing inventory. Record the journal entries for accrued and prepaid expenses and income. Record the journal entries for provision for depreciation, irrecoverable debts and allowances for doubtful debts. Record the journal entries to close off revenue accounts in preparation for the transfer of balances to the final accounts.
Prepare and extend the trial balance	<ul style="list-style-type: none"> Prepare ledger account balances; reconciling them, identifying any discrepancies and taking appropriate action. Prepare a trial balance. Account for these adjustments: <ul style="list-style-type: none"> Closing inventory Accruals and prepayments to expenses and income Provisions for depreciation on non-current assets Irrecoverable debts Allowance for doubtful debts. Prepare the trial balance after adjustments. Check for errors and/or inaccuracies in the trial balance, taking appropriate action.

Prepare Final Accounts for Sole Traders and Partnerships

This competency area requires the applicant to be able to prepare final accounts for both sole traders and unlimited partnerships, including the appropriation of profits. They will be able to draft final accounts and make necessary adjustments according to current financial standards.

ASSESSMENT CRITERIA	DESCRIPTION
Understand the need for, and the process involved in, the preparation of final accounts	<ul style="list-style-type: none"> Identify reasons for closing off accounts and producing a trial balance. Explain the process, and limitations, of preparing a set of final accounts from a trial balance. Describe the methods of constructing accounts from incomplete records. Provide reasons for imbalances resulting from incorrect double entries. Provide reasons for incomplete records arising from insufficient data and inconsistencies within the data provided.
Prepare accounting records from incomplete information	<ul style="list-style-type: none"> Calculate opening and/or closing capital using incomplete information. Calculate the opening and/or closing cash/bank account balance. Prepare sales and purchase ledger control accounts, using these to correctly calculate sales, purchases and bank figures. Calculate account balances using mark ups and margins.

ASSESSMENT CRITERIA	DESCRIPTION
Produce final accounts for sole traders	<ul style="list-style-type: none"> Describe the components of a set of final accounts for a sole trader. Prepare a statement of profit or loss. Prepare a statement of financial position.
Understand the legislative and accounting requirements for partnerships	<ul style="list-style-type: none"> Describe the key components of a partnership agreement Describe these key components of a partnership agreement: Statement of profit or loss, Partnership appropriation account, Goodwill, Partners' current accounts, Partners' capital accounts, Statement of financial position
Prepare a statement of profit and loss appropriation account	<ul style="list-style-type: none"> Prepare a statement of profit and loss appropriation account for a partnership. Accurately determine the allocation of profit to partners after allowing for interest on capital, interest on drawings and any salary paid to partner(s). Prepare the capital and current accounts for each partner.
Prepare a statement of financial position relating to a partnership	<ul style="list-style-type: none"> Calculate the closing balances on each partner's capital and current accounts, including drawings. Prepare a statement of financial position, in compliance with the partnership agreement.

Costs and Revenues

The Costs and Revenues competency area is about understanding the nature of costs and revenues. The applicant will be able to identify why cost accounting is important to an organisation; be able to recognise and use different approaches; and make reasoned judgements to inform management on the most effective costing techniques to aid decision making. They will be able to gather, analyse and report information about income and expenditure to support decision-making, planning and control.

