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Reforming Master Programmes in Finance in Armenia and Moldova / REFINE

An Erasmus+ Capacity Building Project (2017-2020)

# THE COURSE

## Tax Planning

### OVERVIEW

*University Moldova State University*

*Teacher Iulia Caprian, PhD in Economics, Associate Professor*



# BASIC INFORMATION



<b>TITLE OF THE COURSE</b>	<b>Tax Planning</b>
<b>TEACHERS</b>	Iulia Caprian
<b>YEAR OF THE COURSE</b>	This course is an updated and revised version of a course which already existed in the curriculum
<b>SEMESTER OF THE COURSE</b>	2nd
<b>LANGUAGE</b>	Romanian/ Russian/English
<b>NUMBER OF ECTS CREDITS</b>	5

# LEARNING OUTCOMES



- PC 1: Advanced use of national and international accounting standards and accounting techniques, national and international tax law and practice, and interdisciplinary approach to economic operations to provide financial, tax and investment consulting services;
- PC 5. Advanced use of knowledge in the field of investment and taxation for the design, development and implementation of strategies, policies, procedures, financial-accounting management systems in public and private entities.

# LEARNING OUTCOMES



- At the end of this course students should be able:
- To understand how the correct payment of taxes can be beneficial for both the firm and third parties, increasing the fiscal responsibility from the perspective of the company.
- To explain fiscal aspects in the decisions of the company
- To apply tax planning / optimization for increasing the value of the company;
- To analyze the economic operations, processes, phenomena specific to the business field from the perspective of fiscal planning.
- To integrate the conceptual, methodological apparatus of fiscal planning and tax legislation for the solving the complex problems of financial-accounting management.
- To elaborate the professional and / or research projects with innovative use of the knowledge specific to the field of fiscal planning.
- To adapt the fiscal planning tools and methods in new business contexts.

# SYLLABUS OF THE COURSE



<b>Weeks</b>	<b>Topics</b>
1-2	Tax planning and forecasting - general notions
3-4	Tax planning at macroeconomic level
5-6	Tax planning at the microeconomic level - a tool for optimizing tax payments at the enterprise
7	Tax planning and legal liability
8	International and European fiscal planning
9	Tax planning and offshore activity
10	Evaluation of tax planning efficiency

# SYLLABUS OF THE COURSE

## ADMINISTRATION OF THE DISCIPLINE



Code of discipline of the study plan	Title of the course	Responsible for discipline	Semester	Total hours					Assessment	Number of ECTS credits
				Total	inclusive					
					C	S	L	IW		
S.03.O.1 2	Tax planing	Caprian Iulia	2	150	20	20		110	ex.	5



# ORIENTAL TIMETABLE AND ORIENTAL DISTRIBUTION OF HOURS

Nr	Content units	Number of hours per week		
		Lecture	Seminars	Individual Work
1	Tax planning and forecasting - general notions	4	4	20
2	Tax planning at macroeconomic level	4	4	20
3	Tax planning at the microeconomic level - a tool for optimizing tax payments at the enterprise	4	4	20
4	Tax planning and legal liability	2	2	10
5	International and European fiscal planning	4	4	10
6	Tax planning and offshore activity	2	2	20
7	Evaluation of tax planning efficiency	2	2	10
<b>Total</b>		<b>20</b>	<b>20</b>	<b>110</b>

# WEEK 1-2



## TOPIC I Tax planning and forecasting - general notions

- Conceptual notions regarding the organization of the fiscal process
- The essence, structure and methods of tax planning and forecasting



# WEEK 3-4



## TOPIC II. Tax planning at macroeconomic level

- The macro-level fiscal planning mechanism
- Macro-level fiscal planning aspects in the Republic of Moldova

# WEEK 5-6



## TOPIC III. Tax planning at the microeconomic level - a tool for optimizing tax payments at the enterprise

- Fiscal planning at the level of the economic agents - general concepts
- The principles of fiscal optimization at the company - a) the principle of rationality c) the principle of the issue price c) the principle of an integrated and individualized approach e) the principle of legal purity of the transaction e) the principle of priority

