

The Language of Taxation

Session 1

Silvana Debonis (asilvanadebonis@gmail.com)

W: _____ ?

D: Well, income tax is normally self-assessed by taxpayers on their own tax return. The tax administration is entitled to make an official assessment of income tax if: the taxpayer does not file an income tax return; the taxpayer fails to provide information or clarifications as required by the tax administration or if the taxpayer's return is not accurate.

Definition	Word?
To have the power to / to have the right to	
Tax form	
Determination made by the tax administration as to the amount of tax payable by the taxpayer	
Determinate the tax payable by the same taxpayer	
To submit a tax form	

W: _____ ?

D: Well, income tax is normally **self-assessed** by taxpayers on their own **tax return**. The tax administration **is entitled to** make an **official assessment** of income tax if: the taxpayer does not **file** an income tax return; the taxpayer fails to provide information or clarifications as required by the tax administration or if the taxpayer's return is not accurate.

Definition	Word?
To have the power to / to have the right to	Be entitled to
Tax form	Tax return
Determination made by the tax administration as to the amount of tax payable by the taxpayer	Official assessment
Determine the tax payable by the same taxpayer	Self-assess
To submit a tax form	To file

To remember:

Assessment

- Self-assessment
- Official assessment
 - On an actual basis
 - on a presumptive basis

Filing

- Paper filing
- E-filing

Payment

- Quarterly
- Annually

W: _____?

D: Well, taxpayers **taxed on** their actual income may choose to assess and pay income tax according to one of two methods: they may compute the actual **taxable income** quarterly, thus assessing and paying income tax on **actual** profits on a quarterly basis. In this case no annual income tax **is due** as income tax on actual profits has been paid quarterly. On the other hand, they may assess the actual taxable income annually. In this case, the taxable base is calculated by applying a given percentage on the monthly gross income. The tax has to be paid monthly and is treated as an **advance payment**. This advance payment, of course, **is creditable against** their final **tax liability**.

Work in groups to answer these questions:

1. What does taxable mean?
2. What other nouns can we use with the word taxable:
3. What is the meaning of actual in this paragraph? What would be the opposite?
4. Can you express this sentence in another way?

“Taxpayers who are taxed on their actual income...”

5. What can taxpayers be taxed on?
6. What is an advance payment?
7. What does creditable against mean?

W: _____?

D: As a matter of fact, legal entities whose total **gross income** – including **capital gains** – did not exceed \$ 12 million in the previous year may choose to be taxed on deemed profits. Under this regime, taxable income is considered to be, in general, 8% of the taxpayer's monthly **turnover**. So the tax is assessed by applying the **corporate income tax rate** on the taxable base. The tax is accounted for on a monthly basis and must be paid in the month of **accrual** of income.

W: _____?

D: As a matter of fact, legal entities whose total gross income – including capital gains – did not exceed \$ 12 million in the previous year may choose to be taxed on deemed profits. Under this regime, taxable income is considered to be, in general, 8% of the taxpayer's monthly turnover. So the tax is assessed by applying the corporate income tax rate on the taxable base. The tax is accounted for on a monthly basis and must be paid in the month of accrual of income.

W: _____?

D: As a matter of fact, legal entities whose total **gross income** – including **capital gains** – did not exceed \$ 12 million in the previous year may choose to be taxed on deemed profits. Under this regime, taxable income is considered to be, in general, 8% of the taxpayer's monthly **turnover**. So the tax is assessed by applying the **corporate income tax** rate on the taxable base. The tax is accounted for on a monthly basis and must be paid in the month of **accrual** of income.

1. What is the difference between gross income and turnover?
2. What are capital gains? Can we say capital income or capital profits?
3. Where the tax does not apply to corporations, how do we call it?
4. What does accrual mean? What is the opposite?

