

# Taxation (UK) (F6)

## Exams in the period 1 September 2016 to 31 March 2017

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

### THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

#### Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

#### Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

#### Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

#### Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

#### Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

#### Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

#### Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

#### Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (\*see intellectual levels below).

#### INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis

### Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

### LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken

down.

### GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are paper based exams containing a mix of objective and longer type questions with a duration of three hours 15 minutes. From September 2016 these exams will also be available as computer-based exams. Further information will be released on these in April 2016. The *Corporate and Business Law* (F4) paper is a two-hour objective test examination which is also available as a computer based exams for English and Global variants, as well as paper based for all variants.

The Professional level papers are all of three hours 15 minutes duration and, all contain two sections. Section A is compulsory, but there will be some choice offered in Section B.

ACCA has removed the restriction relating to reading and planning time, so that while the time considered necessary to complete these exams remains at 3 hours, candidates may use the additional 15 minutes as they choose. ACCA encourages students to take time to read questions carefully and to plan answers but once the exam time has started, there are no additional restrictions as to when candidates may start writing in their answer books.

Time should be taken to ensure that all the information and exam requirements are properly read and understood.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

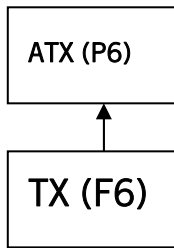
## GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the tax papers, ACCA will publish *examinable documents*, or tax rates and allowances tables, once a year to indicate exactly what legislation could potentially be assessed within identified examination sessions. These should be read in conjunction with the information below.

For **UK** tax papers, examinations falling within the year 1 April to 31 March will generally examine the Finance Act which was passed in the previous July. However, exams falling in the period 1 September 2016 to 31 March 2017 will examine the Finance Act 2015 and the Finance (No.2) Act 2015 and any examinable legislation which is passed outside of the Finance Acts before 31 July 2015. The June 2016 exam will examine the Finance Act 2014.

# Syllabus



## AIM

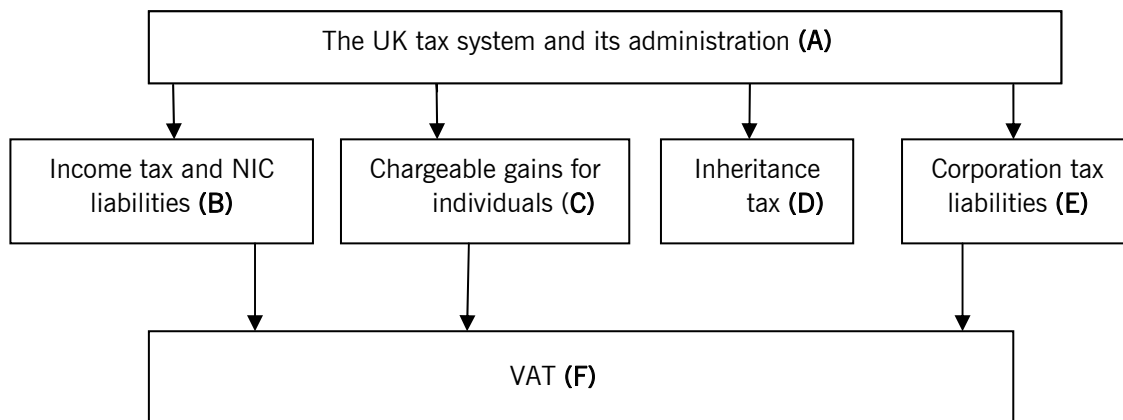
To develop knowledge and skills relating to the tax system as applicable to individuals, single companies, and groups of companies.

## MAIN CAPABILITIES

On successful completion of this paper candidates should be able to:

- A** Explain the operation and scope of the tax system and the obligations of tax payer and/or their agents and the implications of non-compliance
- B** Explain and compute the income tax liabilities of individuals and the effect of national insurance contributions (NIC) on employees, employers and the self-employed
- C** Explain and compute the chargeable gains arising on individuals
- D** Explain and compute the inheritance tax liabilities of individuals
- E** Explain and compute the corporation tax liabilities of individual companies and groups of companies
- F** Explain and compute the effects of value added tax on incorporated and unincorporated businesses

## RELATIONAL DIAGRAM OF MAIN CAPABILITIES



## RATIONALE

The syllabus for Paper F6, *Taxation*, introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of taxation as they affect the activities of individuals and businesses.