# WEEK 7



## TOPIC IV. Tax planning and legal liability

- **Signs of tax avoidance - Hiding / lowering incomes, increasing expenses, counterfeiting documents**
- **Sources of information on tax violations**
- **Avoidance of criminal liability**

# WEEK 8



## TOPIC V. International and European fiscal planning

### The mechanism of international tax planning

- **Benefits of international tax planning. Creation of a fiscal normative base in accordance with EU practices and implementation in the Republic of Moldova.**
- **Harmonization of tax legislation with that of the member states of the European Union and their implementation in the fiscal code of the Republic of Moldova**
- **Dividing the international tax planning mechanism into stages:**
  - 1. Choosing the most favorable, from the fiscal point of view of the location of the base company.**
  - 2. Choosing the legal form of organization of the company (example: Holdings with a network of financial daughter companies)**
  - 3. In-depth study of the tax code in the country of registration of the parent company**
  - 4. The correct use of the obtained profit, the placement of the capital, the choice of the investment policy.**

# WEEK 9



## TOPIC VI. Tax planning and offshore activity

- **How offshore activity is organized and operated:**
  - a) **The concept of tax haven**
  - b) **The advantages and benefits offered by tax havens for natural and legal persons**
  - c) **Offshore - Limited company - Designates a company that does not carry out commercial activity in the country in which it was registered**
  - d) **The advantages of offshore companies**
  - e) **Examples of countries / territories considered as tax havens (Netherlands Antilles / Switzerland / Singapore etc)**
    - **The fiscal mechanism - an instrument of economic regulation:**  
**Three functional elements of the fiscal mechanism 1. Fiscal planning 2. Fiscal regulation 3. Fiscal administration**

# WEEK 10

## TOPIC VII. Evaluation of tax planning efficiency

- **Assessment of the methods and techniques of efficiency of fiscal planning: 1. Sum of all accumulated taxes 2. Sales revenue 3. Analysis of the results in the context of fixed and variable taxes 4. Changing the tax time**
- **To calculate the coefficients of the change in fiscal pressure: 1. General fiscal efficiency 2. Income tax coefficient 3. Cost tax coefficient 4. Profit tax coefficient**

# TEACHING METHODOLOGY



**In the teaching of the discipline are mainly used interactive methods:**

- The Jigsaw puzzle method means mosaic or "interdependent groups method" - it is based on team learning. Each student has a task of study in which students must become an "expert". Students also has the responsibility of transmitting assimilated information to other colleagues.
- LOTUS technique. The technique of the lily flower implies the deduction of connections between ideas, concepts, starting from a central theme. The central issue or theme determines the 8 secondary ideas that are built around the main one, like the petals of the lily flower. The 8 secondary ideas are passed around the central theme, and then they turn into main themes, for another 8 flowers of lily. For each of these new central themes, 8 new secondary ideas will be built. Thus, starting from a central theme, new study themes are generated for which new connections and new concepts need to be developed.

# TEACHING METHODOLOGY



3) The Philips 6/6 method is similar to brainstorming and method 6/3/5, but it is individualized by limiting the discussion of the 6 participants to 6 minutes. This fact aims to intensify creative production, as in the case of method 6/3/5.

Philips 6/6 method steps:

- 1. Establishment of groups of 6 participants (4 members + 1 secretary + 1 group leader). In addition, the secretary of each group has the task of writing down the ideas of the colleagues. The leader is the one who leads the debate within the group and presents the conclusions.
- 2. Handing over the topic / issue to be discussed in particular, by each group and motivating its importance.



# TEACHING METHODOLOGY



- 3. Conduct discussions based on the theme, within the group, for 6 minutes.
- 4. Collecting the solutions developed. The leaders of each group present the ideas to which they arrived or they are handed over in writing to the coordinator of the group (teacher).
- 5. The collective discussion, the collective decision regarding the final solution, based on the hierarchy of variants on the board.
- 6. Closing the discussion with the teacher offering the conclusions regarding the participation in the activity and the efficiency of the steps taken.

