



**FPC006 Tax and Commercial  
Law for Financial Planning**



# Subject outline

## FPC006 Tax and Commercial Law for Financial Planning

### Section 1 — General information

#### 1.1 Administrative details

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Duration	Credit points	Level
One study period (12 weeks)	6	AQF8

#### 1.2 Core or elective subject

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This is a core subject for the Graduate Diploma of Financial Planning and Master of Financial Planning.

#### 1.3 Delivery mode

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This subject is delivered online.

#### 1.4 Prerequisites

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There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

#### 1.5 Assumed knowledge

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Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FPC001B Economic and Legal Context for Financial Planning, FPC002B Ethics and Professionalism in Financial Advice, FPC003 Superannuation and Retirement Advice and FPC004 Insurance Advice or understand the content covered in those subjects, prior to undertaking FPC006 Tax and Commercial Law for Financial Planning.

#### 1.6 Course transition subject equivalence

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Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.



### **1.7 Work integrated learning**

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There are no placements, internships or work experience requirements associated with undertaking this subject.

### **1.8 Other resource requirements**

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Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on the key principles from commercial and taxation law, in particular the application of the relevant law to commonly encountered taxation scenarios and financial planning techniques. The subject is designed to build advice capability in personal and business tax affairs.

Students will cement the key principles of commercial and taxation law, by responding to a series of short fictitious scenarios for both personal and business clients.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Classify concepts of income and expenses as to their assessability and deductibility respectively (as required under taxation law). This includes tax treatment of income protection/replacement strategies. Determine whether an amount incurred is deductible under the general or specific provisions and apply the taxation law as it relates to the treatment of credits, rebates and offsets in the calculation of tax payable.
2. Compare and contrast the tax treatment of individuals, partnerships, companies and trusts including treatment of capital distributions, imputation credits, deferred and tax free trust distributions.
3. Calculate and evaluate employee remuneration options including fringe benefits tax, salary packaging, termination payments and redundancy payments.
4. Calculate and explain the application of the capital gains tax (CGT) provisions. Define a CGT event and how the law applies to disposal of assets.
5. Differentiate between taxing superannuation fund contributions, fund earnings and benefits.
6. Recognise the situations which may lead to the application of various integrity measures, particularly the promoter penalty provisions and identify the circumstances triggering the administrative penalty provisions.
7. Understand the central role ethical and professional responsibilities play for tax (financial) advisers including obligations under the TASA and TASR.
8. Explain the goods and services tax (GST) mechanism for Input taxed, GST free and taxable supplies and their interaction with provision of financial advice.
9. Identify the stakeholders in the taxation system and explain the role of the Australian Tax Office (ATO), the Inspector General of Taxation (IGOT) and the Tax Practitioners Board (TPB) and demonstrate an understanding of tax administration including assessments, amendments and objections, but not preparation of returns or communications on behalf of clients with the Australian Taxation Office.
10. Recognise and evaluate the role contract law plays in the application of tax law provisions, particularly in the disposal of CGT assets.
11. Demonstrate an understanding of the fundamental legal concepts defining and differentiating sole traders, partnerships, corporations and trusts and the underlying regulation.
12. Recognise and evaluate the risk of exposure to the misleading and deceptive conduct provisions of the *Competition and Consumer Act 2010*, and/or the negligence and negligent misstatement elements of the law of torts.

## 2.3 Topic learning outcomes

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### Topic 1: Business structures, contract law and agency

On successful completion of this topic, students should be able to:

- explain the characteristics of the sole trader, partnership, joint venture, trust and company business structures and identify the advantages and disadvantages associated with each structure
- explain the regulatory environment for each structure including identification of relevant legislation and regulatory bodies
- identify the elements required to form a binding contract and analyse scenarios to determine if and when a contract has been formed.

### Topic 2: Consumer legislation and torts

On successful completion of this topic, students should be able to:

- identify the key consumer protection legislation and its role in regulating the delivery of financial advice
- explain the nature of the law of torts and identify whether the requirements of the torts of negligence and/or negligent misstatement have been demonstrated in the context of providing financial advice.

### Topic 3: Taxation basics

On successful completion of this topic, students should be able to:

- identify the taxpaying entities in the Australian tax system
- determine the residency status of a tax entity through the application of the appropriate tests and apply source rules to determine whether the Federal Commissioner of Taxation has jurisdiction to tax.

### Topic 4: Ordinary and statutory income

On successful completion of this topic, students should be able to:

- explain the concept of income according to ordinary principles and determine whether an amount would be assessable as ordinary income
- identify and distinguish between ordinary income, statutory income, exempt income and non-assessable nonexempt income (NANE)
- distinguish statutory income from ordinary income and apply statutory provisions to determine whether an amount is statutory income.