Candidates are introduced to the rationale behind – and the functions of – the tax system. The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as income tax from self-employment, employment and investments, the corporation tax liability of individual companies and groups of companies, the national insurance contribution liabilities of both employed and self-employed persons, the value added tax liability of businesses, the chargeable gains arising on disposals of investments by both individuals and companies, and the inheritance tax liabilities arising on chargeable lifetime transfers and on death.

Having covered the core areas of the basic taxes, candidates should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

## DETAILED SYLLABUS

### A. The UK tax system and its administration

1. The overall function and purpose of taxation in a modern economy
2. Principal sources of revenue law and practice
3. The systems for self-assessment and the making of returns
4. The time limits for the submission of information, claims and payment of tax, including payments on account
5. The procedures relating to compliance checks, appeals and disputes
6. Penalties for non-compliance

### B. Income tax and NIC liabilities

1. The scope of income tax
2. Income from employment
3. Income from self-employment
4. Property and investment income
5. The comprehensive computation of taxable income and income tax liability
6. National insurance contributions for employed and self-employed persons
7. The use of exemptions and reliefs in deferring and minimising income tax liabilities

### C. Chargeable gains for individuals

1. The scope of the taxation of capital gains
2. The basic principles of computing gains and losses
3. Gains and losses on the disposal of movable and immovable property
4. Gains and losses on the disposal of shares and securities

5. The computation of capital gains tax
6. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

### D. Inheritance tax

1. The basic principles of computing transfers of value
2. The liabilities arising on chargeable lifetime transfers and on the death of an individual
3. The use of exemptions in deferring and minimising inheritance tax liabilities
4. Payment of inheritance tax

### E. Corporation tax liabilities

1. The scope of corporation tax
2. Taxable total profits
3. Chargeable gains for companies
4. The comprehensive computation of corporation tax liability
5. The effect of a group corporate structure for corporation tax purposes
6. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities

### F. Value added tax

1. The VAT registration requirements
2. The computation of VAT liabilities
3. The effect of special schemes

## **APPROACH TO EXAMINING THE SYLLABUS**

The syllabus is assessed by a three-hour 15 minutes paper-based examination.

The paper will be predominantly computational and all questions are compulsory.

Section A of the exam comprises 15 multiple choice questions of 2 marks each.

Section B of the exam comprises three 10 mark questions which comprise five multiple choice questions of 2 marks each.

Section C of the exam will comprise one 10 mark question and two 15 mark questions.

The two 15 mark questions will focus on income tax (syllabus area B) and corporation tax (syllabus area E).

All other questions can cover any areas of the syllabus.

# Study Guide

## A THE UK TAX SYSTEM AND ITS ADMINISTRATION

### 1. The overall function and purpose of taxation in a modern economy

- a) Describe the purpose (economic, social etc) of taxation in a modern economy.<sup>[1]</sup>
- b) Explain the difference between direct and indirect taxation.<sup>[2]</sup>
- c) Identify the different types of capital and revenue tax.<sup>[1]</sup>

### 2. Principal sources of revenue law and practice

- a) Describe the overall structure of the UK tax system.<sup>[1]</sup>
- b) State the different sources of revenue law.<sup>[1]</sup>
- c) Describe the organisation HM Revenue & Customs (HMRC) and its terms of reference.<sup>[1]</sup>
- d) Explain the difference between tax avoidance and tax evasion, and the purposes of the General Anti-Abuse Rule (GAAR).<sup>[1]</sup>
- e) Appreciate the interaction of the UK tax system with that of other tax jurisdictions.<sup>[2]</sup>
- f) Appreciate the need for double taxation agreements.<sup>[2]</sup>
- g) Explain the need for an ethical and professional approach.<sup>[2]</sup>

