

# THE CPA LICENSURE EXAMINATION SYLLABUS

## TAXATION

### Effective May 2016 Examination

This subject covers the candidates' knowledge of the principles and concepts of taxation and the practical application of these principles and concepts. Candidates are expected to know the National Internal Revenue Code (NIRC) provisions on income tax, business taxes (value-added and percentage taxes), estate tax, donor's tax; the Tariff and Customs Code; Local Government Code on local taxes; preferential tax or tax exemption provisions and taxes pertaining to senior citizens and persons with disability, Board of Investments, PEZA, BMBE, various Tax Treaties and other special laws and issuances that may be legislated in the future. The candidates must be familiar with the Implementing Rules and Regulations, circulars, rulings and other issuances pertinent to the implementation of the various taxation laws earlier specified. The candidates should know the taxation principles in the decisions of the Court of Tax Appeals, Court of Appeals and Supreme Court.

The candidates must have a working knowledge to comply with the various taxation measures. Compliance includes, among others, computation of tax liabilities, accomplishing tax returns and forms, availment of tax incentive benefits, submission of tax related regulatory and registration requirements and dealing with the various offices involved in taxation.

The candidates must also be familiar with the taxpayer rights and remedies, handling disputes on tax issues, knowing the various tax offices that they will be interacting and basic tax planning to derive the benefits of the tax laws and incentives.

The candidates must also be able to communicate effectively matters pertaining to the taxation work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

Only new laws, implementing rules and regulations, jurisprudences and other issuances shall be included in the examinations\ if these are in effect for at least six (6) months at the date of the examination..

Tax rates shall be provided in the examination when candidates are required to compute taxes

The examination shall have seventy (70) multiple choice questions.

The syllabus for the subject is presented below.

#### 1.0 PRINCIPLES OF TAXATION

1.1 Nature, scope, classification, and essential characteristics

1.2 Principles of sound tax system

1.3 Limitations on the power of taxation

- 1.4 Tax evasion vs. tax avoidance
  - 1.5 Situs/place of taxation
  - 1.6 Double taxation
  - 1.7 Legislation of tax laws
  - 1.8 Impact of taxes in nation building
  - 1.9 Ethical tax compliance and administration
  - 1.10 Organization of the Bureau of Internal Revenue, Bureau of Customs, Local Government Tax Collecting Units, Board of Investments, Philippine Economic Zone Authority
- 2.0 TAX REMEDIES
- 2.1 Remedies of the government
    - 2.1.1 Definition, scope, prescriptive period
    - 2.1.2 Administrative remedies
    - 2.1.3 Judicial actions
    - 2.1.4 Additions to Tax (Surcharge, Interest, Compromise penalty)
    - 2.1.5 Other sanctions (Criminal penalties, Closure of Business, Collection of Delinquent Taxes)
    - 2.1.6 Powers of the Bureau of Internal Revenue
  - 2.2 Remedies of the taxpayer
    - 2.2.1 Definition, scope, prescriptive period
    - 2.2.2 Taxpayers rights
    - 2.2.3 Administrative remedies (Protesting of Assessment, Recovery of excess or erroneously paid taxes, Request for the compromise, abatement or refund or credit of taxes, Request for rulings)
    - 2.2.4 Judicial remedies
  - 2.3 Expanded jurisdiction of the Court of Tax Appeals
- 3.0 INCOME TAX
- 3.1 Taxpayer and tax base
    - 3.1.1 Individuals
    - 3.1.2 Corporations
    - 3.1.3 Partnerships
    - 3.1.4 Joint ventures
    - 3.1.5 Estates and trusts
    - 3.1.6 Co-ownerships
    - 3.1.7 Tax exempt individuals and organizations
  - 3.2 Gross income
    - 3.2.1 Inclusions in the gross income
    - 3.2.2 Exclusions/exemptions from gross income
    - 3.2.3 Income from compensation
    - 3.2.4 Income from business
    - 3.2.5 Passive income subject to final withholding tax
    - 3.2.6 Capital gains
  - 3.3 Deductions from gross income
    - 3.3.1 Itemized deductions