ASSESSMENT CRITERIA	DESCRIPTION
Understand the nature and role of costing systems within an organisation	<ul style="list-style-type: none"> Explain the purpose of internal reporting and providing accurate information to management. Explain the relationship between the various costing systems within an organisation. Identify the responsibility centres, cost centres, profit centres and investment centres within an organisation. Explain the characteristics of different types of cost classifications and their use in costing. Explain the differences between marginal and absorption costing.
Record and analyse cost information	<ul style="list-style-type: none"> Record cost information for material, labour and expenses in accordance with the organisation's costing procedures. Analyse cost information for material, labour and expenses in accordance with the organisation's costing procedures. Define the various stages of inventory. Value inventory using these methods: First in first out (FIFO), Last in first out (LIFO), Weighted average. Describe the behaviour of these costs: Fixed, Variable, Semi-variable, and Stepped. Record cost information using these costing systems: Job, Batch, Unit, Process and Service.
Apportion costs according to organisational requirements	<ul style="list-style-type: none"> Attribute overhead costs to production and service cost centres in accordance with agreed bases of allocation and apportionment: Direct, Step down. Calculate overhead absorption rates in accordance with suitable bases of absorption: Machine hours, Labour hours. Make adjustments for under or over recovered overhead costs in accordance with established procedures. Review methods of allocation, apportionment and absorption at regular intervals, implementing agreed changes to methods. Communicate with relevant staff to resolve any queries in overhead cost data.
Analyse deviations from budget and report these to management	<ul style="list-style-type: none"> Compare budget costs with actual costs, noting any variances. Analyse variances for management reports. Provide information for budget holders of any significant variances, making valid suggestions for remedial action. Prepare management reports in an appropriate format, presenting these within the required timescales.
Be able to use information gathered from costing systems to assist decision making	<ul style="list-style-type: none"> Prepare estimates of future income and costs for decision making using: <ul style="list-style-type: none"> Relevant costs, Break-even analysis, Margin of safety, Target profit, Profit volume analysis, Limiting factors, Payback, Discounted cash flow. Explain the effect of changing activity levels on unit costs. Calculate the effect of changing activity levels on unit costs. Identify factors affecting short-term and long-term decision making.

Indirect Tax

The Indirect Tax competency area requires that when in the workplace the applicant ensures their employers will comply with the laws and practices of indirect taxation as laid down by Inland Revenue. They will be able to do this relatively unsupervised, however some degree of management is required for the more involved and extensive GST needs.

The applicant will understand GST regulations, accurately complete GST returns, understand GST penalties, correct errors and communicate GST information to relevant people. GST is subject to specific and detailed regulations, so the applicant will demonstrate they are able to seek guidance from relevant sources, process what is found and communicate this to others, plus maintain their knowledge of the related aspects of GST.

ASSESSMENT CRITERIA	DESCRIPTION
Understand GST regulations	<ul style="list-style-type: none"> Identify sources of information on GST. Explain how an organisation should interact with the relevant government agency. Explain GST registration requirements. Identify the information that must be included on business documentation of GST-registered businesses. Explain the accounting basis requirements and the frequency of reporting for GST: invoice basis, payments basis, hybrid basis. Maintain an up-to-date knowledge of changes to codes of practice, regulation or legislation.
Complete GST returns accurately and in a timely manner	<ul style="list-style-type: none"> Extract relevant data for a specific period from the accounting system. Calculate relevant inputs and outputs using these GST classifications: standard supplies; exempt supplies; zero-rated supplies; debit and credit adjustments. Calculate the GST due to, or from, the relevant tax authority. Complete and submit a GST return and any associated payment within the statutory time limits.
Understand GST penalties and make adjustments for previous errors	<ul style="list-style-type: none"> Explain the implications and penalties for an organisation resulting from failure to abide by GST regulations. Make adjustments and declarations for any errors or omissions identified in previous GST periods.
Understand the impact of GST on an organisation	<ul style="list-style-type: none"> Explain and communicate the impact that GST may have on an organisation's cash flow and financial forecasts. This includes the impact of different accounting bases, GST periods and types of business on cash flow. Explain and communicate the effect of changes in GST legislation on an organisation's recording systems, cash flow, and administration.

Spreadsheet Software

The Spreadsheet Software competency area requires the applicant to demonstrate that they have a range of spreadsheet software skills to enable them to complete both routine and non-routine tasks in the workplace using spreadsheets. It will enable them to design and use spreadsheets for a range of accounting purposes using formulas, functions and data analysis tools available on all common spreadsheet software.