#### Excluded topics

- *Specific anti-avoidance legislation.*

### 3. The systems for self-assessment and the making of returns

- a) Explain and apply the features of the self-assessment system as it applies to individuals.<sup>[2]</sup>

- b) Explain and apply the features of the self-assessment system as it applies to companies, including the use of iXBRL.<sup>[2]</sup>

### 4. The time limits for the submission of information, claims and payment of tax, including payments on account

- a) Recognise the time limits that apply to the filing of returns and the making of claims.<sup>[2]</sup>
- b) Recognise the due dates for the payment of tax under the self-assessment system, and compute payments on account and balancing payments/repayments for individuals.<sup>[2]</sup>
- c) Explain how large companies are required to account for corporation tax on a quarterly basis and compute the quarterly instalment payments.<sup>[2]</sup>
- d) List the information and records that taxpayers need to retain for tax purposes.<sup>[1]</sup>

#### Excluded topics

- *The payment of CGT by annual instalments.*

### 5. The procedures relating to compliance checks, appeals and disputes

- a) Explain the circumstances in which HM Revenue & Customs can make a compliance check into a self-assessment tax return.<sup>[2]</sup>
- b) Explain the procedures for dealing with appeals and First and Upper Tier Tribunals.<sup>[2]</sup>

#### Excluded topics

- *Information powers.*
- *Pre-return compliance checks.*
- *Detailed procedures on the carrying out and completion of a compliance check.*

### 6. Penalties for non-compliance

- a) Calculate late payment interest and state the penalties that can be charged.<sup>[2]</sup>



## B INCOME TAX AND NIC LIABILITIES

### 1. The scope of income tax

- a) Explain how the residence of an individual is determined.<sup>[1]</sup>

#### Excluded topics

- *The split year treatment where a person comes to the UK or leaves the UK.*
- *Foreign income, non-residents and double taxation relief.*
- *Income from trusts and settlements.*

### 2. Income from employment

- a) Recognise the factors that determine whether an engagement is treated as employment or self-employment.<sup>[2]</sup>
- b) Recognise the basis of assessment for employment income.<sup>[2]</sup>
- c) Recognise the income assessable.<sup>[2]</sup>
- d) Recognise the allowable deductions, including travelling expenses.<sup>[2]</sup>
- e) Discuss the use of the statutory approved mileage allowances.<sup>[2]</sup>
- f) Explain the PAYE system.<sup>[1]</sup>
- g) Identify P11D employees.<sup>[1]</sup>
- h) Explain and compute the amount of benefits assessable.<sup>[2]</sup>
- i) Explain the purpose of a dispensation from HM Revenue & Customs.<sup>[2]</sup>
- j) Recognise the circumstances in which real time reporting late filing penalties will be imposed on an employer and the amount of penalty which is charged.<sup>[2]</sup>

#### Excluded topics

- *The calculation of a car benefit where emission figures are not available.*
- *The exemption for zero emission company motor cars.*
- *The reduced charge applicable to zero emission company vans.*
- *Share and share option incentive schemes for employees.*
- *Payments on the termination of employment, and other lump sums received by employees.*

### 3. Income from self-employment

- a) Recognise the basis of assessment for self-employment income.<sup>[2]</sup>
- b) Describe and apply the badges of trade.<sup>[2]</sup>
- c) Recognise the expenditure that is allowable in calculating the tax-adjusted trading profit.<sup>[2]</sup>
- d) Explain and compute the assessable profits using the cash basis for small businesses.<sup>[2]</sup>
- e) Recognise the relief which can be obtained for pre-trading expenditure.<sup>[2]</sup>
- f) Compute the assessable profits on commencement and on cessation.<sup>[2]</sup>
- g) Recognise the factors that will influence the choice of accounting date.<sup>[2]</sup>
- h) Capital allowances
- i) Define plant and machinery for capital allowances purposes.<sup>[1]</sup>
  - ii) Compute writing down allowances, first-year allowances and the annual investment allowance.<sup>[2]</sup>
  - iii) Compute capital allowances for motor cars.<sup>[2]</sup>
  - iv) Compute balancing allowances and balancing charges.<sup>[2]</sup>
  - v) Recognise the treatment of short life assets.<sup>[2]</sup>

