TAXATION OF INCOME OF INDIVIDUALS

Degree in Taxation

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Code: 12125

Main Scientific Area: Taxation

Lecturer: Liliana Ivone da Silva Pereira

Language of Instruction: Portuguese

Regime: S2

Contact Hours: 60h Total Workload: 108h

ECTS: 6,0

Objectives

This course combine study of how either personal income tax operate in practice with a broad view of the theory and policy of tax law, regarding the goal to prepares students for careers in accounting or fiscal legal practice or as a high level tax consultant or fiscal advisor.

The study programme presented is therefore able to equip students with the necessary skills to analyse, and advise, concerning the income taxation treatment, and to solve problems that individuals have to face in this area.

This course aims to develop the study of personal income taxation so that students are able to:

understand the concept of unitary taxation by the analytical decomposition of income and identify sources of income and consequent determination of net income and its inclusion;

Identify the different forms of taxation of different types of taxpayers;

understand the obligations of withholding and payment;

Identify and fill statements and know the deadlines for compliance.

Learning Outcomes

On completion of this course, students should be able to:

Identify and analyze the tax laws, identify and resolve issues related to the various solutions to real tax problems within the limits of tax law;

Identify the sources of income and the rules to calculate the net taxable income;

Distinguish the way of taxation of residents and non-residents;

Apply the general progressive rates and the proportional special liberatory rates;

Recognize and quantify the various tax credits;

Understand the obligations of withholding and payment;

Identify and fill statements and know the deadlines for compliance;

Be prepared for future changes in the law and interpret the real consequences of these changes.

Course Contents

1. The Personal Income Tax (PIT) in the context of the other taxes in the Portuguese tax system

1.1 Origin of PIT - historical background, previous instalment taxation

1.2 Characterisation of the tax

1.3 IRS calculation scheme

1.4. The Mod. 3 IRS Declaration - obligation, deadlines

2. Structure of the CIRS, preambular DL and preamble

3. Personal taxation

3.1 Taxable person: household and dependants

3.2 Residence

3.3 Income obtained in Portuguese territory (reference to rates of tax)

3.4 Stable establishment

3.5 Special situations

4. Characterisation of the different categories of income;

5. calculating the net income of each income category;

5.1 Category A (income from dependent work)

5.1.1 Description of the components of gross income

5.1.2 Exemptions

5.1.3 Determining the specific income deduction

5.1.4 Attribution of income obtained in previous years

5.1.5 Withholding tax and final taxation (residents and non-residents)

5.2 Category H (Pensions)

5.2.1 Description of the components of gross income.

5.2.2 Exemptions

5.2.3 Determining the specific deduction from income.

5.2.4 Withholding tax and final taxation (residents and non-residents)

5.3 Category B (business and professional income)

5.3.1 Description of the components of gross income.

5.3.2 Exemptions

5.3.3 Simplified taxation regime.

5.3.4 Isolated acts.

5.3.5 Determination of income based on accounting.

5.3.6 Carrying forward losses.

5.3.7 Autonomous taxation.

5.3.8 Withholding Tax and Payments on Account.

5.3.9 Final taxation (residents and non-residents)

5.4 Category E (Capital Income).

5.4.1 Description of the components of gross income.

5.4.2 Time of taxation.

5.4.3 Income subject to taxation at rates in lieu of tax.

5.4.4. Opting for aggregation.

5.4.5 Economic double taxation.

5.4.6 Tax benefits

5.5 Category F (Property)

5.5.1 Description of the components of gross income.

5.5.2 Determining the specific deduction from income.

5.5.3 Deduction of losses.

5.5.4 Attribution of income obtained in previous years

5.5.5 Withholding tax and final taxation (residents and non-residents)

5.5.6. The option of Category B taxation

5.6 Category G (increases in assets).

5.6.1 Description of the components of gross income.

5.6.2 Taxation of capital gains.

5.6.3 Compensation.

5.6.4 Unjustified capital gains.

6. Determining overall net income.

7. Taxes.

7.1 General rates

7.2 Withholding tax rates: in the nature of a payment on account and in lieu of payment

7.3 Special rates

7.4 Autonomous taxation

8. Determination of the taxable amount.

9. Deductions from the taxable amount.

10. Withholding tax and rates.

11. Accessory and payment obligations;

12. Model 3 IRS tax return.

Recommended Bibliography

Código do Imposto sobre o Rendimento das Pessoas Singulares (CIRS) e legislação complementar

Estatuto dos Benefícios Fiscais (EBF)

Manual de Apoio fornecido pelos docentes

MORAIS, Rui Duarte (2016), “Sobre o IRS”, Almedina, Coimbra.