# TEACHING METHODOLOGY



4) The method 6/3/5 will be applied just when necessary and is described as follows. The technique is called 6/3/5 because there are 6 participants in the working group, who write down on a sheet of paper 3 solutions each, for a given problem, for 5 minutes.

1. Split the class into groups
2. Formulating the problem and explaining how to work:
3. Conduct group activity
4. Analyze the solutions and keep the best ones.

Also in teaching methodology, it is necessary to use traditional methods such as course, seminar, exposure, description, explanation of economic phenomena and processes, graphical representations, comparison, etc.

THE PROBLEM			
	Idea 1	Idea 2	Idea 3
Student 1			
Student 2			
Student 3			
Student 4			
Student 5			
Student 6			

# LABOUR MARKET RELEVANCE



- . Applying to the methodologies tested internationally, following the hearing of the course given to the master students will be able to activate in the field of local public bodies; streamline the fiscal planning and analysis; determine the conditions necessary for efficient investments, from a budgetary-fiscal point of view, etc.
- Labour market relevance of the course consists in teaching students the theoretical and organizational foundations of tax planning, as well as the practical skills of preparing tax plans in terms of achieving a compromise between the amount of tax burden and the financial results of the organization in the context of value management.

# LABOUR MARKET RELEVANCE



From the point of view of the employer, as a result of studying this discipline, the future specialist should:

- make up the "tax field" of the organization;
- draw up the budget of the company for taxes;
- draw up a tax calendar;
- apply the opportunities provided by law for tax cuts;
- calculate the effectiveness of the application of tax optimization schemes;
- make a choice of a tax system for a newly opened and already functioning organization;
- choose tools for processing information in order to analyze the tax burden, plan and forecast tax payments, and develop tax optimization schemes for the organization.
- apply the methods of working with information sources and data for making and forecasting the tax consequences of management decisions;

# ASSESSMENT AND GRADING



The current evaluation will be carried out through:

- 2 control works - written tests;
- elaboration and support of the product of the individual work,
- appreciation as a result of participating in seminars

Final assessment - written exam, which includes topics from the course studied.

The general grade will be determined as a weighted average as follows:

- current evaluation, including the product of the individual work - 60%; (for full time students); (50% - in the form of reduced studies)
- final evaluation - 40% (for full time students); (50% 50% - in the form of reduced studies)

# ASSESSMENT AND GRADING



$NF = 0.1 \times LC1 + 0.1 \times LC2 + 0.20 \times EC + 0.20 \times LI + 0.4 \times TEF$ , where:

- NF - final grade;
- LC - written test (control reading);
- EC -current evolution (debates, comments and application resolutions);
- LI - team or individual project;
- TEF - final evaluation test (exam)

# REFERENCES



- 1. Tax Code of the Republic of Moldova. On: <http://www.fisc.md/Upload/LinkedPDF/Tax%20Code.pdf>
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- 3. Raymond Chabot Grant Thornton. Tax Planning Guide 2016-2017. <http://en.planiguide.ca/files/2016/11/Tax-Planning-Guide-2016-2017.pdf>
- 4. International Tax Planning and Fixed Investment. ECO/WKP(2016)85/ 06-Feb-2017. available at [www.oecd.org/eco/workingpapers](http://www.oecd.org/eco/workingpapers).
- 5. Principles of Taxation for Business and Investment Planning (2019) Edition 22nd Edition Sally Jones, Shelley Rhoades-Catanach, Sandra.
- 6. Taxes and Business Strategy: A Planning Approach integrates tax Taxes & Business Strategy - Myron S Scholes - Bok . 6 Jan 2014 .
- 7. Skripnichenko V. Taxes and taxation: studies. instrument. Skripnichenko. - SPb. Peter-Moscow Izdat. House. BINFA, 2018.
- 8. Thomakos (Eds), Taxation in Crisis (Palgrave Macmillan Studies in Banking and Financial Institut), 2018 ISBN 978-3-319-65309-9