ASSESSMENT CRITERIA	DESCRIPTION
Use a spreadsheet to enter, edit and organise numerical and other data	<ul style="list-style-type: none"> Identify what numerical and other information is needed in the spreadsheet and how it should be structured. Enter and edit numerical and other data. Combine and link data from different sources. Store and retrieve spreadsheet files effectively, in line with local guidelines and conventions where available.
Select and use appropriate formulas, data analysis tools and techniques to meet requirements	<ul style="list-style-type: none"> Explain what methods can be used to summarise, analyse and interpret spreadsheet data and when to use them. Select and use a wide range of appropriate functions and formulas to meet calculation requirements. Select and use a range of tools and techniques to analyse and interpret data to meet requirements. Select and use forecasting tools and techniques.
Use tools and techniques to present, format and publish spreadsheet information	<ul style="list-style-type: none"> Explain how to present and format spreadsheet information effectively to meet needs. Select and use appropriate tools and techniques to format spreadsheet cells, rows, columns and worksheets effectively. Select and use appropriate tools and techniques to generate, develop and format charts and graphs. Select and use appropriate page layout to present, print and publish spreadsheet information. Explain how to find and sort out any errors in formulas. Check spreadsheet information meets needs, using IT tools and making corrections as necessary. Use auditing tools to identify and respond appropriately to any problems with spreadsheets.

AT ADVANCED COMPETENCIES

The candidate will need to demonstrate competence in these areas by performing relevant tasks in the workplace or through training.

There are **six AT** Advanced Competencies at this level:

- Financial Statements
- Budgeting
- Financial Performance
- Internal Controls and Accounting Systems
- Business Tax
- Personal Tax.

The evidence you provide must demonstrate that you have an understanding (knowledge) of the principles of each competence area as well as the skills to carry out the various activities.

Financial Statements

The Financial Statements competency area is about the applicant having the skills and knowledge to prepare financial statements for limited companies, and prepare consolidated financial statements for simple groups. The applicant will also be able to use ratio analysis to analyse financial statements and gain a good understanding of current accounting standards.

ASSESSMENT CRITERIA	DESCRIPTION
Understand the regulatory framework that underpins financial reporting	<ul style="list-style-type: none"> • Explain the scope, elements and purpose, for different users, when preparing financial statements for external reporting. • Describe legislation and regulation which must be complied with in the preparation of the financial statements. • Explain the reasons for governance by legislation and regulation. • Explain the purpose of accounting standards (GAAP and IFRS). • Explain the duties and responsibilities of the directors of a corporate organisation.
Understand the key features of a published set of financial statements	<ul style="list-style-type: none"> • Describe the purpose, including key components, of <ul style="list-style-type: none"> – a statement of financial position – a statement of profit or loss and other comprehensive income – a statement of cash flows. • Explain the purpose, including content, of disclosure notes to the financial statements. • Identify accounting standards and their effect on the preparation of financial statements.
Draft statutory financial statements for a limited liability company	<ul style="list-style-type: none"> • Apply accounting standards and relevant legislation to correctly identify, and accurately adjust, accounting information. • Use appropriate information to draft a statement of profit or loss and other comprehensive income. • Use appropriate information to draft a statement of financial position. • Prepare notes to the financial statements which satisfy current statutory disclosure requirements, in respect of accounting policies, non-current assets, current and non-current liabilities and equity. • Draft a statement of cash flows.
Interpret financial statements using ratio analysis	<ul style="list-style-type: none"> • Explain the relationship between elements of the financial statements – assets, liabilities, equity, income, expenses, contributions from owners and distributions to owners. • Discuss the purpose of interpreting ratios in a business environment. • Use accounting ratios to calculate and interpret the relationship between elements of the financial statements with regard to profitability, liquidity, efficient use of resources and financial position. • Draw valid conclusions from the information contained within the financial statements. • Present clearly and concisely issues, analysis and conclusions to the appropriate people.

Budgeting

This competency area is about forecasting and preparing budgets. The applicant will have the necessary skills and knowledge to allow them to prepare a range of budgets, analyse variances and make recommendations for improving organisational performance. They will be able to inform managers of financial forecasts to aid organisational planning and control.

