

EXAMINATION INFORMATION GUIDE TAXATION

Structure of examination paper

The syllabus will be assessed in a 3 hours paper plus a 15 minutes reading time. The questions will be in two sections as follows:

Section A

Section A will be 20 compulsory multiple-choice questions of one mark each. Eight of the questions will come from section A, eight from section B, two from section C and two from section D of the syllabus.

Section B

Section B will be 6 questions of 20 marks each out of which candidates will be expected to attempt 4 questions. The 6 questions will come from all the four sections of the syllabus based on the weight attached to each section in the syllabus.

Detailed contents of the syllabus

A	Introduction to taxation and tax administration	20%
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	
	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 principles / canons of taxation.	
	i) Enabling Acts	
	ii) Sources of the tax laws.	
2	Tax administration in Nigeria	
	a) List and explain the roles, functions, compositions and powers of:	
	i) Joint Tax Board.	
	ii) State Board of Internal Revenue.	

- iii) Federal Inland Revenue Service and its management Board.
- iv) Joint State Revenue Committee.
- v) Local Government Revenue Committee.
- b) Tax amnesty, including voluntary assets and income declaration scheme (VAIDS)
- c) Explain the role and relationship between fiscal policy, tax legislation and administration.

3 National tax policy (NTP), 2017

- a) State the objectives of this policy.
- b) Explain the policy guidelines as they relate to:
 - i) Guiding principles of Nigerian tax system.
 - ii) Taxation as a tool for economic management and development:
 - Wealth creation and employment
 - Taxation and diversification
 - Focus on indirect taxation
 - Convergence of tax rates
 - Special arrangements and other incentives
 - Creating a competitive edge
 - International and regional treaties
- c) Explain the responsibilities of the following stakeholders:
 - i) The government.
 - ii) The taxpayer.
 - iii) Revenue agencies.
 - iv) Professional bodies, tax practitioners, consultants and agents.
 - v) Media and advocacy groups.
- d) Explain the administration of the mandates of the three-tiers of government in accordance with the following:
 - i) Registration of taxable persons
 - ii) Tax compliance.
 - iii) Efficiency of administration.
 - iv) Technology and tax intelligence.
 - v) Dispute resolution.
- e) Explain the implementation measures by

- i) The President and Governors
- ii) Legislature
- iii) Ministry of Finance
- iv) Ministries, departments and agencies
- v) Tax authorities
- vi) Independent National Electoral Commission (INEC).

4 Basic ethical issues in taxation

- a) Identify and explain the following five fundamental principles of ethics as specified by the International Ethics Standards Board for Accountants (IESBA):
 - i) Integrity
 - ii) Objectivity
 - iii) Professional competence and due care
 - iv) Confidentiality
 - v) Professional behavior
- 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.

5 Returns, assessments, remittances, objections and appeals

- a) 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 processes.
 - iii) Contents of a tax return.
 - iv) Due date for filing of tax returns.
 - v) Time within which to pay tax assessed.
- b) Explain the following types of assessments:
 - i) Self assessment.
 - ii) Additional assessment.
 - iii) Best of judgement (BOJ) / administrative assessment.
 - iv) Back duty assessment.

- c) 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.
 - iv) The procedure for processing TCC.
- d) 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.
 - iv) Appeal procedures and processes: Tax Appeal Tribunal, Federal High Court, Court of Appeal and Supreme Court.

B Transactions taxes

20%

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 of WHT.
- d) Explain the procedure for filing WHT return; list its contents and time frame for compliance.
- e) State the procedures and provisions relating to WHT refunds and grounds for objection.
- f) Explain the procedure for remittance of WHT to tax authorities.
- g) State the administrative bottlenecks and other 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 taxable supplies of goods and services.
- c) Explain the following in relation to VAT:
 - i) Input tax
 - ii) Output tax
 - iii) Exemption

- iv) Zero-rate supplies and services
- v) Reverse VAT
- vi) Basic tax point
- vii) Actual tax point
- viii) Standard rate
- d) Compute VAT liability, including the treatment of opening and closing 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.

3 Stamp duties

- a) State the nature and objectives of stamp duties.
- b) List the instruments chargeable.
- c) State the relevant tax authorities for collection.
- d) State the types and forms.
- e) Explain the time limit for stamping and implications of non-stamping.
- f) Explain the recoverability of outstanding duties.
- g) State the rates and the basis of computation.
- h) Explain the administration, territorial limits and the methods of stamping.
- i) Explain the process of adjudication, the limits and appeals procedure.

