

Module outline

Taxation New Zealand (TAXNZ)

Overview

The *Taxation New Zealand (TAXNZ)* module examines and applies relevant New Zealand taxation law to various tax entities. It is practical in nature, with candidates required to explain and calculate the taxation consequences applicable to a range of real-life simulated scenarios, including integrated activities that consider the interactions of various units.

The TAXNZ module is one of the five (5) compulsory modules in the Chartered Accountants Program.

How is the TAXNZ module taught?

The TAXNZ module is 12 weeks in duration plus a one-week study break. It offers flexible learning options with the delivery of materials online through myLearning, which is accessible after commencement date when candidates are enrolled in the module.

Assumed knowledge

It is assumed that candidates would have a good understanding of basic taxation principles from their undergraduate studies. Detailed below is a summary of the assumed knowledge of the TAXNZ 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 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, look-through companies, partnerships and investment vehicles.
- Describe the administration of taxation in New Zealand, 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 benefit tax (FBT).
- Explain the nature and incidence of the goods and services tax (GST).

You can check your assumed knowledge for the module by taking the Assumed Knowledge Quiz in myLearning.

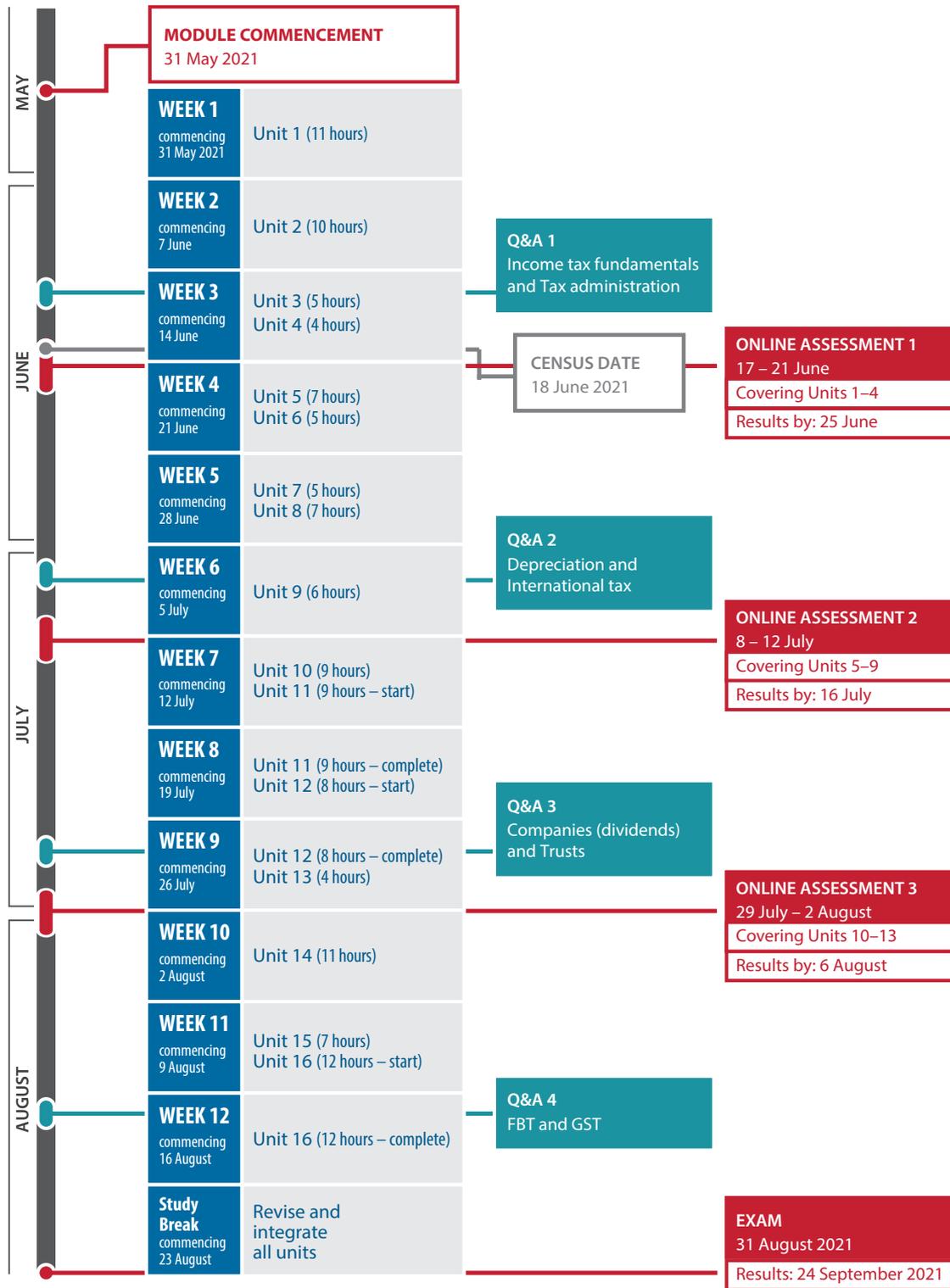
Suggested module plan and time allocation

The expected workload to complete the required content of the TAXNZ module is a minimum of 10 hours per week over 12 weeks, or 120 hours in total. In addition, candidates will need to allow time for:

- module orientation
- optional video resources
- optional discussion forums
- revision for and completion of the three (3) online assessments, and
- revision for and completion of the final exam.