ASSESSMENT CRITERIA	DESCRIPTION
Prepare forecasts of income and expenditure	<ul style="list-style-type: none"> • Explain responsibility centres and the relationships between departments and functions. • Code, classify and allocate cost and revenue data to responsibility centres. • Identify internal and external sources of information on costs, prices, demand, availability of resources and cost of finance which can be used to forecast income and expenditure. • Demonstrate the use of these techniques to forecast income and expenditure: • Indexing, Sampling, Moving averages, Linear regression, Seasonal trends. • Describe the internal charges made to attribute indirect costs to production. • Explain the principles and application of standard costing within the context of a budgetary control system. • Describe the purpose of income and expenditure forecasts and their link to budgets. • Forecast income and expenditure, using internal and external information.
Prepare budgets	<ul style="list-style-type: none"> • Identify the sources of data and planning assumptions used in budget proposals. • Calculate these different types of costs: direct or indirect, fixed, variable, semi-variable or stepped, capital or revenue. • Schedule materials, labour and production resources to meet forecasts. • Prepare relevant draft budgets for consecutive time periods from forecast data. • Prepare cash flow forecasts to facilitate the achievement of organisational objectives.
Assess the impact of internal and external factors on budgets	<ul style="list-style-type: none"> • Describe the impact of the external environment and any specific external costs on budgets. • Analyse critical factors affecting costs and revenues, drawing conclusions. • Calculate the effect that variations in production and sales constraints will have on budgeted costs and revenues. • Review and revise the validity of budgets in light of any anticipated changes.
Use budgetary control to improve organisational performance	<ul style="list-style-type: none"> • Explain the relationship between budgetary control, product lifecycles and forecasts and planning. • Justify the uses of budgetary control for: planning, co-ordinating, authorising, cost control. • Explain the behavioural aspects of budgeting. • Set clear targets and performance indicators to enable the budgets to be monitored. • Prepare a flexed budget. • Check and reconcile budget figures. • Calculate variances between budget and actual income and expenditure.
Report budgetary information to management in a clear and appropriate format	<ul style="list-style-type: none"> • Plan and agree draft budgets with all parties involved. • Analyse the variances explaining the impact that these will have on the organisation. • Inform management of any significant issues arising from budgetary control. • Present any recommendations with a clear rationale to appropriate people. • Identify and evaluate options and solutions to increase profitability or reduce financial losses or exposure to risk.

Financial Performance

Financial Performance is about monitoring and managing financial performance. Applicants will have the knowledge and skills to be able to analyse income and expenditure. They will then be able to use this to make reasoned judgements to support the decision making process.

ASSESSMENT CRITERIA	DESCRIPTION
Collate and analyse cost information from various sources	<ul style="list-style-type: none"> • Explain the purpose and structure of reporting systems within the organisation. • Explain the impact of the external environment and related costs on an organisation. • Obtain income and expenditure information from different departments within an organisation and consolidate in an appropriate form. • Identify other valid information from internal and external sources. • Explain types of cost centre, profit centre and investment centre. • Identify costs of materials, labour and expenses and the sources of information about these costs. • Identify fixed, variable, semi-variable and stepped costs and explain their use in cost recording, cost reporting and cost analysis. • Reconcile income and expenditure information. • Account for transactions between the departments of an organisation.

ASSESSMENT CRITERIA	DESCRIPTION
Be able to use standard costing to analyse performance	<ul style="list-style-type: none"> Describe the use of standard units of inputs and outputs. Recognise the differences between standard, marginal and absorption costing in terms of cost recording, cost reporting and cost behaviour. Calculate materials, labour and overhead variances. Analyse routine cost reports and compare with budget and standard costs to identify any differences and their implications.
Be able to use appropriate techniques to measure performance and manage costs	<ul style="list-style-type: none"> Identify relevant performance and quality measures for monitoring financial performance. Identify appropriate key business indicators to use for: Efficiency, Productivity, Cost per unit, Balanced scorecard, Benchmarking, Control ratios (efficiency, capacity and activity), Scenario planning ('what-if' analysis). Calculate ratios, performance indicators and measures of value added in accordance with the organisation's procedures. Use these cost management techniques: Life cycle costing, Target costing, Activity-based costing. Prepare estimates of capital investment projects using discounted cash flow techniques.
Make suggestions for improving financial performance by monitoring and analysing information	<ul style="list-style-type: none"> Explain the use and purpose of these techniques: Indexing, Sampling, Time series. Compare results over time using methods that allow for changing price levels. Analyse trends in prices and market conditions on a regular basis. Compare trends with previous data and identify potential implications. Consult relevant staff in the organisation about the analysis of trends and variances. Interpret the results of performance indicators, identifying potential improvements and estimating the value of such improvements. Identify ways to reduce costs and enhance values.
Prepare performance reports for management	<ul style="list-style-type: none"> Prepare reports in an appropriate format and within the required timescales. Prepare exception reports to identify matters which require further investigation. Make specific recommendations to management in a clear and appropriate format.

