

Taxation of the Companies (20693)

(Règim fiscal de l'empresa)

Degree / study: Degree in Business Administration (ADE)

Course: Third and Fourth

Quarter: Third

Number of ECTS credits: 5 credits

Number of hours that the student will require: 125 hours (between theory and seminars)

Language of instruction: Catalan

Professor: Antoni Duran-Sindreu Buxadé

1. Introduction to the subject

Any employer or manager, when making or directing economic activity, has to analyze, evaluate and take into account a number of factors for the business project is viable, productive and successful.

Factors such as whether to take a decision on the type of financing (own or external), study of potential competition, valuation of business size, etc., require the maximum attention.

A factor that also has a high importance and we should know and analyze in order to optimize the economic management, is the fiscal framework that the business activity will use.

An adequate knowledge and study of taxation, allows, for example, to reduce or to optimize the impact of tax burdens, such as the Corporation Tax (Impuesto sobre Sociedades), or deferral, whether to cut the fiscal cost of the company, always aiming to prevent erroneous behaviors which may lead to sanctions in business caused by the misapplication of tax law.

Taxation is present in any act which the employer or manager makes during his daily activities, taxes are present at the time of an employment contract, at the time of forming a company, when paying to suppliers or selling any material or service, when you export or when performing an import. To develop a correct economic activity, is necessary to know their tax, taxes that make the tax system and be aware of the way in which they must apply to the company.

This course provides students with a perspective from which they will understand that corporate management and directors consists of a cluster of factors that affects taxation, sometimes very significantly, giving an overview of the tax system and explaining the main taxes that can affect an economic activity.

Similarly, we will analyze the effects that can create whichever the formula chosen to develop an economic activity, we study the main differences between the entrepreneur as an individual and the employer as a legal entity, and the consequences arising from the fact take one way or another about direct taxes, the Income Tax of Individuals (Impuesto sobre la Renta de las Personas Físicas, hereinafter IRPF) and Corporation Tax (Impuesto sobre Sociedades). We will also examine what effects may result from economic double taxation when dividends by corporations to individuals.

We will also consider the taxation to be generated from business ownership, whether individual or through participation in legal entities and tax incidence falls on the Wealth Tax (Impuesto sobre el Patrimonio) and inheritance, which is reflected in the Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones).

In the second and third of the course, of longer duration, we will study the scheme for the operation of the Corporation Tax (Impuesto sobre Sociedades), with special mention of the main differences between accounting standards and tax rules and the treatment applied to companies small size.

In the course it is also explained the tools provided in the tax whose purpose is the deferral or tax savings, such as the acceleration of amortizations or the application of the deduction for reinvestment, as well as the action to be followed to obtain the maximum benefit.

It will be also discussed the policy of deferral and tax savings that the rules of Corporation Tax (Impuesto sobre Sociedades) available to employers, the risks associated with these policies and their impact and involvement in making business decisions. They are also analyzed the close relations between business taxation and accounting, both from a formal point of view as material one.

In the fourth part of the course we will analyze the process of corporate reorganization and the specific tax treatment provided for the legislation of the Corporation Tax (Impuesto sobre Sociedades). The study has a practical approach and is performed by analyzing a typical example of reorganization and major fiscal implications that must be taken into account in the planning and execution of such processes.

2. Competencies to be achieved

GENERAL SKILLS:

Understand and interpret relevant and reasoned written and academic level texts.

Being able to justify own positions with consistent arguments, and defend it in public.

Being able to communicate properly in both oral and written in any of the two official languages of Catalonia, it is, Catalan and Castilian, before both expert and inexperienced audiences.

Being able to work together, actively participating in and negotiating tasks ahead of divergent views to reach consensus positions.

Develop the ability to reason with distance self critical issues or controversial issues.

Accepting the diversity of views as an essential ingredient of academic life and integral to contemporary society, and be able to present their own opinions while respecting the differing views.

Having consolidated habits of self-discipline, self-demands and rigor in the conduct of the academic work, as well as and in the organization and its proper timing.

Have a proactive attitude on the desire to know what is ignored, essential in any learning process and in any professional activity projection.

Apply in a flexible and creative way the acquired knowledge and to adapt them to new situations and contexts.

Demonstrate a level of knowledge sufficient for the professional performance.

Use the appropriate information in the formulation of proposals and problem solving.

Apply economic reasoning in making decisions.

Apply the knowledge and procedures relevant to a range of complex situations.

Identify the key factors of a problem.

Demonstrate a critical approach in front of different situations.

SPECIFIC COMPETENCIES:

To be able to identify the main taxes that affect business and knowledge of its basic regulations.

Ability to raise the tax implications of any problem in a company and developing the skills to optimize taxation in decision-making.

Develop a multidisciplinary view on the efficiency analysis and business decisions.

3. Contents

The course is distributed into 4 parts which are described below. The second and third parts will be developed more widely because of their importance:

1. Introduction to the taxation of economic activities.

- a. Explanation of the Spanish tax system and its taxes.
- b. Differentiation of direct taxation applicable to the individual entrepreneur and businessman legal entity.
- c. The concept of progressivity of the Income Tax (IRPF) and the effects of double taxation in the distribution of benefits by legal persons.
- d. The evolution of the entrepreneur: Sole Proprietor, Civil Private Society, Commercial Society to complex economic heritage schemes.

