

PUBLIC FINANCE AND TAXATION

UNIT CODE: BUS/CU/AC/CR/06/6

Relationship to Occupational Standards

This unit addresses the unit of competency: Apply Principles of Public Finance and Taxation

Duration of Unit: 130 hours

Unit Description

This unit specifies the competencies required to apply principles of taxation. It involves; demonstrating understanding of public finance and taxation process, demonstrating understanding of public budget process, managing public finance, computing taxable income, computing capital allowances, administering income tax, administering presumptive tax and VAT and administering customs and excise duty.

Summary of Learning Outcomes

1. Demonstrate understand public finance and taxation process
2. Demonstrate understanding of public budget process
3. Manage public finance
4. Compute taxable income
5. Compute capital allowances
6. Administer income tax
7. Administer presumptive tax and VAT
8. Administer customs and excise duty

Learning Outcomes, Content and Suggested Assessment Methods

Learning Outcome	Content	Suggested Assessment Methods
1. Understand public finance and taxation process	<ul style="list-style-type: none">• General overview of Public Financial Management as envisaged by the Constitution (• Chapter 12 of the constitution)• Financial regulations• Treasury Circulars• Process of developing county government finance bills	<ul style="list-style-type: none">• Written tests• Observation• Oral questions• Third party report• Interviewing• Project and report writing

	<ul style="list-style-type: none"> • History and Purposes of taxation • Role of the government in an economy • Principles of an optimal tax system • Single versus multiple tax systems • Classification of taxes • Tax rates • Impact incidence and tax shifting, tax shifting theories • Taxable capacity • Revenue authority – History, structure and mandate 	
2. Demonstrate understanding of Public budget process	<ul style="list-style-type: none"> • General definition of budgets terms • Role of budget officers in budget preparation and execution • Responsibilities of The National and County treasury's in relation to budget preparation • Budget process for both national, county and Public entities • Budgetary and fiscal policy tools 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
3. Manage public finance	<ul style="list-style-type: none"> • The role of National Assembly • The role of Senate • The role of County Assembly • The role of Auditor General • The role of Internal Audit • Role of Controller of Budget in relation to 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	<p>disbursement of public Funds as envisaged</p> <ul style="list-style-type: none"> ○ by the Constitution and PFM Act, 2012 	
4. Compute taxable income	<ul style="list-style-type: none"> ● Taxable and non-taxable persons ● Sources of taxable incomes ● Employment income: <ul style="list-style-type: none"> ○ Taxable and non-taxable benefits ○ Allowable and non-allowable deductions ○ Tax credits Pension Income ● Business income: <ul style="list-style-type: none"> ○ Sole proprietorship ○ Partnerships (excluding conversions) ○ Incorporated entities (excluding specialised institutions) ○ Turnover tax ● Income from use of property- rent and royalties ● Farming income ● Investment income 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing
5. Compute capital allowances	<ul style="list-style-type: none"> ● Rationale for capital deductions ● Investment deductions: ordinary manufacturers ● Industrial building deductions ● Wear and tear allowances ● Farm works deductions 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing
6. Administer income tax	<ul style="list-style-type: none"> ● Overview of the income tax act 	<ul style="list-style-type: none"> ● Written tests ● Observation

	<ul style="list-style-type: none"> • Identification of new tax payers • Assessments and returns • Operations of PAYE systems: Preparation of PAYE returns, categories of employees • Notices, objections, appeals and relief of mistake • Appellant bodies • Collection, recovery and refund of taxes • Offences, fines, penalties and interest • Application of ICT in business; iTax, simba system 	<ul style="list-style-type: none"> • Oral questions • Third party report • Interviewing • Project and report writing
<p>7. Administer presumptive tax and VAT</p>	<ul style="list-style-type: none"> • Introduction and development of presumptive tax and VAT • Registration and deregistration of businesses for VAT • Taxable and non-taxable supplies • Privileged persons and institutions • VAT rates • VAT records • Value for VAT, tax point • Accounting for VAT • VAT returns • Remission, rebate and refund of VAT • Rights and obligations of VAT registered person • Offences fines, penalties and interest • Enforcement 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	<ul style="list-style-type: none"> • Objection and appeals: Requirements and procedure 	
8. Administer customs and presumptive tax	<ul style="list-style-type: none"> • Customs procedure • Import and export duties • Prohibitions and restriction measures • Transit goods and bond securities • Excisable goods and services • Purposes of customs and excise duties • Emerging issues and trends 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

Suggested Methods of Instruction

- Project
- Demonstration by trainer
- Practice by the trainee
- Discussions
- Direct instruction
- Case study
- Audio –visual aids

Recommended Resources

- Printers,
- Computer,
- Calculator,
- Computer software's,
- Internet connectivity,
- Paper shredders,
- Photocopiers,
- Printers, scanners,
- Stationery