### Topic 5: Capital gains tax

On successful completion of this topic, students should be able to:

- explain in detail the application of the capital gains tax (CGT) provisions, including determining the timing of CGT event A1 disposal of a CGT asset, the eligibility for CGT discounts and the availability of the main residence exemption, including its application to investment properties and holiday homes.
- determine the availability of CGT concessions for small businesses and calculate the exposure to CGT in common scenarios
- identify and consider the availability of possible CGT rollover relief for various transactions
- identify and explain the CGT consequences of deemed disposals and gifts
- identify and advise on the CGT consequences of death (estate planning).

## Topic 6: General and specific deductions

On successful completion of this topic, students should be able to:

- explain the principles of general deductibility and apply them to expenditures to determine whether they are deductible as a general deduction
- discuss and distinguish between general and specific deductions and be able to apply the law to calculate specific deductions such as deductions under the uniform capital allowance provisions
- explain and advise on the tax and cash flow implications of negative gearing strategies
- apply the relevant law to determine the availability of tax losses for an entity.

## Topic 7: Tax offsets and personal income tax

On successful completion of this topic, students should be able to:

- identify the factors that determine the calculation of tax payable
- identify the credits, rebates and offsets that are applicable to calculate taxation liability
- discuss the impact of franked dividends and foreign-sourced income.

## Topic 8: Taxation of business entities

On successful completion of this topic, students should be able to:

- explain and demonstrate the application of the tax system to sole traders, partnerships, trusts and companies, including the calculation of partnership and trust net income and company taxable income
- describe and explain the nature of payments made from business structures to associated entities including investors
- demonstrate an understanding of the tax planning opportunities associated with income splitting entities such as partnerships and trusts
- demonstrate an understanding of the dividend imputation system.

## Topic 9: Remuneration packaging and superannuation essentials

On successful completion of this topic, students should be able to:

- explain the benefits associated with remuneration packaging including calculating the after tax position of a salary sacrifice arrangement
- distinguish between the taxation of superannuation contributions, earnings and benefits, including death benefits
- explain the tax treatment of employment termination payments (ETPs) and calculate the associated tax liability of each type of payment
- explain the rationale behind fringe benefits tax and be able to calculate the fringe benefits tax liability for common fringe benefits such as cars and low interest loans.

## Topic 10: Integrity measures and administrative penalties

On successful completion of this topic, students should be able to:

- explain the differences between tax planning, tax avoidance and tax evasion
- recognise the role of the Part IVA general anti-avoidance provisions.
- recognise and explain the tax consequences of integrity measures such as prepaid expenses, deemed dividends and the promoter penalty provisions
- determine whether a taxpayer falls within the administrative penalty provisions so that the issue can be referred to a tax agent.

## Topic 11: Introduction to GST and its implications in giving financial advice

On successful completion of this topic, students should be able to:

- demonstrate an understanding of input taxed, GST free and taxable supplies
- identify whether GST applies to financial and tax advice services.

## Topic 12: Tax administration overview

On successful completion of this topic, students should be able to:

- demonstrate an understanding of the administrative aspects of the Australian tax system, including the role of stakeholders such as the ATO, the Inspector General of Taxation and the Tax Practitioners Board (TPB)
- explain the objection and tax dispute procedures available to taxpayers and where clients can access these services
- establish a set of references to assist clients to access the services of a tax agent.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Exam 1	Multiple-choice and short-answer questions	Week 6	1–5	50%	LO1, LO4, LO10, LO11, LO12
Exam 2	Multiple-choice and short-answer questions	Week 12	1–12	50%	LO1–LO12

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.

## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Business structures, contract law and agency	10
2-3	Topic 2: Consumer legislation and torts Topic 3: Taxation basics	10
4-5	Topic 4: Ordinary and statutory income Topic 5: Capital gains tax	15
6	<b>Exam (Weighting 50%)</b> Topic 6: General and specific deductions	15
7-8	Topic 7: Tax offsets and personal income tax Topic 8: Taxation of business entities	20
9-10	Topic 9: Remuneration packaging and superannuation essentials Topic 10: Integrity measures and administrative penalties	15
11	Topic 11: Introduction to GST and its implications in giving financial advice Topic 12: Tax administration overview	15
12	<b>Exam (Weighting 50%)</b>	20
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	60 hours
<b>Total study load, including additional study hours</b>	<b>180 hours</b>