

**Syllabus “Principles of Taxation”**

**2013/2014**

Code: 102368

ECTS: 6

Degree	Year	Semester
2501572/950 Business Management and Administration	2	2

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**Language**

English

**Prerequisites**

1- Among the topics developed throughout the first courses in the Business Administration Graduate studies, the one which presents the highest affinity with the course on *Taxation* is *Introduction to Accounting*. This is basically due to the fact that around 50% of the course deals with the way corporate profits (income) are taxed. In most countries, the Tax on Income is based on an estimation of corporate income, which is derived from the annual accounting statements.

2- On the other hand, Taxation may also appeal to those who are interested in the legal dimension of the firm (Law). Taxation is entirely embedded in legal the system, as governments are recognised normative capacity on taxing by the highest rank legal norms (i.e., constitutional laws). By studying taxation, we enter in direct contact with legal texts, namely the Value Added Tax Law and the Income Tax Law.

3- Also, for those who have learnt the basics of Budgetary Policy (in most universities, a topic included in the programme of *Introduction to Economics*), you will find an applied perspective of the tools which are being used by states to sustain their current budgetary policies and which actually constitute the ultimate guarantee to public debt.

4- Last but not least, it is possible that some of you have found yourselves attracted to *International Economics*, in which case you will also find valuable information in the course on Taxation, as you will be required to consult a comprehensive database on Comparative Taxation. Produced by the Doing Business project, this database is actually a yearly product of a consulting branch of the World Bank. The comparative perspective contributes a better understanding of international investments allocation, as most investors move to take advantage of taxation differentials which affect the rents obtained by direct investments.

**Objectives**

Understanding basic notions and practices in the taxation on businesses' activities:

1- Analyse the connection between essential accounting concepts (which capture business performance) with its taxation implications, and consider available corporate tax options.

2- Calculate the Tax Result after making the corresponding adjustments to the Accounting Result; this done, we will also calculate the Tax Base, after compensating the Tax Result for the possible losses suffered in the previous years.

3- Getting acquainted with the concept of legal applicable Tax Rate. Determining the Unadjusted Tax Due, which is obtained after the Tax Base is multiplied by the legal Tax Rate. Understanding the subsequent adjustments which are to be made until the definitive Tax Duty is determined (namely, the amount to be paid to, or to be returned by the Tax administration).

4- Those who are going to work in firms which develop their activities in different countries will benefit from a basic understanding of the possible interaction between different tax jurisdictions.

5- Gaining knowledge of the Value Added Tax, which in the European Union countries is the most important indirect tax. The analysis will fundamentally be focused on interior operations (i.e., between taxable persons who operate in the same jurisdiction).

6- The Doing Business project, an initiative developed by a private branch of the World Bank, will be very useful to put taxation in particular countries into an international perspective. This project has generated one of the most important and comprehensive databases in comparative taxation. Among other issues, available policy options will be connected with international corporate operations. In this regard, the relative weight of direct and indirect taxation across countries is a relevant issue, as it affects the location of the activities of international corporations.

## **Competences**

- Use of theoretical concepts in finance, which is required when the inter-temporal impact of deferring taxes is taken into consideration.
- Develop communication skills, being able to develop, present and defend an idea in class.
- Selection and generation of relevant information, subsequent analysis, and problem resolution.
- Gaining organization skills, being able to manage time efficiently and to plan peak working periods in advance.
- Use available information technologies and adapt to new technological environments.
- Developing self learning aptitudes, proving able to increase knowledge autonomously and to enter new areas of study.
- Understand processes of the knowledge required to make business decisions.
- Understand and appreciate the importance of ethical commitment in professional practice.
- Showing motivation for work well done, and being sensitive to potential impact on the environment and society.

## **Learning outcomes**

This course will enable students to solve basic problems on Business Taxation, preparing them for their first working experience either in a Tax Consulting company, or in an administration department in their future company.

## **Contents**

- 1- Introduction to tax systems.
  - 2- Tax on Profits (I): the Tax Result.
  - 3- Tax on Profits (II): the Tax Quote.
  - 4- Tax on Profits (III): Special regimes.
  - 5- Taxation on business groups
  - 6- Value Added Tax (I): Basic concepts.
  - 7- Value Added Tax (II): Specialities.
- Case study- Comparative taxation.

## Methodology

Both theoretical and applied exercises will constitute the basis for the following activities:

### A- Activities in classroom:

A1- Theory: 20 hours will be spent in classroom on concepts and definitions.

A2- Applied exercise resolution will imply 30 hours of face-to-face sessions.

Note: the methodology of the Doing Business project will be introduced as part of classroom applied sessions, to facilitate subsequent comparison between different legislations across countries.

### B- Autonomous activities:

B1- The study of theoretical concepts will imply 18 hours of autonomous work.

B2- The resolution of applied exercises will imply 28 hours of autonomous work.

Note: Some sessions on Comparative Taxation will be held in the classroom.

### C-Supervised activities:

C1- Theoretical autonomous activities will be complemented with 8 seminar (workshop like) hours, which will require one additional hour in assessment activities.

C2- Applied autonomous activities will be complemented with 12 seminar hours, which will require three extra hours in assessment activities.

C3- Students will participate in specific sessions in the classroom, so that the taxation legislation of different countries can be discussed. They are expected to spend 30 hours to comparative taxation: i) choosing the countries (a maximum of two) to be compared; ii) discussing differences across countries; iii) deriving some basic conclusions.

## Learning activities and outcomes

Activities	Hours	ECTS	Learning outcomes
<b>Type: Directed</b>			
Subjects from 1 to 4.	25	1	Expertise in Small companies income taxation
Subjects from 5 to 7.	25	1	Expertise in Gropus and VAT Taxation
<b>Type: Supervised</b>			
Workshop: Comparative taxation.	27	1.08	Understanding global taxation
Support for themes 1 to 4.	10	0.4	Problem solving in Small companies income taxation
Support for themes 5 to 7.	10	0.4	Problem solving in Gropus and VAT Taxation
<b>Type: Self learning</b>			
Part I assessment (1 to 4).	23	0.92	Comprehensive knowledge in Small companies income taxation
Part II assessment (5 to 7).	23	0.92	Comprehensive knowledge in Gropus and VAT Taxation

## Assessment

Three assignments will be held. In order to pass the course a minimum of 3.5 in each of the three assessments has to be obtained. A minimum average of 5 for the three assessments is also required.

Only by NOT doing any of the assessments will the student obtain a "Not presented".

During the last week of the semester a **re-evaluation exam** will be offered to those who, having obtained 3.5 or more in each assessment, have also achieved an average higher than 4, but lower than 5. As late as one week before this re-evaluation takes place, the students will be informed about the characteristics of the exam.

The grade which can be obtained in the re-evaluation exam ranges from 0 to 1 point. This result will finally be added to the grade previously obtained. Only when the final grade exceeds 5 the student will pass the course.

### Assessment activities

Activities	Weight	Hours	ECTS	Learning outcomes
Assessment I:	40%.	23	0.92	Expertise in Small companies income taxation
Assessment II:	40%	23	0.92	Expertise in Gropus and VAT Taxation
Assessment III:	20%	27	1.08	Understanding global taxation

### References

Spanish Tax norms (www.aeat.es):

- Tax on Profits Law
- Value Added Tax Law

World Bank Group and PricewaterhouseCoopers. *Paying Taxes 2012. The global picture*. Available at:

<http://www.doingbusiness.org/reports/thematic-reports/paying-taxes/>