# COURSE ASSIGNMENT 1

MOLDOVA STATE UNIVERSITY  
Department of Finance and Banks



Head of the department  
Stefanuc Olga dr., Associate professor

## TEST

For examination at Tax Planning Year II, Cycle II  
Master student \_\_\_\_\_ Group \_\_\_\_\_  
Faculty of Economic Sciences

### Subject I. Fiscal administration

#### I. At the level of knowledge

1.1. Describe the tax administration at the macro level. 3p

#### II. At the application level

1.2. Characterize the tasks of tax administration at the level of the national economy. 5p

#### III. At the level of integration

1.3. Justify the need to set up the Advisory Council of the Ministry of Finance in the field of taxes and duties 7p

### Subject II. Tax planning at the micro level

#### I. At the level of knowledge

2.1. Describe the aspects of tax planning at the level of the economic agent. 3p

#### II. At the application level

2.2. Characterize the elements of fiscal planning at the level of the economic agent, 5p

#### III. At the level of integration

2.3. Tell about the role of tax planning as a process of managing fiscal relationships in tax administration. 7p

### The scale of assessment

Points	6 – 8	9 – 11	12 – 18	19 – 25	26 – 28	29 – 30
Note	5	6	7	8	9	10

Responsible Professor: Dr. associate prof. Caprian Iulia \_\_\_\_\_ \ \_\_\_\_\_ 2019



## COURSE ASSIGNMENT 2



**Case study:** Elaboration of a fiscal control report in the public or private sector

### Tasks

- Preparation of a fiscal control report in the public or private sector
- Implementation strategies and presentation methods

### Strategies for the implementation:

1. Carrying out the process of fiscal administration at LPA, CPA, public authorities, fiscal inspectorate, State fiscal service, Customs service, Tax and tax collection service within town halls, budgetary institutions, public authorities for self-management, CNAS, CNAM
2. Applying the methodology of carrying out the missions of internal audit, fiscal control and fiscal inspection
3. Carrying out the control / audit of the revenues, expenditures and public procurement of LPA, CPA, public authorities, fiscal inspectorate, State fiscal service, Customs service, Tax and tax collection service within town halls, budgetary institutions, public authorities for self-management , CNAS, CNAM
4. The parallel between the concept of fiscal control, the fiscal audit internal audit and other concepts The relations of control and audit in the public sector with fraud

## COURSE ASSIGNMENT 2



### Final product

- Income control, expenditures and public procurement in the public sector

### Evaluation criterias

1. Compliance with the structure of the Analytical Report
2. The relevance of the information selected for the analysis of the expenditure and revenue management of the LPAs, the CPAs, the public authorities, the fiscal inspectorate, the State Tax Service, the Customs Service, the Tax and Tax Collection Service within the town halls, budgetary institutions, public authorities for self-management, CNAS, CNAM
3. The relevance of the applied methodology and the calculated indicators.
4. Relevance of data presentation in tables, figures, graphs, etc.
5. The correctness of the analytical data and documents included in the product and of the calculations performed.
6. The relevance of the conclusions made and the reasoning of the proposals / recommendations made.
7. Perfecting the product according to the technical requirements listed below:
  - The analytical report will be written in Word, Times New Roman, font size - 12; space between rows - 1,5; in the tables space is allowed - 1,0. The title of the table will be placed above the table; the title of the figure, the graph - it will be placed at the bottom of it. Final case studies will be printed on the computer on A4 size paper, with all the necessary documents attached and covered (European standard).
8. Presentation of the product within 01.05.2020.
9. The analytical report will be supported by a communication of 5-7 minutes based on a PPT presentation in front of the evaluation commission, composed of representatives of the LPA, the CPA, the Fiscal Inspectorate, Auditors, CNAS, CNAM and the disciplines responsible:
  - Management of public finances;
  - Internal audit in the public sector;
  - Tax planing.



**THANK YOU FOR YOUR ATTENTION**

**([kaprianusm@gmail.com](mailto:kaprianusm@gmail.com))**