Internal Control and Accounting Systems

In this competency area the applicant will be able to demonstrate that they are able to make a considered evaluation of an accounting system, with particular reference to internal controls, and prevention of fraud. They will be able to make recommendations for improvements supported by a clear rationale of the impact upon the organisation and a cost benefit analysis.

ASSESSMENT CRITERIA	DESCRIPTION
Understand the role of accounting within an organisation	<ul style="list-style-type: none"> Describe the purpose, structure and organisation of the accounting function and its relationships with other functions within the organisation. Explain the various business purposes for which the following financial information is required: Statement of profit or loss, Statement of cash flows, Statement of financial position. Give an overview of the organisation's business and its critical external relationships with stakeholders. Explain how the accounting systems are affected by the organisational structure, systems, procedures and business transactions. Explain the effect on users of changes to accounting systems caused by: External regulations, Organisational policies and procedures.
Understand the importance and use of internal control systems	<ul style="list-style-type: none"> Identify the external regulations that affect accounting practice. Describe the causes of, and common types of, fraud and their impact of this on an organisation. Explain methods that can be used to detect fraud within an accounting system. Explain the types of controls that can be put in place to ensure compliance with statutory or organisational requirements. Explain how an internal control system can support the accounting function.
Evaluate the accounting system and identify areas for improvement	<ul style="list-style-type: none"> Identify an organisation's accounting system requirements including hardware and software packages. Review record keeping systems to confirm whether they meet an organisation's requirements. Identify weaknesses in and the potential for improvements to, the accounting system and consider the impact on the operation of an organisation. Identify potential areas of fraud arising from lack of control within the accounting system evaluating the risk. Review methods of operating for cost effectiveness, reliability and speed.

ASSESSMENT CRITERIA	DESCRIPTION
Make recommendations to improve the accounting system	<ul style="list-style-type: none"> • Make recommendations for changes to the accounting system, including ethical and sustainability considerations, with a clear rationale and an explanation of any assumptions made. • Identify the effects that any recommended changes would have on the users of the system. • Enable individuals to understand how to use the accounting system by use of: Training, Manuals, Written information, Help menus. • Identify the implications of recommended changes in terms of time, financial costs, benefits and operating procedures.

Business Tax

The Business Tax competency area requires the applicant to work to ensure their employers comply with the laws and practices of business taxation as laid down by Inland Revenue. They should be able to do this relatively unsupervised, however some degree of management is required for the more involved and extensive business tax needs.

The applicant will understand regulations applicable to business income tax, accurately complete income tax returns, apply deductions available, understand applicable penalties, correct errors and communicate business tax information to the relevant people. Business income tax is subject to specific and detailed regulations, so they will demonstrate that they are able to seek guidance from relevant sources, process what is found and communicate this to others, plus maintain their knowledge of the related aspects of the business income tax regime. The applicant needs to understand the impact and significance of taxation on both unincorporated and incorporated businesses. They will also appreciate the tax implications of financial decisions made by such organisations.

