

Taxation Planning (TP)

Overview

Taxation Planning provides financial planners with an understanding of Australian Taxation Law as well as help them to develop appropriate tax strategies.

Learning Outcomes

Module 1: Overview of Taxation

On successful completion of this module, you should be able to:

- Describe recent tax reform measures introduced in Australia
- Explain how the goods and services tax works
- Outline how taxable income is determined for individuals, partnerships, companies and trusts
- Explain the rules relating to the Medicare levy
- Outline how the Medicare levy surcharge is applied
- Define fringe benefits tax
- Explain the fringe benefits tax gross-up rules
- Describe how fringe benefits tax is calculated
- List those fringe benefits which are exempt from fringe benefits tax
- List those fringe benefits tax exempt and fringe benefits tax rebatable employers
- Discuss the requirements relating to reporting fringe benefits on Pay As You Go payment summaries
- Explain the implications of the FBT reporting requirements
- Define Pay As You Go
- Explain who is liable to pay Pay As You Go instalments
- List the exemptions to paying Pay As You Go
- Describe when Pay As You Go instalments are due for both quarterly and annual payers
- Calculate a Pay As You Go instalment amount
- Explain how the General Interest Charge is applied
- Describe the treatment of partnership income
- Describe the treatment of trust income
- Define the benchmark instalment rate
- Define benchmark tax
- Identify the two types of trustee for the purpose of the Pay As You Go instalment system
- Explain what is meant by Pay As You Go withholding
- List those payments covered by Pay As You Go withholding
- Describe the exemptions to Pay As You Go withholding
- Describe other situations where Pay As You Go withholding may apply
- Explain how the Higher Education Contribution Scheme and the Higher Education Loan Programme operate.

Module 2: Income

On successful completion of this module, you should be able to:

- Explain what is meant by taxable income
- Explain what is meant by assessable income
- Explain what is meant by exempt income
- Describe the difference between income and capital
- Describe how the taxation treatment of income derived from a business differs from that of income derived from a hobby
- Determine when income is derived
- Outline what is meant by alienation of income
- Explain the importance of where income is sourced from
- List the requirements necessary for an individual to qualify as an Australian resident taxpayer

- Explain the taxation treatment of the assessable income for both Australian resident taxpayers and non-resident taxpayers
- List those professionals who are entitled to special averaging provisions
- Explain the special taxation rules applicable to primary producers
- Outline the taxation treatment of foreign income
- Explain and calculate the taxation treatment of dividends
- Outline the taxation treatment of unit trust distributions
- Explain and calculate the taxation treatment of life policy bonuses
- List the taxable and non-taxable Centrelink and Veterans' Affairs payments
- Outline and calculate the taxation treatment of annuities and pensions
- Outline the taxation treatment of termination payments.

Module 3: Capital Gains Tax

On successful completion of this module, you should be able to:

- Explain what is meant by the term 'capital gain'
- List some common capital gains tax events
- Describe capital gains tax assets
- List common capital gains tax assets that are not subject to capital gains tax
- Explain the difference between personal use assets and collectables
- Outline when pre-20 September 1985 assets may be subject to capital gains tax
- Outline the elements required in order to calculate capital gains
- Explain how to calculate capital gains or losses for an individual
- Explain how to calculate capital gains or losses for private companies
- Explain how to calculate capital gains or losses for non-fixed trusts
- Explain how to calculate capital gains or losses for fixed trusts
- Explain how to calculate capital gains or losses for superannuation funds
- Describe how capital gains tax is calculated on the death of an individual
- Outline the capital gains tax small business concessions.

Module 4: Deductions

On successful completion of this module, you should be able to:

- Explain what is meant by the term 'deduction'
- Identify the difference between general deductions and specific deductions
- Calculate deductions for different categories of superannuation contributions and retiring allowances
- Define the term 'gearing'
- Explain the treatment of interest expenses, borrowing expenses and interest on split loans incurred through gearing
- Explain foreign income deductions
- Describe the deduction rules relating to prepayment of expenses
- Explain and calculate deductions relevant to rental properties
- Explain the taxation effects of depreciation, capital works and repairs
- List other deductions relating to rental properties
- List a variety of work related expenses
- Outline home office expenses, self-education expenses and subscriptions
- Identify a variety of insurance premiums that are deductible
- Explain the deductibility of insurance premiums paid by individuals
- Outline the deductibility of insurance premiums paid through complying superannuation funds
- Explain the deductibility of insurance premiums paid by businesses
- Identify other deductions available to taxpayers
- Describe the rules relating to tax losses
- Explain the need for substantiation
- Outline the effect of goods and services tax on deductions.

Module 5: Tax Offsets and Social Security

On successful completion of this module, you should be able to:

- Describe the general tax offsets available to taxpayers and how they can be claimed
- Explain the tax offsets available to income support recipients and how they are calculated
- Describe the tax offsets available for certain superannuation contributions
- Discuss the tax offsets and credits available on investment income
- Explain the social security payments and tax offsets available for families and how they are calculated.

Module 6: Personal Tax Planning & Administration of the Tax System

On successful completion of this module, you should be able to:

- Explain the principle areas of taxation planning
- Describe those financial planning areas where taxation planning is an integral part
- Explain the role of the adviser in taxation planning
- List those aspects of taxation planning in which the adviser can offer advice
- Explain how the tax rulings system works
- Outline the circumstances under which an individual is required to lodge a tax return
- Explain what is meant by the term 'self assessment'
- List the types of tax audit used by the ATO
- List the circumstances in which penalties may be imposed by the ATO
- Describe the rules regarding substantiation of claims
- Describe the procedures available to taxpayers if they wish to challenge an ATO assessment.