- 3.3.2 Items not deductible
- 3.3.3 Optional standard deduction
- 3.3.4 Deductions allowed under special laws
- 3.4 Accounting periods
- 3.5 Accounting methods
  - 3.5.1 Reconciliation of income under PFRS and income under tax accounting
- 3.6 Tax return preparation and filing and tax payments
  - 3.6.1 Manual filing
  - 3.6.2 Electronic filing and E-submission
  - 3.6.3 Large taxpayers and non-large taxpayers
  - 3.6.4 Income tax credits
  - 3.6.5 Venue and time of filing of tax returns
  - 3.6.6 Venue and time of payment
  - 3.6.7 Modes of payment
  - 3.6.8 Use of tax tables
  - 3.6.9 Accomplishing of various income tax returns and forms
- 3.7 Withholding taxes (at source, expanded or creditable withholding tax, final withholding taxes and withholding tax on government payments)
  - 3.7.1 Time of withholding
  - 3.7.2 Income payments subject to withholding
  - 3.7.3 Year end withholding of tax and requirements
  - 3.7.4 Venue and time of filing of withholding tax returns
  - 3.7.5 Venue and time of payment
  - 3.7.6 Modes of payment
  - 3.7.7 Time of payment
  - 3.7.8 Use of tax tables and rates
  - 3.7.9 Use of various withholding tax returns and forms
- 3.8 Compliance Requirements
  - 3.8.1 Administrative requirements (registration, issuance of receipts, printing of receipts)
  - 3.8.2 Attachments to the income tax return, including CPA certificate, per NIRC requirement
  - 3.8.3 Keeping of books of accounts and records, including report of inventories
  - 3.8.4 Prescriptive period of maintain books of accounts and other accounting records
- 4.0 TRANSFER TAX
  - 4.1 Estate tax
    - 4.1.1 Gross estate
    - 4.1.2 Deductions allowed to estate
    - 4.1.3 Tax credit
    - 4.1.4 Venue and time of filing of tax returns
    - 4.1.5 Venue and time of payment
    - 4.1.6 Modes of payment
    - 4.1.7 Use of tax tables
    - 4.1.8 Accomplishing of tax returns and forms

- 4.1.9 Attachments to the tax return
- 4.1.10 Administrative requirements

#### 4.2 Donor's tax

- 4.2.1 Gross gift
- 4.2.2 Exemptions
- 4.2.3 Tax rates in general and when the donee is a stranger
- 4.2.4 Venue and time of filing of tax returns
- 4.2.5 Venue and time of payment
- 4.2.6 Modes of payment
- 4.2.7 Use of tax tables
- 4.2.8 Accomplishing of tax returns and forms
- 4.2.9 Attachments to the tax return
- 4.2.10 Administrative requirements

### 5.0 VALUE ADDED TAX (VAT AND PERCENTAGE TAX)

#### 5.1 Value added tax

- 5.1.1 Output VAT
- 5.1.2 Input VAT
- 5.1.3 VAT tax credits
- 5.1.4 Refund of excess input VAT
- 5.1.5 Venue and time of filing of donors tax returns
- 5.1.6 Venue and time of payment
- 5.1.7 Modes of payment
- 5.1.8 Accomplishing of tax returns and forms
- 5.1.9 Attachments to the tax return
- 5.1.10 Invoicing, and Accounting requirements

#### 5.2 Percentage tax

- 5.2.1 Tax base and tax rates
- 5.2.2 Venue and time of filing of tax returns
- 5.2.3 Venue and time of payment
- 5.2.4 Modes of payment
- 5.2.5 Use of tax rates
- 5.2.6 Accomplishing of tax returns and forms

### 6.0 TAXATION UNDER THE LOCAL GOVERNMENT CODE\*

- 6.1 Scope and different types of local taxes (Limited to Real property tax, local business tax)
- 6.2 Tax base and tax rates
- 6.3 Venue and time of filing of tax returns
- 6.4 Venue and time of payment

### 7.0 PREFERENTIAL TAXATION\*

- 7.1 Senior Citizens Law\*
  - 7.1.1 Exemption from income tax of qualified senior citizens

- 7.1.2 Tax incentives for qualified establishments selling goods and services to senior citizens
- 7.2 Magna Carta for Disabled Persons\*
  - 7.2.1 Tax incentives for qualified establishments selling goods and services to senior citizens
- 7.3 Special Economic Zone Act\*
  - 7.3.1 Policy and the Philippine Economic Zone Authority (PEZA)
  - 7.3.2 Registration of investments
  - 7.3.3 Fiscal incentives to PEZA-registered economic zone enterprises
- 7.4 Omnibus Investments Code (Book 1 of Executive Order 226)\*
  - 7.4.1 Policy and the Board of Investment (BOI)
  - 7.4.2 Preferred areas of investment
  - 7.4.3 Investments Priority Plan
  - 7.4.4 Registration of investments
  - 7.4.5 Fiscal incentives to BOI registered enterprises
- 7.5 Barangay Micro Business Enterprises (BMBEs) Act\*
  - 7.5.1 Registration of BMBEs
  - 7.5.2 Fiscal Incentives to BMBEs
- 7.6 Double Taxation Agreements (DTA)\*
  - 7.6.1 Nature and purpose of DTAs
  - 7.6.2 Manner of giving relief from double taxation
  - 7.6.3 Procedure for availment of tax treaty benefits
- 8.0 TARIFF AND CUSTOMS CODE
  - 8.1 Functions of the Bureau of Customs
  - 8.2 Functions of the Tariff Commission
  - 8.3 Nature of tariff and customs duties
  - 8.4 Basis of assessment of duty
  - 8.5 Documents required for importation of goods
  - 8.6 Documents required for export of goods
- 9.0 EFFECTIVE COMMUNICATION TO STAKEHOLDERS

\* to be effective October 2017 board examination