

Unit Title: Understanding the principles of taxation
 OCR unit number: 4
 Credit value: 6
 Level: 4
 Guided learning hours: 51
 Unit reference number: J/504/1328

Unit aim and purpose

By completing this unit the learner will understand the general objectives of tax, as well as the legal obligations and ethics associated with it. Learners will be able to calculate income tax, national insurance contributions, capital gains tax, corporation tax and VAT.

Learning Outcomes	Assessment Criteria
<p>The Learner will:</p> <p>1 Understand the objectives and types of tax and influences upon the UK tax system</p>	<p>The Learner can:</p> <p>1.1 Explain the general objectives of tax, the influences upon the UK system of tax and the different types of tax in the UK for individuals, partnerships and companies</p>
<p>2 Understand ethical issues in tax work and the administrative obligations the UK system imposes on taxpayers</p>	<p>2.1 Explain the guidance given in the codes of ethics in relation to accounting and tax practice with regard to:</p> <ul style="list-style-type: none"> • Disclosure of information; • Conflict of interest; • Confidentiality; • HMRC errors; • Money laundering; • Tax avoidance and tax evasion <p>2.2 Identify the records which companies and individuals must retain for tax purposes and state the periods for which the records must be retained</p> <p>2.3 Calculate PAYE tax codes identifying key features of the tax system</p> <p>2.4 Explain due dates or HMRC's enquiry periods for:</p> <ul style="list-style-type: none"> • tax returns • tax payments and payments on account • businesses' VAT returns and payments • employers' PAYE and national insurance returns and payments

Learning Outcomes	Assessment Criteria
<p>3 Be able to calculate income tax, national insurance contributions and penalties, for individuals</p>	<p>3.1 Calculate assessable employment income for an employee, including taxable and exempt benefits</p> <p>3.2 Calculate the adjusted trading profits after capital allowances on plant and machinery allocating given items of business expenditure as allowable or disallowable for tax purposes for a sole trader or partnership</p> <p>3.3 Calculate the final assessable profits for each partner for any given tax year allocating the tax adjusted profits of a partnership to each partner</p> <p>3.4 Calculate the assessable trading profits for unincorporated businesses</p> <p>3.5 Calculate total taxable income and the income tax payable or repayable for employees and self-employed individuals</p> <p>3.6 Calculate the total national insurance contributions payable by employees and self-employed individuals and employers</p> <p>3.7 Calculate the interest and penalties due for: late submissions of and/or incorrect returns, and; late and/or incorrect payments of tax</p>
<p>4 Be able to calculate capital gains tax and corporation tax on chargeable gains</p>	<p>4.1 Calculate capital gains tax payable and corporation tax payable on chargeable gains</p>
<p>5 Be able to calculate the corporation tax liabilities of companies</p>	<p>5.1 Identify chargeable accounting periods for a company</p> <p>5.2 Explain the effect of having one or more associated companies on corporation tax payable</p> <p>5.3 Calculate the adjusted trading profits after capital allowances on plant and machinery allocating given items of business expenditure as allowable or disallowable for tax purposes for a company</p> <p>5.4 Calculate the taxable total profits and the corporation tax payable for a company resident in the UK</p>
<p>6 Be able to calculate the amount of VAT owed by or owed to businesses</p>	<p>6.1 Explain when a business could or should register or deregister for VAT and state the time limits</p> <p>6.2 Identify the tax point for a supply of goods or services</p> <p>6.3 Calculate the VAT payable or repayable by a business using appropriate tax rates</p> <p>6.4 Identify the alternative schemes for payment of VAT by businesses</p>

Assessment

Assessment for this unit is through examinations set by the Institute of Chartered Accountants England and Wales (ICAEW).

Candidates can only claim this qualification after they have achieved the Institute of Chartered Accountants in England and Wales' (ICAEW) Certificate in Finance, Accounting and Business qualification; which is assessed by examination, subject to ICAEW conditions.

Evidence requirements

Candidates are required to submit a digital copy of their achievement which will be confirmed by ICAEW.

Additional information

For further information regarding administration for this qualification, please refer to the OCR document '*Admin Guide: Vocational Qualifications*' (A850) on the OCR website www.ocr.org.uk .