

DETAILED CURRICULUM
LEVEL THREE - SEMESTER FIVE
LAW OF TAXATION

COURSE DETAILS			
Course Code	LW 5253		
Course Title	LAW OF TAXATION		
Course Type	Core		
Credits	3		
Hours Allotted	Theory	30	Total
	Practical		
	Assignments/Tutorials	30	60
AIM			
The aim of this course is to provide the students with profound theoretical and operational knowledge of Law of Taxation. The course will emphasize income Tax Law, structure of tax, legislation purpose and basic rules functional in Sri Lanka.			
INTENDED LEARNING OUTCOMES			
After the completion of course unit, learners should be able to <ol style="list-style-type: none"> 1. have knowledge of tax principles and doctrines 2. have the ability to identify tax issues, to research these issues and to communicate effectively the results to the concerned parties 3. interpret the income tax law, taking into account the specific wording of the provisions and judicial decisions 			
COURSE CONTENTS			
<p>1. Introduction to the study of the subject including; A brief historical evaluation of Taxation The current Legislation and the Interpretation of Taxing Statutes The Imposition of Taxes and the exercise of Taxing Jurisdiction Nature & Types of Taxes imposed in Sri Lanka – Income Tax, Goods and services Tax (GST), National Security Levy (NSL), Withholding Taxes, pay as you earn (PAYE), Advance Company Taxation (ACT), Turnover Tax payable to Provincial Councils Functions & Objectives of Taxation in general and Income Tax in particular</p> <p>2. The Concept of Tax on Income; The Concept of Income Income distinguished from Capital Income distinguished from Profits Concept of national receipts Treatments of non-monetary benefits</p> <p>3. The Charging of Income Tax under the Inland Revenue Act No. 38 of 2000 (hereinafter referred to as the IRA) The basis of Liability The Year of Assessment The Concept of Residence Exempt Income – definition and treatment under the IRA</p>			

4. Ascertainment and treatment of the sources of Profits and Income under the IRA;

Trade, Business, Profession and Vocation

Employment

Income from houses, Properties, and building

Dividends, Interests & Discounts

Charge and Annuities

Rents, Royalties and Premiums

Capital Gains

Income from any other source

5. Ascertainment of Profits or Income for Income Tax Purpose:

The Concept of Allowable Deductions

Expenses incurred in the production of income

Incurring of a loss or outgoing

Necessary expenses

The Principles relating to non – deductibility of Expenditure of Capital Nature

Distinguishing Expenditure of a Capital Nature from Expenditure of a Revenue Nature

The exception to the rule of Non – Deductibility – Capital Allowances

6. Taxable Entities

Individuals

Companies

Partnerships

Unit Trusts and mutual Funds

Receivers, Trustees, Administrators & Executors

Charitable Institutions

Clubs and Trade Associations

Public and Local Authorities

Government entities

Non resident Individuals

7. Returns and Assessment:

Power and duties of an Assessor in the acceptance and rejection of Returns

Making of Assessments

Power and duties of an Assessor and the rights and duties of the Assesses in the making of Assessments

8. Appeals under the IRA

Different levels of Appeal and Judicial Review

The balancing of the rights of the tax payer with the power of the Revenue

Application of Judicial Review to Tax Decisions

Application of principles of Natural Justice of Tax Appeals

Application of the principle of Res judicata in Tax Appeals

9. Payment of Tax, Tax in Default and the Recovery of Tax in Default;

Self – Assessments and Quarterly Payments

Methods employed in the Recovery of Tax at source

Treatment of taxes paid in excess

Definition of Tax in Default

Methods employed in the Recovery of Tax in Default with special emphasis on the power of the commissioner General of Inland Revenue in the recovery of such as in default

10. Tax Avoidance and Evasion;

Distinction between the concept of Tax Avoidance and Tax Evasion
 Development of Statutory and judicial Laws in arresting Evasion

11. Tax Holidays and Incentives

Rationale and policy reasons for Tax Holidays and Tax Incentives under the IRA as amended
 Study of the uses of taxation in shaping the law relating to foreign investments in Sri Lanka

12. Double Taxation;

The concept of Double Taxation
 An evaluation of the Double Taxation Treaties applicable to Sri Lanka

ASSESSMENT CRITERIA	% OF MARKS
Semester-end Examination:	70
Assignments:	20
Class Quizzes:	10

RECOMMENDED READINGS

1. E Gooneratne, Income Tax in Sri Lanka
2. P Karalasingham and Indran Karalasingham, Company Law
3. K Wickremasinghe, A Guide to Taxation (6th edition)
4. S Balaratnam, Income Tax, Wealth Tax and Gifts Tax in Sri Lanka
5. Barry Pinson, Revenue Law
6. PG Whiteman, Whiteman on Income Tax
7. Richard A Toby, The Theory and Practice of Income Tax
8. Wilson and Carmichael, Spicer and Pegler's Income and Profits Tax
9. Palkiwala, Indian Income Tax Vol 1 and 2
10. Reports of Ceylon Tax Cases (CTC) Volume – 4
11. Reports of Tax Cases (TC)
12. Taxation 1997/98 – Dept of Inland Revenue
13. Manual of Goods and Services Tax Law – Dept. of Inland Revenue
14. Icasl Income Tax Cases (1972 – 1995) Institute of Chartered Accountants of Sri Lanka
15. Taxation Commission Reports – 1991