ASSESSMENT CRITERIA	DESCRIPTION
Understand the impact of legislation and legislative changes	<ul style="list-style-type: none"> • Identify relevant tax authority legislation and guidance. • Explain the system of penalties and interest.
Recognise and calculate income and deductions	<ul style="list-style-type: none"> • Distinguish between capital receipts, exempt income, excluded income and assessable income. • Determine when income is derived. • Describe the legislative basis for deductions including the nexus with income. • Identify and calculate common deductions available for businesses including: Interest, Depreciation, Entertainment, Gains /losses on non-current asset disposals. • Calculate depreciation using Diminishing Value and Straight-line methods. • Calculate the treatment of entertainment for deduction purposes. • Classify expenditure in accordance with the statutory distinction between capital and revenue expenditure.
Applying losses to business income	<ul style="list-style-type: none"> • Correctly apply the tax law relating to tax losses for individuals. • Understand the use of Look-through Companies (LTC)s to allocate losses. • Apply the shareholder continuity requirement to carry losses forward. • Explain the requirements for offsetting company losses within a group structure.
Understand tax law and its implications for unincorporated businesses	<ul style="list-style-type: none"> • Identify relevant legislative authority for partnerships. • Explain the basic allocation of trading profits to sole traders and between partners. • Identify the adjustments required when the partnership structure changes.
Understand tax law and its implications for incorporated businesses (limited liability companies)	<ul style="list-style-type: none"> • Understand the relevant tax and other legislative authority for companies. • Identify the statutory requirements for LTCs. • Explain the flow through mechanism of LTCs. • Understand the provisional tax system. • Understand how shareholders of QCs are taxed.
Understand the dividend imputation regime	<ul style="list-style-type: none"> • Identify the information recorded in the Imputation Credit Account (ICA). • Identify the aspects of the dividend imputation regime specific to QCs. • Calculate the RWT payable when dividend is paid. • Apply imputation to a dividend payment. • Prepare an Imputation Credit Account (ICA).
Calculate taxable income and determine the tax liability of companies	<ul style="list-style-type: none"> • Calculate taxable income for incorporated businesses. • Determine the tax liability of incorporated businesses.
Apply the Fringe Benefit Tax (FBT) rules and calculate FBT payable	<ul style="list-style-type: none"> • Determine from a given set of facts whether non-cash benefits granted to employees are subject to fringe benefit tax (FBT). • Calculate the taxable value of fringe benefits. • Calculate FBT payable, including GST on fringe benefits provided.

Personal Tax

The Personal Tax competency area requires the applicant to understand the impact and significance of taxation on individuals. All sources of income for individuals, such as employment income, income from rental property and investment income are covered. The applicant will be able to appreciate the tax implications for their own personal situation, and that of clients.

ASSESSMENT CRITERIA	DESCRIPTION
Demonstrate an understanding of legislation and procedures relating to personal tax	<ul style="list-style-type: none"> • Explain the main current legislation relating to income tax. • Identify which income is taxable. • Identify the tests used to determine tax residency of individuals. • Explain the main penalty regime imposed by Inland Revenue. • Distinguish between assessable income and exempt income. • Responsibilities of individuals for self assessment process.
Understand the current taxation principles of income from employment	<ul style="list-style-type: none"> • Distinguish between employment and self employment. • Identify assessable portion of employment income. • Determine the tax treatment of inducement payments. • Identify deductions available from income. • Identify the main legislative criteria for distinguishing between employment and self-employment and recognise the tests used to distinguish employment status of a tax payer. • Recognise allowances and benefits for employees. • Explain accounting for tax in schedular payments.
Understand the current taxation principles of investment income for an individual	<ul style="list-style-type: none"> • Understand the application of Resident and Non-Resident Withholding Tax. • Explain the tax treatment of income from Portfolio Investment Entities (PIEs). • Understand the application of imputation credits on dividends.
Understand the current taxation principles of property income for an individual	<ul style="list-style-type: none"> • Explain the rules associated with and calculate rental property income. • Understand the treatment of income from holiday homes. • Describe the treatment of rental income when flatmates or boarders are present. • Identify the deductions available for the taxable income from residential property.
Understand the current Inland Revenue administered schemes	<ul style="list-style-type: none"> • Understand the criteria for eligibility for tax credit relating to the Working for Families Tax Credit regime (WFFTC). • Understand the concept of the student loan scheme. • Understand the concept of the KiwiSaver scheme.
Calculate tax credits available to an individual	<ul style="list-style-type: none"> • Explain the eligibility criteria for IETC and calculate the IETC available to an individual. • Identify tax credit available for donations.
Calculate income from all sources accurately	<ul style="list-style-type: none"> • Identify all streams of taxable income. • Calculate taxable and non taxable sources of income from employment, including benefits in kind. • Calculate investment income including dividends and interest. • Apply deductions and losses to rental income. • Calculate the tax liability for an individual.
Calculate accurately an individual's income tax liability, and complete relevant sections of the individual income tax return.	<ul style="list-style-type: none"> • Calculate the taxable income, tax liability and terminal tax of an individual.

Online workshops are available to support Applicants and their Referees to complete their **Provisional Membership Application** and **Assessment of Competence Application**.

For more information please email atcollege@charteredaccountantsanz.com

charteredaccountantsanz.com/at