- vi) Recognise the treatment of assets included in the special rate pool.<sup>[2]</sup>
- i) Relief for trading losses
  - i) Understand how trading losses can be carried forward.<sup>[2]</sup>
  - ii) Understand how trading losses can be claimed against total income and chargeable gains, and the restriction that can apply.<sup>[2]</sup>
  - iii) Explain and compute the relief for trading losses in the early years of a trade.<sup>[1]</sup>
  - iv) Explain and compute terminal loss relief.<sup>[1]</sup>
  - v) Recognise the factors that will influence the choice of loss relief claim.<sup>[2]</sup>
- j) Partnerships and limited liability partnerships
  - i) Explain and compute how a partnership is assessed to tax.<sup>[2]</sup>
  - ii) Explain and compute the assessable profits for each partner following a change in the profit sharing ratio.<sup>[2]</sup>
  - iii) Explain and compute the assessable profits for each partner following a change in the membership of the partnership.<sup>[2]</sup>
  - iv) Describe the alternative loss relief claims that are available to partners.<sup>[1]</sup>

#### Excluded topics

- *Change of accounting date.*
- *The 100% allowance for expenditure on renovating business premises in disadvantaged areas, flats above shops and water technologies.*
- *Capital allowances for industrial buildings, agricultural buildings, patents, scientific research and know how.*
- *CO<sub>2</sub> emission thresholds for capital allowances for motor cars prior to 6 April 2013.*
- *Apportionment in order to determine the amount of annual investment allowance where a period of account spans 1 January 2016.*
- *Knowledge of the annual investment allowance limit of £200,000 applicable from 1 January 2016.*

- *Enterprise zones.*
- *Investment income of a partnership.*
- *The allocation of notional profits and losses for a partnership.*
- *Farmers averaging of profits.*
- *The averaging of profits for authors and creative artists.*
- *Loss relief following the incorporation of a business.*
- *Loss relief for shares in unquoted trading companies.*
- *The loss relief restriction that applies to the partners of a limited liability partnership.*

#### 4. Property and investment income

- a) Compute property business profits.<sup>[2]</sup>
- b) Explain the treatment of furnished holiday lettings.<sup>[1]</sup>
- c) Understand rent-a-room relief.<sup>[1]</sup>
- d) Compute the amount assessable when a premium is received for the grant of a short lease.<sup>[2]</sup>
- e) Understand how relief for a property business loss is given.<sup>[2]</sup>
- f) Compute the tax payable on savings and dividends income.<sup>[2]</sup>
- g) Recognise the treatment of individual savings accounts (ISAs) and other tax exempt investments.<sup>[1]</sup>

#### Excluded topics

- *The deduction for expenditure by landlords on energy-saving items.*
- *Premiums for granting subleases.*
- *Junior ISAs.*

- *The additional ISA allowance for a surviving spouse or registered civil partner*
- *Help-to-buy ISAs*

## 5. The comprehensive computation of taxable income and income tax liability

- Prepare a basic income tax computation involving different types of income.<sup>[2]</sup>
- Calculate the amount of personal allowance available.<sup>[2]</sup>
- Understand the impact of the transferable amount of personal allowance for spouses and civil partners.<sup>[2]</sup>
- Compute the amount of income tax payable.<sup>[2]</sup>
- Understand the treatment of interest paid for a qualifying purpose.<sup>[2]</sup>
- Understand the treatment of gift aid donations and charitable giving.<sup>[1]</sup>
- Explain and compute the child benefit tax charge.<sup>[1]</sup>
- Understand the treatment of property owned jointly by a married couple, or by a couple in a civil partnership.<sup>[1]</sup>