You are advised to plan your enrolment carefully around 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 Term 2 of 2021 (i.e. TAXNZ221) is provided below. It is also available on myLearning.



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 module.

On successful completion of the module, candidates 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

The following table outlines the learning outcomes for each unit.

TAXNZ module	
Unit topic	Learning outcomes
Unit 1: Tax fundamentals 1	<ol style="list-style-type: none"> 1. Calculate the tax payable of a taxpayer 2. Explain and calculate the assessable income of a taxpayer 3. Explain and calculate the deductions available to a taxpayer
Unit 2: Tax fundamentals 2	<ol style="list-style-type: none"> 1. Describe the self-assessment system 2. Describe key activities of Inland Revenue and the key powers of the Commissioner in the New Zealand tax system 3. Explain the key features of the binding rulings regime 4. Explain the various steps in the disputes resolution process, both prior to the issue of an amended assessment and through the court system 5. Calculate the amount of a shortfall penalty for several types of non-compliance 6. Describe use-of-money interest and late payment penalties 7. Explain the pay as you earn (PAYE) and the provisional tax system of taxation collection 8. Examine what constitutes ethical tax advice by explaining the difference between tax planning, avoidance and evasion 9. Explain and apply the anti-avoidance rules 10. Analyse the statutory and professional (ethical) requirements applicable, for example, to a tax agent 11. Describe new developments
Unit 3: Property	<ol style="list-style-type: none"> 1. Explain and apply the provisions of the taxation of personal property sales 2. Explain and apply the taxation treatment of land transactions 3. Explain the associated persons provisions as they apply to transactions involving property
Unit 4: Trading stock	<ol style="list-style-type: none"> 1. Explain the 'trading stock' definition 2. Explain and calculate the effect of trading stock expenditure on taxable income 3. Explain and calculate the taxation consequences of a disposal of trading stock 4. Explain and calculate the taxation consequences of a change in ownership on the trading stock account 5. Explain and calculate the taxation consequences of a change in use of trading stock 6. Explain and apply the trading stock concessions
Unit 5: Depreciation	<ol style="list-style-type: none"> 1. Explain, calculate and recommend the most appropriate decline in value for depreciating assets 2. Explain and calculate depreciation recovery 3. Explain the taxation consequences of a change in ownership or interest in a depreciable asset 4. Explain and calculate deductions relating to buildings 5. Explain and apply the rules for capital contributions
Unit 6: Primary sector activities	<ol style="list-style-type: none"> 1. Explain what is a farming or agricultural business 2. Explain and calculate the taxable income of a primary industry business 3. Explain and apply the rules relating to the taxation of livestock 4. Explain the income equalisation scheme 5. Explain and apply the general income tax rules as they apply to conducting a forestry business 6. Explain the tax treatment of various types of farming property
Unit 7: Financial arrangements	<ol style="list-style-type: none"> 1. Explain and apply the taxation of financial arrangements provisions 2. Determine the appropriate exchange rate for foreign currency transactions 3. Explain and calculate foreign exchange gains and losses