XAVIER DE BASTO, José G. (2007), “IRS: Incidência Real e Determinação dos Rendimentos Líquidos”, Coimbra Editora.

PEREIRA, Paula Rosado (2023). Manual de IRS - 5ª edição, Almedina, Coimbra.

Carlos, Américo Brás; Abreu, Irene; Durão, João Ribeiro; Pimenta, Maria Emília (2024). Guia dos Impostos em Portuga 2024, Edição Quid Juris.

Learning and Teaching Methods

This course is part of the degree course in Taxation. As future professionals in the field of Taxation, students should know thoroughly the Portuguese tax system. One of its aspects is the income tax, where the tax environment of personal income is particularly important, either by the number of taxpayers covered either by tax revenue it generates.

Thus, in the context of this course, as is clear from its objectives, the aim is the detailed study of the system of Personal Income Taxation in light of the Portuguese tax system, with the necessary relationship with the European Union law and certain provisions on International Taxation.

In this context, the syllabus has been defined based on the objectives to be achieved and competences to be acquired by students.

Thus, the program includes in-depth study of the IRS to ensure the scope of action of the students as taxation professionals. Necessarily the approach begins with the study of concepts and principles inherent in the taxation of income and their evolution over time, which allows the necessary understanding to deepen the remaining contents of the program.

The main aspects of the characterization and functioning of the IRS will be covered so that the students, in their professional future, are able, in the context of direct taxation, to know the proper treatment to apply to paid / received income, knowing the rights and responsibilities of taxable persons and other entities, deadlines and formalities associated with its implementation and the means to respond in case of disagreement with the actions of tax authorities. In this context it is extremely important the jurisprudential, so it will be given particular attention to this analysis.

The program includes topics related to the study of the taxable person’s component, in order to be able to identify the taxpayer’s, assuming, in the case of the IRS, particularly importance the figure of the household.

In the dimension of taxable income, the program includes the detailed study of the rules for determining the net income of the current 6 categories of IRS.

After examining the framework to give each type of income, the syllabus includes a study of the aggregation rules and rates applicable to income earned (whether general taxes, withholding or special).

Finally it is contemplated the study of the mechanics associated with the tax assessment, including the study of deductions and tax benefits, and obligations to the IRS taxpayers.

Some of the topics covered in this course will be further deepened in other courses (International Taxation).

In each domain of approach we aim the developing of a critical spirit and initiative to make students, who are pursuing or will pursue activities in Accounting and/or Taxation, able to identify best practices and, with autonomy, to apply them to the reality of each entity.

Assessment Methods

The following assessment methodologies will be used within the scope of the course:

- Assessment of students' attendance, participation and behaviour during classes, with particular emphasis on class attendance, discussion and resolution of practical cases and debate of the topics covered in class and behaviour that does not disrupt the normal running of classes;

- Formative assessment appropriate to the acquisition of knowledge, skills and competences through tests, resolution of exercises and individual and/or group work;

Calculation of the final mark in continuous assessment:

1. Attendance / participation / behaviour - weighting of 5%+10%+5%, respectively for the final grade:

Attendance comprises the student's presence in class (measured by an electronic attendance register). Students will receive the maximum mark if they attend at least 2/3 of the lessons. If they don't reach this minimum, their attendance grade will be 0.

Behaviour will be assessed by the teacher in relation to the behaviour and posture adopted by students in class;

Participation will be assessed particularly in previously scheduled exercise classes in which students, in groups, will have to solve the proposed exercises and present the resolution to the class.

2. Partial tests - there will be two partial tests. In each case, the subject matter taught up to the date of the test will be assessed. The weights will be as follows:

2.1 - 1st test (in person) - 40% - Date to be confirmed by the Course Director - minimum mark 8.

2.2. - 2nd test (face-to-face) - 40% - Date to be confirmed by the Course Director - minimum mark 8.

In order to pass, the student must obtain a final mark, resulting from the weighting of the assessment elements identified (attendance, behaviour, participation and 2 tests) of at least 9.5.

In the exam and special exam periods, as well as for the purposes of improving a grade, assessment will be exclusively by exam with a weighting of 100 per cent and taking into account all the material taught during the semester.

Students must use a calculator in the assessment tests, and the use of graphic or scientific machines or any machine or device with text memory is forbidden.

The use of mobile phones during assessment tests is prohibited.

During assessment tests, students may consult the legislation indicated by the teacher at the beginning of the semester. Consultation of annotated and/or commented legislation is prohibited.

All other rules are in accordance with the REGULATIONS FOR THE ASSESSMENT OF KNOWLEDGE AND SKILLS OF THE HIGHER SCHOOL OF MANAGEMENT OF THE POLYTECHNIC INSTITUTE OF CÁVADO AND AVE.