### Excluded topics

- *The higher personal allowance available for people born before 6 April 1938.*
- *The blind person's allowance and the married couple's allowance.*
- *Tax credits.*
- *Maintenance payments.*
- *The income of minor children.*

## 6. National insurance contributions for employed and self-employed persons

- Explain and compute national insurance contributions payable:

- Class 1 and 1A NIC.<sup>[2]</sup>
- Class 2 and 4 NIC.<sup>[2]</sup>

- Understand the annual employment allowance.<sup>[2]</sup>

### Excluded topics

- *The calculation of directors' national insurance on a month by month basis.*
- *Contracted out contributions.*
- *The offset of trading losses against non-trading income.*
- *The exemption from employer's class 1 NIC in respect of employees aged under 21*

## 7. The use of exemptions and reliefs in deferring and minimising income tax liabilities

- Explain and compute the relief given for contributions to personal pension schemes, and to occupational pension schemes.<sup>[2]</sup>
- Understand how a married couple or a couple in a civil partnership can minimise their tax liabilities.<sup>[2]</sup>

### Excluded topics

- *The conditions that must be met in order for a pension scheme to obtain approval from HM Revenue & Customs.*
- *The anti-avoidance annual allowance limit of £10,000 for pension contributions*
- *The transitional rules affecting the annual allowance for pension contributions for the tax year 2015-16*
- *The enterprise investment scheme and the seed enterprise investment scheme.*
- *Venture capital trusts.*
- *Tax reduction scheme for gifts of pre-eminent objects.*

## C CHARGEABLE GAINS FOR INDIVIDUALS

### 1. The scope of the taxation of capital gains

- a) Describe the scope of capital gains tax.<sup>[2]</sup>
- b) Recognise those assets which are exempt.<sup>[1]</sup>

#### Excluded topics

- *Assets situated overseas and double taxation relief.*
- *Partnership capital gains.*

### 2. The basic principles of computing gains and losses

- a) Compute and explain the treatment of capital gains.<sup>[2]</sup>
- b) Compute and explain the treatment of capital losses.<sup>[2]</sup>
- c) Understand the treatment of transfers between a husband and wife or between a couple in a civil partnership.<sup>[2]</sup>
- d) Understand the amount of allowable expenditure for a part disposal.<sup>[2]</sup>
- e) Recognise the treatment where an asset is damaged, lost or destroyed, and the implications of receiving insurance proceeds and reinvesting such proceeds.<sup>[2]</sup>

#### Excluded topics

- *Small part disposals of land, and small capital sums received where an asset is damaged.*
- *Losses in the year of death.*
- *Relief for losses incurred on loans made to traders.*
- *Negligible value claims.*

### 3. Gains and losses on the disposal of movable and immovable property

- a) Identify when chattels and wasting assets are exempt.<sup>[1]</sup>
- b) Compute the chargeable gain when a chattel or a wasting asset is disposed of.<sup>[2]</sup>
- c) Calculate the chargeable gain when a principal private residence is disposed of.<sup>[2]</sup>

#### Excluded topics

- *The disposal of leases and the creation of sub-leases.*

### 4. Gains and losses on the disposal of shares and securities

- a) Recognise the value of quoted shares where they are disposed of by way of a gift.<sup>[2]</sup>
- b) Explain and apply the identification rules as they apply to individuals including the same day and 30 day matching rules.<sup>[2]</sup>
- c) Explain and apply the pooling provisions.<sup>[2]</sup>
- d) Explain and apply the treatment of bonus issues, rights issues, takeovers and reorganisations.<sup>[2]</sup>
- e) Identify the exemption available for gilt-edged securities and qualifying corporate bonds.<sup>[1]</sup>

#### Excluded topics

- *The exemption for employee shareholders.*
- *The small part disposal rules applicable to rights issues, takeovers and reorganisations.*
- *Gilt-edged securities and qualifying corporate bonds other than the fact that they are exempt.*