TAXNZ module	
Unit topic	Learning outcomes
Unit 8: International tax	<ol style="list-style-type: none"> 1. Explain and calculate the tax payable by taxpayers in receipt of foreign income 2. Explain and calculate taxpayers' liability to interest, dividend and royalty withholding tax 3. Explain the concepts behind the non-resident withholding tax regime and the approved issuer levy 4. Explain and apply the double taxation treaties 5. Identify when non-resident contractors' tax applies
Unit 9: International tax: anti-avoidance	<ol style="list-style-type: none"> 1. Explain and apply the foreign investment fund rules 2. Explain the controlled foreign company rules in a non-complex international transaction 3. Explain the thin capitalisation provisions 4. Explain the transfer pricing provisions
Unit 10: Goods and service tax (GST)	<ol style="list-style-type: none"> 1. Explain and calculate the net GST payable/refundable 2. Describe the administrative and compliance arrangements relating to GST
Unit 11: Companies	<ol style="list-style-type: none"> 1. Explain what is a company and the general tax principles that apply to companies 2. Explain and calculate the tax payable of a company 3. Explain and apply the imputation system 4. Explain and calculate the taxation consequences of company distributions 5. Explain and apply the anti-avoidance provisions in relation to dividends 6. Explain and apply the company loss provisions
Unit 12: Trusts	<ol style="list-style-type: none"> 1. Explain what a trust is and the general tax principles that apply to trusts 2. Calculate the amount to be included in the assessable income of the trustee and each beneficiary 3. Calculate and explain tax liabilities for trustees and beneficiaries arising from distributions from a trust 4. Explain how tax credits, dividends, imputation credits and losses are dealt with by trusts
Unit 13: Investment vehicles	<ol style="list-style-type: none"> 1. Examine the taxation of long-term investment vehicles
Unit 14: Employment remuneration	<ol style="list-style-type: none"> 1. Determine which taxation regime applies to employee remuneration 2. Explain what is a sole trader and the general tax principles that apply to sole traders and the self-employed 3. Explain the taxation treatment of allowances 4. Explain and calculate an employer's FBT liability 5. Explain the interaction between income tax, GST and FBT 6. Explain the taxation treatment of employee share schemes
Unit 15: Transparent entities	<ol style="list-style-type: none"> 1. Explain what is a partnership and the general tax principles for partnerships 2. Explain and calculate the net income or loss of a partnership 3. Explain and calculate a partner's taxable income 4. Explain how a limited partnership works, including the role of general partners and limited partners 5. Explain the general tax principles for LTCs 6. Analyse and calculate the taxation consequences relating to changes in partnership or LTC owner's interests 7. Explain how partnerships and LTCs account for GST and FBT
Unit 16: Exam preparation and integrated activities	<ol style="list-style-type: none"> 1. Prepare a tax reconciliation to calculate taxable income by making tax adjustments to accounting profit

Learning resources and support support materials

The TAXNZ module has a range of resources and support available for you, which includes the following:

Hard copy learning material

- Candidate Study Guide – after enrolment in the TAXNZ 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 get you started.
- Core content – to ‘tell’ you the relevant theory.
- Worked examples – to ‘show’ you how to do the task.
- Activities – for you to ‘do’ the task unassisted.
- Quick reference guides and mind maps – to assist you in summarising 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 and revision questions – to help you prepare for each assessment.
- Past exam papers for the previous term.
- Assessment results and feedback.

Additional online support tools

- 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 you.
 - Other forums – where module leaders can post additional guidance for you.
- Past exams library in ‘Chartered Accountants Program’ area of myLearning - to help you prepare for the final exam, past exams will be available to download with suggested solutions.

Date convention

The TAXNZ module uses actual dates.

Required readings

The required readings for the TAXNZ module include the core content and additional sections of the tax legislation as detailed the CSG. All required readings are examinable.

Prescribed textbook

2021 Wolters Kluwer Tax Legislation for Students, Wolters Kluwer New Zealand, Auckland, New Zealand.

Six-month rule

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

You are always encouraged to be aware of current developments in all areas.

The relevant date for legislation is the date the legislation receives royal assent. 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 Candidate Code of Conduct (3 affirmations, each completed online)</p> <p>Each assessment will consist of 10 single response, multiple-choice questions</p> <p>Each assessment has a time limit of 90 minutes</p> <p>It is important that you attempt all online assessments</p> <p>Candidate results and detailed feedback are accessible on My Grades</p>
Exam	80 marks	<p>Format: Four (4) compulsory multi-part written questions based on the learning outcomes</p> <p>Time: Three and a half hours (including reading time)</p> <p>Resources: The exam is open book – you can bring in any printed or handwritten resources they require</p>
	100 marks	<p>Candidates must achieve 50 marks or more overall, AND 40 marks out of 80 in the exam to pass the module</p>

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 for you to practise exam technique and make the most of your exam time.

Task words

Task words are the verbs used in the TAXNZ module learning outcomes, worked examples, activities and assessments. Understanding the meaning of task words helps you to know exactly what is being asked. Task words direct and tell you how to go about answering a question. The following is a list 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
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

Word	Meaning
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 the *Candidate Code of Conduct*. This code outlines the rights and responsibilities that candidates and staff have to each other and to the Chartered Accountants community, and applies also to social media use. Candidates need to behave professionally and ethically when posting anything about the CA Program on social media. This is available in myLearning.

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 Procedures*, and will be addressed in accordance with this policy and procedure. These policies and procedures are available on our website.

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 Procedures*.

Should you find you require additional support during your studies, please get in touch with us via email to TAXmoduleNZ@charteredaccountantsanz.com, or contact our Candidate Support team at CandidateSupportProgram@charteredaccountantsanz.com.

Policies around special consideration are available on our website. You will find links to the special consideration forms in myLearning.

Frequently asked questions (FAQs)

You will find answers to many other frequently asked questions on myLearning.

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