4 Customs and excise duties

- a) Explain the nature, objectives and administration of customs and excise duties.
- b) State the rates and basis of computation.
- c) List excisable items.
- d) State provisions relating to the furnishing of information by manufacturers and keeping of books.

- e) State offences and penalties.

5 Luxury tax

- a) Define luxury tax.
- b) State the relevant goods and services.
- c) State the applicable rate for each of the goods and services.
- d) Explain the benefits of taxation of luxury goods.

6 Land use charge

- a) Explain annual charge rate, building, chargeable persons, chargeable property, exempted property, owner, occupier and financial year.
- b) State the collecting authority.
- c) State the persons liable to pay charge.
- d) State exempted properties.
- e) Compute the annual amount of the land use charge payable:
 - i) Relief rate
 - ii) Annual charge rate
 - iii) Basis of computation.
- f) Explain the procedure for the delivery of assessment notice of land use charge:
 - i) The issuance and delivery of land use charge demand notice.
 - ii) Posting of land use demand notice
 - iii) Time limit for the payment of the assessment notice after the date of delivery.
 - iv) Payment to designated banks.
- g) Identify and explain the procedures for objections and appeals, covering the following:
 - i) Time limit within which to register.
 - ii) Conditions for the appeal.
 - iii) Contents of the notice of objection and appeal.
 - iv) Amendment of assessment and refusal to amend.
 - v) Appeal procedures and processes: Tax Appeal Tribunal, High Court of the State, Court of Appeal, and Supreme Court.

1 Taxation of employment income

- a) Explain employment; contract of service and contract for service.
- b) Explain the following types of employment:
 - i) Nigerian employment.
 - ii) Foreign employment.
- c) Explain employment, vocation and profession.
- d) Define an itinerant worker.
- e) Explain the following terminologies in employment income:
 - i) Cash emolument.
 - ii) Benefits-in-Kind.
 - iii) Taxable and tax-exempt incomes.
- f) State and explain the conditions for taxation of income from employment.
- g) List and explain allowable and non-allowable deductions.
- h) 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.
 - 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 and 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 rental income chargeable to tax on property, including contractor-financed projects.
- c) Explain the tax implications of dividends and interests.
- d) Explain the bases of assessments and payment of taxes on investment incomes.

D Business income tax

30%

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.
 - Ascertain adjusted profit.
 - iii) Basis period for assessment:
 - Define basis period and state types
 - State the rules for commencement, change of accounting date and cessation.
 - iv) Loss relief:
 - Identify and explain types of loss reliefs and their treatments.
 - Explain the treatments of losses under commencement and cessation of business.
 - v) Capital allowances 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.

- 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.
 - Ascertain assessable profit.
 - iii) Basis period for assessment:
 - Define and state types.
 - Explain the rules for commencement, change of accounting date and cessation of business.
 - iv) Loss relief:
 - Explain Loss relief principles.
 - Explain the treatment of losses under commencement, change of accounting date and cessation of business.
 - v) Capital allowances computation
 - Explain types of capital allowance.
 - Define and explain types of qualifying capital expenditure.
 - State the conditions for granting capital allowance.
 - Identify and apply the capital allowance rates and restrictions.
 - Compute balancing adjustments on disposal of qualifying capital expenditure.
 - vi) Compute companies income tax liability, taking the following into consideration:
 - Total profit
 - Minimum tax
 - Dividend distribution

- Revenue / turnover
- vii) Compute and explain the bases for computing deferred tax.

2 Taxation of specialised businesses

- a) Define specialised businesses.
- b) State the relevant tax provisions for real estate and agriculture.
- c) State the tax provisions and compute tax liability on income from transportation, telecommunication, banks and insurance businesses.
- d) Explain the circumstances when the Revenue can assess a company based on its turnover / revenue.
- e) Identify and explain criteria that must be met to be eligible for small company relief.
- f) State the basis for taxation of enterprises in free trade zones.
- g) Explain the provisions of the Nigerian Information Technology Development Agency Act (NITDA) 2007 (as amended) as it relates to taxation.
- h) Compute taxes on income from e-commerce.

3 Tertiary education tax (TET)

- a) Define tertiary education tax.
- b) State the objectives and basis of computation of tertiary education tax as provided in the enabling Act.
- c) Explain the imposition, assessment and collection of the tax.
- d) State the management and administration of the Tertiary Education Tax Fund (TET Fund).
- e) State the composition and functions of the board of trustees.
- f) Explain the allocation and distribution of the tax.
- g) State the offences and penalties for non-compliance.