### 5. The computation of capital gains tax

- a) Compute the amount of capital gains tax payable.<sup>[2]</sup>
- b) Explain and apply entrepreneurs' relief.<sup>[2]</sup>

## Excluded topics

- *Entrepreneurs' relief for associated disposals.*

## 6. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

- a) Explain and apply capital gains tax reliefs:
- (i) rollover relief.<sup>[2]</sup>
  - (ii) holdover relief for the gift of business assets.<sup>[2]</sup>

## Excluded topics

- *Incorporation relief.*
- *Reinvestment relief.*

## D INHERITANCE TAX

### 1. The basic principles of computing transfers of value

- a) Identify the persons chargeable.<sup>[2]</sup>
- b) Understand and apply the meaning of transfer of value, chargeable transfer and potentially exempt transfer.<sup>[2]</sup>
- c) Demonstrate the diminution in value principle.<sup>[2]</sup>
- d) Demonstrate the seven year accumulation principle taking into account changes in the level of the nil rate band.<sup>[2]</sup>

## Excluded topics

- *Pre 18 March 1986 lifetime transfers.*
- *Transfers of value by close companies.*
- *Domicile, deemed domicile, and non-UK domiciled individuals.*
- *Trusts.*
- *Excluded property.*
- *Related property.*

- *The tax implications of the location of assets.*
- *Gifts with reservation of benefit.*
- *Associated operations.*

### 2. The liabilities arising on chargeable lifetime transfers and on the death of an individual

- a) Understand the tax implications of lifetime transfers and compute the relevant liabilities.<sup>[2]</sup>
- b) Understand and compute the tax liability on a death estate.<sup>[2]</sup>
- c) Understand and apply the transfer of any unused nil rate band between spouses.<sup>[2]</sup>

## Excluded topics

- *Specific rules for the valuation of assets (values will be provided).*
- *Business property relief.*
- *Agricultural relief.*
- *Relief for the fall in value of lifetime gifts.*
- *Quick succession relief.*
- *Double tax relief.*
- *Variation of wills and disclaimers of legacies.*
- *Grossing up on death.*
- *Post mortem reliefs.*
- *Double charges legislation.*
- *The reduced rate of inheritance tax payable on death when a proportion of a person's estate is bequeathed to charity.*

### 3. The use of exemptions in deferring and minimising inheritance tax liabilities

- a) Understand and apply the following exemptions:
- i) small gifts exemption<sup>[2]</sup>

- ii) annual exemption<sup>[2]</sup>
- iii) normal expenditure out of income<sup>[2]</sup>
- iv) gifts in consideration of marriage<sup>[2]</sup>
- v) gifts between spouses.<sup>[2]</sup>

#### **Excluded topics**

- *Gifts to charities.*
- *Gifts to political parties.*
- *Gifts for national purposes.*

#### **4. Payment of inheritance tax**

- a) Identify who is responsible for the payment of inheritance tax and the due date for payment of inheritance tax.<sup>[2]</sup>

#### **Excluded topics**

- *Administration of inheritance tax other than listed above.*
- *The instalment option for the payment of tax.*
- *Interest and penalties.*

### **E CORPORATION TAX LIABILITIES**

#### **1. The scope of corporation tax**

- a) Define the terms 'period of account', 'accounting period', and 'financial year'.<sup>[1]</sup>
- b) Recognise when an accounting period starts and when an accounting period finishes.<sup>[1]</sup>
- c) Explain how the residence of a company is determined.<sup>[2]</sup>

#### **Excluded topics**

- *Investment companies.*
- *Close companies.*
- *Companies in receivership or liquidation.*
- *Reorganisations.*

