

**COLLEGE OF MANAGEMENT SCIENCES  
DEPARTMENT OF ACCOUNTING & FINANCE  
ACC 313 TAXATION. 3 UNIT (C)  
2018/2019 SESSION, FIRST SEMESTER**

**LECTURER AKINSELURE OLUWAFEMI P.**

**Introduction**

This course is about the basic information and computation in taxation, which involves; definition of taxation, types of taxes, structure of Nigeria tax system, basic concept in taxation. It also provides relevant information of various organs of government involved in the administration of taxation in Nigeria. The course also considers various ethical issues that surround payment of taxation in Nigeria. It also gives valuable information that will help the Nigerian taxpayer, who might have been overcharged by relevant tax authority, to understand the procedures required to file a successful appeal before the Nigerian Tax Appeal Tribunal. Additionally, this course will provide information on other topics such as; transaction taxes, which simply emphasises withholding taxes and value added tax. It will also give guidance on personal income tax, with emphasis on taxation of employment Income, Investment income, trust and estate income. Finally, this course will consider business income taxes with major focus on taxation of sole proprietorship, partnership and limited liability companies.

**Course Objectives**

At the end of this course, students should be able to do the following

- ❖ Explain the roles, duties and powers of various organs of tax administration in Nigeria;
- ❖ Identify and explain the five fundamental principles of Ethics as specified by the International Ethics Standard Board for Accountants (IESBA);
- ❖ Understand applicable rates of transactions taxes, compute and know payment and returns timelines (including offences and penalties; and
- ❖ Apply basic knowledge of tax legislations in computing income tax liabilities relating to individuals and corporate entities in simple situations.

**Course Content**

A. Introduction to taxation and tax administration

1. Introduction to taxation

- (a) State the objectives of taxation.
- (b) Explain the types of taxes and tax system.
- (c) Explain the basic concepts in taxation:
  - (i) Tax base, tax yield, tax rate, tax incidence; and
  - (ii) Tax burden, tax impact, tax shift, tax effect.
- (d) Differentiate between tax and other levies.
- (e) Explain the principles/ canons of taxation.
- (f) Explain the following in relation to taxation in Nigeria:
  - (i) Enabling Acts; and
  - (ii) Sources of the tax laws.

2. Tax administration in Nigeria

List and explain the roles ,functions, compositions and powers of:

- (a) Joint Tax Board;
- (b) State Board of Internal Revenue;

- (c) Federal Inland Revenue Service and its management Board;
- (d) Joint State Revenue Committee;
- (e) Local Government Revenue Committee; and
- (f) Tax Appeal Tribunal.

3. Basic ethical issues in the computation of taxation

- (a) Identify and explain the following five fundamental principles of ethics as specified by the International Ethics Standard Board for Accountants (IESBA):
  - (i) Integrity;
  - (ii) Objectivity;
  - (iii) Professional Competence and Due Care;
  - (iv) Confidentiality; and
  - (v) Professional behaviour.
- (b) State the conditions when information on taxpayers may be disclosed.
- (c) Explain what a tax practitioner should do when there is a conflict of interest.

4. Assessments and objections, appeals and remittances

- (a) Explain the following types of assessments:
  - (i) Self assessment;
  - (ii) Additional assessments;
  - (iii) Best of judgment (BOJ)/administrative assessment; and
  - (iv) Back duty assessments.
- (b) Identify and explain the procedures for tax objections and appeals, covering the following:
  - (i) Time limit for objection and appeal;
  - (ii) Contents of a notice of objection and appeal;
  - (iii) Amendment of assessment and refusal to amend; and
  - (iv) Appeal procedures and process: Tax Appeal Tribunal, Federal High Court, Court of Appeal and Supreme Court.
- (c) Explain the basis for registration and filing of returns with the revenue authorities covering the following:
  - (i) Time within which to register;
  - (ii) Registration requirements and process;
  - (iii) Contents of a tax return;
  - (iv) Due date for filing of tax returns; and
  - (v) Time within which to pay tax assessed.
- (d) Explain the following in respect of a tax clearance certificate (TCC):
  - (i) Definition and contents;
  - (ii) The conditions for granting a TCC;
  - (iii) The transactions for which a TCC is required; and
  - (iv) The procedure for processing TCC.

## B. Transactions taxes

### 1. Withholding tax (WHT)

- (a) Explain the nature, objectives and administration of WHT.
- (b) State the transactions/incomes subject to WHT and applicable rates.
- (c) State the relevant tax authority for collection.
- (d) Explain the procedure for filing WHT returns; list its contents and time frame for compliance.
- (e) State the provisions relating to WHT refunds, grounds for objection and procedures.
- (f) Explain the procedure for remittance of WHT to tax authorities.
- (g) State the administrative bottlenecks and problems of WHT.
- (h) State the merits and demerits of WHT scheme.

### 2. Value added tax(VAT)

- (a) Explain the nature, objectives and administration of VAT.
- (b) Explain taxable persons and tax able supplies of goods and services.
- (c) Explain the following in relation to VAT:
  - (i) Input tax;
  - (ii) Output tax;
  - (iii) Exemption;
  - (iv) Zero-rated supplies and services;
  - (v) Reverse VAT;
  - (vi) Basic tax point;
  - (vii) Actual tax point and
  - (viii) Standard rate.
- (d) Compute VAT liability, including the treatment of closing and opening inventories.
- (e) State the obligations for registration, records and accounts keeping, and valid VAT Invoice.
- (f) Explain the requirements for filing of VAT returns and remittance of VAT liability.
- (g) Explain the treatment of VAT on imported and exported goods and services.
- (h) State the offences and penalties associated with VAT.
- (i) Explain the provision on VAT recovery.