2. The Corporation Tax (Impuesto sobre Sociedades).

- a. Aspects of territoriality.

- b. Exemptions from this tax.
 - c. The link of the accounting and taxable income and the problems arising.
 - d. The main differences or adjustments between accounting and taxation and their main effects, the deferral and the tax savings.
 - e. The tax rate and its application based on the characteristics of the legal person.
 - f. The tax deductions and incentives for business investment.
 - g. The determination of the tax payable.
 - h. The special tax regime applicable to smaller companies and micro-enterprises, requirements and characteristics.
3. Business policies of deferral and tax savings.
- a. The political concepts of deferral and tax savings.
 - b. Policies tax savings: tax credits for investment incentives, monetary correction and compensation for tax losses.
 - c. Tax deferral policies: depreciation, investment tools and forward transactions.
 - d. Risk factors associated with saving policies and tax deferral
 - e. Taxation as a business decision-making: the relationship between taxation and business decision making.
 - f. Relations between corporate taxation and accounting: formal and material aspects.
4. Corporate reorganization.
- a. Corporate reorganizations and the special tax regime of mergers, divisions, assets transfers and exchange of values.
 - b. Study, using an example, the reorganization scheme and its fiscal implications.
 - c. The objectives of corporate reorganizations and their tax implications.
 - d. The holding company and their tax characteristics.

4. Evaluation

Final evaluation by examination, required at the end of the quarter, which will involve 80% of the note.

The test is multiple choice, and consists of theoretical questions and practical questions. Questions answered incorrectly subtracted 0.25 points. You will need to answer a minimum number of questions. The questions will be of a theoretical and practical, in which you will have to make numerical calculations.

In seminary practical classes, resolution practices will be proposed to students. The practices will be previously available in the Global Classroom (Aula Global). The resolution of practices will be done individually and handed to the teacher as indicated.

In the various seminars, the teacher will choose some students to publicly expose the practices settled, making a comment in class after. Both the practices and the presentations will be evaluated by the teacher. The note from practices weighted 20% on the final grade for the course.

To pass the subject is necessary to pass the exam and the practices that have arisen during the course of the subject.

The September evaluation is governed by the same criteria.

Except practices, no other additional work will be asked to hand.

5. Literature and teaching resources

5.1. Basic Bibliography

Topographic KKT3592. R45 2011 Title **Régimen fiscal de la empresa** / **Luis Malvárez Pascual; J. Pablo Martínez Gálvez ; Salvador Ramírez Gómez ; Antonio José Sánchez Pino** Publication Madrid: Tecnos, 2011

Topographic HJ2840. P68 2011 Author Poveda Blanco, Francisco Title **Sistema fiscal: esquemas y supuestos prácticos** / **Francisco Poveda Blanco, Ángel Sánchez Sánchez** Publication (Navarra): Thomson Aranzadi, 2011 Edition 21 ed. Update

Author Marín Lama, Carlos. Title **El Cierre fiscal y contable del ejercicio 2010 [Recurso electrónico]** / **Carlos Marín Lama, Juan Pedro Rodríguez Blanco** Publication [Barcelona]: Planificación Jurídica, 2010

Topographic KKT3550. A93 2007 Author Emilio Albi Ibanez, **Sistema fiscal español** / **Emilio Albi Ibáñez** Publication Barcelona: Ariel, 2007 Edition 22 ed. rev. and update, 2007-2008 edition

5.2. Further Reading

Topographic KKT3526. A28 2011 Spain Corporate Author España Title **Derecho financiero y tributario español : normas básicas / edición preparada y anotada por el Dr. D. Alejandro Menéndez Moreno** Publication Valladolid: Lex Nova, 2011 Edition 23 ed.

Author Moreno Moreno, M. Carmen Title **Fiscalidad individual y empresarial : ejercicios resueltos / Ma. Carmen Moreno Moreno; Raquel Paredes Gómez** Publication Madrid: Civitas, 2010

5.3. Teaching resources

Schemes summary, prepared by teachers, of each of the topics to be developed will be given to students to follow the development of theoretical sessions.

Matters arising in the forums of the course.

Practical cases to be developed in the seminars of the course.

6. Methodology

Theory classes: the teacher presents the course content through abstract schemes. The aim is to give students theoretical knowledge sufficient for them to apply for the development of practical classes.

The material to follow the theory classes is an overview of the different schemes topics, and to be developed in detail in the sessions given by the teacher. Additionally, the students should have the legal rules governing the subject studied.

Practical classes (seminars): students have to work the theoretical concepts studied through the resolution of different case studies. The aim is to ensure that students can apply the acquired knowledge and know it for making tax assessments.

The material to follow the practical classes (seminars) are some exercises to solve, that students will have to deliver and to be displayed at random under the direction of the teacher, who will evaluate the work presented as well as the way it is exposed.

All this material is made available to students through the Global Classroom (Aula Global).

7. Schedule of activities

In the theoretical classes, so prior to the development of each topic, the teacher offers students the corresponding abstract patterns.

In practical classes, the teacher also offers students the different practical cases to be resolved in seminars, in time for them to carry out the practice resolution before the seminar.