



## SYLLABUS

### INCOME TAX (ZIMBABWE)

#### PURPOSE

To have the ability to apply the provisions of the Income Tax Act to the tax related affairs of individuals and businesses.

#### OBJECTIVE

To acquire a thorough knowledge of the current Income Tax law relating to taxation and its practical application to:

Individuals;

Companies;

Private business corporations;

Partnerships; and trusts.

#### RECOMMENDED TEXTBOOKS:

- 1 Income Tax in Zimbabwe, by L Hill (Butterworths)

#### OTHER READING

- 2 Income Tax Act (as amended) (Chapter 23:06)
- 3 Finance Act (as amended) (Chapter 23:04)
- 4 Capital Gains Tax Act (as amended) (Chapter 23:02)

#### SYLLABUS

The current law relating to income tax, as provided for in the Income Tax Act, the Finance Act and the Capital Gains Tax Act and as interpreted by decided cases. The Minister's budget proposals become law in December each year and questions will be based on the legislation applicable to the year of assessment ended on 31st December in the last calendar year. So, the law passed in Year 1 will be current for examinations in May and October in Year 3. The syllabus requires special reference to the following:

Major Subject	Topic
Computation of Tax Payable by – Individuals Companies Private Business Corporations Partnerships Trusts Decreased Estates	Definition and calculation of 'gross income'.  Calculation of exempt income, allowances and deductions including for capital expenditure.  Computation of taxable income' and 'assessed losses'.  Calculation of tax payable, for any withholding taxes, levies in force, double taxation agreements and any other adjustments that are required.  Tax liability for sales on suspense conditions.
Computation of Tax Payable by – Farming and Mining Operations	Definition and calculation of 'gross income'.  Calculation of special allowances and deductions including for capital expenditure.

	<p>Computation of 'taxable income' and 'assessed losses'.</p> <p>Calculation of tax payable, allowing for any withholding taxes, levies in force, double taxation agreements and any other adjustments that are required.</p>
Taxation as it Relates Specially to Individuals	<p>PAYE returns to be made and how assessments are made on individuals, including objections.</p> <p>Allowances on contributions to pension and benefit funds and retirements annuities.</p> <p>Taxation of benefits from pension and provident benefit funds and annuities.</p> <p>Taxation of retrenchment packages.</p> <p>Representative taxpayers.</p> <p>A general understanding of Sales Tax</p>
Capital Gains Tax	<p>Definition and calculation of 'capital gain' on purchases and donations.</p> <p>Valuation of improvements and allowances and deductions including for inflation.</p> <p>Computation of 'gross capital amount' and 'taxable value'.</p> <p>Calculation of tax payable, allowing for any with-holding taxes, deferment of 'role-over', sales under suspense conditions or other disposals, any levies in force, double taxation agreements and any other adjustments that are required</p>

- 1 Students will be expected to have a thorough knowledge of the principles and be able to apply those principles to a given set of facts.
- 2 Students must have a good knowledge of the basic principles and be able to apply them to the more common type of transactions encountered.
- 3 A general understanding of the more important provisions is required.

Questions will **NOT** be set on:

1. The taxation of income of insurance companies and petroleum companies.

### **EXAMINATION**

Income Tax is an open-book examination. Students are allowed to have an unmarked copy of the three Acts specified above for use during the examination. 'Unmarked' means an Act without commentary or hand-written notes or markings.

A hand-held non-programmable computer may be used in the exam.

Five compulsory questions will be set i.e. there is no choice of questions.

Time allowed is three hours and 100marks are awarded.

Questions may and generally will require a practical calculation of income or capital gains tax and the marks awarded will reflect approximately the weighting indicated in the syllabus. The examiner is however allowed using discretion in whether he works strictly to what weighting or not. Not more than one question in each case may be –

- a multiple-choice question covering various topics; and/or
- in the form of an opinion, letter of objection to the Commissioner of Taxes or a report. If set, this question will focus on a particular topic or topics.

Where the question requires calculation of taxable income and tax payable, marks is awarded for the calculations. All calculations must therefore be shown as part of the answer.

Questions may specifically require candidates to apply and quote the case law on a particular topic. Emphasis will be on those cases that have established important tax principles. Full case names are not required – just sufficient to correctly identify the case. Students should be familiar with the facts of the case, the decision reached and the principle established.

Questions for the October examinations each year and for the May examinations following that will be set based on the legislation as amended up to 31 December of the year before the October examinations. This allows for a clear six-month interval between the promulgation and the relevant examination.

Legislation means legislation as promulgated in the Government Gazette and does not include press releases and announcements made in the annual budget speech. For example the budget speech is usually made during mid-October each year. Proposed changes to the legislation announced in the budget are usually only enacted into law in December of the same year. Therefore students will not have elapsed between the date promulgation of the legislation and the exam. If however legislation is promulgated more than six months before the exam, students can be examined on the changes contained in the promulgated legislation.

Tables of tax rates will be supplied.

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