## C. Personal income tax

### 1. Taxation of employment income

- (a) Explain employment; contract of service and contract for Service.
- (b) Explain the following types of employments:
  - (i) Nigerian employment; and
  - (ii) Foreign employment.
- (c) Explain employment, vocation and profession.
- (d) Explain the following terminologies in employment income:
  - (i) Cash emolument;

- (ii) Benefits-in-Kind; and
- (iii) Taxable and tax-exempt incomes
- (e) State and explain the conditions for taxation of income from employment.
- (f) List and explain allowable and non-allowable deductions.
- (g) Explain the following:
  - (i) Registration for Pay-As-You-Earn(PAYE);
  - (ii) Basis of assessment;
  - (iii) Computation of consolidated relief allowance
  - (iv) Computation of personal income tax;
  - (v) Filing of returns: employees and employers; and
  - (vi) Offences and penalties.

## 2. Taxation of trusts, settlements and estates

- (a) Define trusts, settlements and estates.
- (b) Explain allowable and non-allowable expenses.
- (c) Compute income from trusts, settlements or estates.
- (d) Compute taxable income.
- (e) Compute tax liability in the hands of beneficiaries and trustees.
- (f) Identify relevant tax authority.
- (g) State and explain offences and penalties.

## 3. Taxation of investment income

- (a) Define investment income.
- (b) Compute rent income chargeable to tax on property, including contractor-financed projects.
- (c) Explain the tax implications on dividends and interests.
- (d) Explain the basis of assessments and payment of taxes on investment incomes.

## D. Business income tax

### 1. Taxation of business income

- (a) Sole proprietorship
  - (i) Explain the meaning of a trade or profession and badges of trade.
  - (ii) Computation of assessable profit of a trade or profession
    - ❖ Identify taxable and non-taxable income.
    - ❖ Identify and explain allowable and non-allowable expenses.
  - (iii) Basis period for assessment
    - ❖ Define basis period and state types.
    - ❖ State the rules for commencement, change of accounting date and cessation.
  - (iv) Capital allowance computation
    - ❖ Define qualifying capital expenditure and capital allowance.
    - ❖ Explain the types of capital allowances and qualifying capital expenditure.
    - ❖ State the conditions for granting capital allowance.
    - ❖ Identify capital allowance rates and restrictions.

- ❖ Compute balancing adjustments on disposal of qualifying capital expenditure.
- (v) Loss relief
- ❖ Identify and explain types of loss reliefs and their treatments.
  - ❖ Explain the treatments of losses under commencement and cessation of business.
- (b) Partnerships
- (i) Define partnership.
  - (ii) Explain allowable and non-allowable expenses.
  - (iii) Compute the income of a partnership business.
  - (iv) Identify the taxable income of partners.
  - (v) State the tax treatment under admission and resignation of a partner.
- (c) Limited liability companies
- (i) Identify persons chargeable to companies' income tax.
  - (ii) Computation of assessable profit
    - ❖ Explain taxable and non-taxable income.
    - ❖ Explain allowable and non-allowable expenses.
  - (iii) Basis period for assessment
    - ❖ Define and state types.
    - ❖ Explain the rules for commencement, change of accounting date and cessation.
  - (iv) Capital allowance computation
    - ❖ Explain types of capital allowances.
    - ❖ Define and explain types of qualifying capital expenditure.
    - ❖ State the conditions for granting capital allowances.
    - ❖ Identify and apply the capital allowance rates and restrictions.
    - ❖ Compute balancing adjustments on disposal of qualifying capital expenditure.
  - (v) Loss relief
    - ❖ Explain Loss relief principles.
    - ❖ Explain the treatment of losses under commencement and cessation of business.
  - (vi) Compute companies income tax, taking the following into consideration:
    - ❖ Total profit;
    - ❖ Minimum tax;
    - ❖ Dividend distribution; and
    - ❖ Turnover.

<b>Course Assessment:</b>	Attendance.....10%
	Un-announced quizzes.....5%
	Mid-Semester text .....10%
	Assignment .....5%
	Examination .....70%

- Assignments:** Questions will be given at the end of each topic. Date for submission will be announced immediately.
- Office Location:** Academic staff office. Rm 117, Wing A, Second Door.
- Lecture Room:** LR2 (Lecture room, Two)  
College of Management and Social Sciences.
- Lecture time:** Thursday 8:00 – 10:00pm  
Friday 11:00 - 12:00pm.
- Office Visiting Hours:** Wednesday: 9:00 – 10:00am  
Thursday: 2:00 – 4:00pm

### Lecture Outline

Work	Topics
1	Introduction to taxation and tax administration
2	Transactions taxes
3	Personal income tax
4	Business income tax
5	Revision
6	Examination

### Text and Reading Materials

1. Osemeke, M (2010) Practical Approach to Taxation and Tax Management. Ethiope Publishing Corporation, Ring Road Benin City, Edo State.
2. Oseni, A. I (2014) Taxation Made Simple. Jireh Publishers Limited, Ikpoba Hill, Benin City,
3. ICAN Advance Taxation 2014 - Study Text
4. ICAN Taxation 2014 - Study Text