

The Institute of Taxation
Certified Tax Adviser (CTA)
(Application Level)

Paper 2 – Indirect Taxes (Application)

This paper is to develop applied knowledge and practical expertise relating to Pakistan Indirect Tax Laws and Systems. Proficiencies will be developed in dealing with specific technical issues arising in the indirect taxes and to write professional advice on these issues. It also includes legal drafting and pleading.

The purpose of this paper is therefore to test the candidate's ability to produce a report which a client would value. It does this by focusing on three areas in which candidates must demonstrate competence:

- Structure
- Identification and Application
- Relevant Advice and Substantiated Conclusions

The contents of this paper will be examined through mini case studies over the duration of 3 hours and 15 minutes.

S. #.	Syllabus Areas & Grid	Weightage
A	<p>Sales Tax Act, 1990</p> <ul style="list-style-type: none">• The Sales Tax Ordinance 2000 Promulgated by The Provinces• The Islamabad Capital Territory (Tax on Services) Ordinance 2001• The Federal Excise Act 2005 <p>Notifications, Rules, General Orders and Circulars issued under above mentioned laws.</p>	60-70
B	Tax Planning and Advice, Legal drafting and pleading relevant to Direct Taxes (Note1)	20-30
C	Ethics and Forensic Audit	10-15

Course Outline and Competencies

	Areas	Proficiency Level	Testing Level
A1	Calculate sales tax (output and input) on taxable supplies including zero rated and exempt supplies.	P3	T3
A2	Calculate apportionment of input tax and carry forward/refund thereof.	P3	T2
A3	Advise on registration, de-registration, returns, records, audit and appeals	P3	T2
A4	Apply provisions of provincial/capital territory sales tax laws applicable on services.	P2	T2
A5	Apply Provision of Federal Excise duty	P2	T2
A6	Advise of organizational strategies with respect to indirect taxation.	P3	T2
B1	Handling of different departmental proceedings in professional manner like: Audit, Withholding tax, Assessments etc.	P2	T2
B2	Appeal with Commissioner (Appeals) and Tribunal: Preparation of Appeal Documents, Drafting Facts of the case, Grounds of Appeal, written arguments etc.	P2	T2
B3	General principles of legal drafting and pleading like: Responding to department notices, framing question of Law, Arguments to Commissioner (Appeals) and Appellate Tribunal	P2	T2
B4	Tax Planning techniques and advice to clients Legal Avoidance-scenario based leading to tax planning Technical Avoidance- scenario based leading to tax planning	P1	T1
C1	Professional Ethics-Institute of Taxation Code of Ethics	P1	T1
C2	Forensic Audit-Introduction	P1	T1

Note 1

Legal

Drafting and Pleading

This part of syllabus provides an extensive understanding on Legal Drafting and Pleading. It analyses the importance of pleadings as well as Order VI of the Civil Procedure Code 1908. It further elaborates upon the format of various civil pleadings like plaint, written statement, injunction, affidavit etc.

- Legal
Drafting – General principles of drafting and relevant substantive rules
- Pleading
– Petition and Pleading in general and relevant to tax matters

Tax Planning and Advice

The objective of this part of the syllabus is to bring aspects of direct taxes. Examination of this part covers all tax heads covered in this paper in an integrated manner. Less detailed answers are required as the questions do not require students to do detailed calculations, students will need to summarize the tax issues. This section also covers anti-avoidance legislation, appeal procedures as well as considering the ethical issues that a Tax Adviser may face when giving tax advice.

This part of the paper will examine students on their ability to:

1. Translate complex legal concepts and the implication of same to taxpayers, including companies and other entities.

- i) Interact with other professionals to provide the final advice
- ii) Communicate implications of tax advice to taxpayers

2. Support the successful and effective implementation of advice provided

- i) Identify the steps required to implement any advice provided and interact with other professionals to agree the responsible parties
- ii) Prepare an implementation plan for the advice provided

3. Understand the role of tax advisers in representing and defending taxpayers

- i) Justify recommendations and research findings to specialists and non-specialists including the taxpayers and tax authorities
- ii) Represent the taxpayer in practical situations and formulate responses to unpredictable and complex problems
- iii) Interact professionally with taxpayers and tax authorities
- iv) Communicate with tax payers and with tax authorities on complex tax return issues
- v) Critical awareness of the fundamental issues for the tax profession in representing and defending taxpayers