- *The purchase by a company of its own shares.*
- *Personal service companies.*

#### **2. Taxable total profits**

- a) Recognise the expenditure that is allowable in calculating the tax-adjusted trading profit.<sup>[2]</sup>
- b) Recognise the relief which can be obtained for pre-trading expenditure.<sup>[1]</sup>
- c) Compute capital allowances (as for income tax).<sup>[2]</sup>
- d) Compute property business profits and understand how relief for a property business loss is given.<sup>[2]</sup>
- e) Understand how trading losses can be carried forward.<sup>[2]</sup>
- f) Understand how trading losses can be claimed against income of the current or previous accounting periods.<sup>[2]</sup>
- g) Recognise the factors that will influence the choice of loss relief claim.<sup>[2]</sup>
- h) Recognise and apply the treatment of interest paid and received under the loan relationship rules.<sup>[1]</sup>
- i) Recognise and apply the treatment of qualifying charitable donations.<sup>[2]</sup>
- j) Compute taxable total profits.<sup>[2]</sup>

#### **Excluded topics**

- *Research and development expenditure.*
- *Non-trading deficits on loan relationships.*
- *Relief for intangible assets.*
- *Patent box.*

#### **3 Chargeable gains for companies**

- a) Compute and explain the treatment of chargeable gains.<sup>[2]</sup>

- b) Explain and compute the indexation allowance available.<sup>[2]</sup>
- c) Explain and compute the treatment of capital losses.<sup>[1]</sup>
- d) Understand the treatment of disposals of shares by companies and apply the identification rules including the same day and nine day matching rules.<sup>[2]</sup>
- e) Explain and apply the pooling provisions.<sup>[2]</sup>
- f) Explain and apply the treatment of bonus issues, rights issues, takeovers and reorganisations.<sup>[2]</sup>
- g) Explain and apply rollover relief.<sup>[2]</sup>

#### Excluded topics

- *A detailed question on the pooling provisions as they apply to limited companies.*
- *Substantial shareholdings.*

#### 4. The comprehensive computation of corporation tax liability

- a) Compute the corporation tax liability.<sup>[2]</sup>

#### Excluded topics

- *The tax rates applicable to periods prior to financial year 2015*
- *Marginal relief*

#### 5. The effect of a group corporate structure for corporation tax purposes

- a) Define a 75% group, and recognise the reliefs that are available to members of such a group.<sup>[2]</sup>
- b) Define a 75% chargeable gains group, and recognise the reliefs that are available to members of such a group.<sup>[2]</sup>

#### Excluded topics

- *Relief for trading losses incurred by an overseas subsidiary.*
- *Consortia.*
- *Pre-entry gains and losses.*
- *The anti-avoidance provisions where arrangements exist for a company to leave a group.*
- *The tax charge that applies where a company leaves a group within six years of receiving an asset by way of a no gain/no loss transfer.*
- *Overseas aspects of corporation tax.*
- *Transfer pricing*

#### 6. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities:

The use of such exemptions and reliefs is implicit within all of the above sections 1 to 5 of part E of the syllabus, concerning corporation tax.

#### F VALUE ADDED TAX

##### 1. The VAT registration requirements

- a) Recognise the circumstances in which a person must register or deregister for VAT (compulsory) and when a person may register or deregister for VAT (voluntary).<sup>[2]</sup>
- b) Recognise the circumstances in which pre-registration input VAT can be recovered.<sup>[2]</sup>
- c) Explain the conditions that must be met for two or more companies to be treated as a group for VAT purposes, and the consequences of being so treated.<sup>[1]</sup>

##### 2. The computation of VAT liabilities

- a) Calculate the amount of VAT payable/recoverable.<sup>[2]</sup>

- b) Understand how VAT is accounted for and administered.<sup>[2]</sup>
- c) Recognise the tax point when goods or services are supplied.<sup>[2]</sup>
- d) List the information that must be given on a VAT invoice.<sup>[1]</sup>
- e) Explain and apply the principles regarding the valuation of supplies.<sup>[2]</sup>
- f) Recognise the principal zero rated and exempt supplies <sup>[1]</sup>
- g) Recognise the circumstances in which input VAT is non-deductible.<sup>[2]</sup>
- h) Recognise the relief that is available for impairment losses on trade debts.<sup>[2]</sup>
- i) Understand when the default surcharge, a penalty for an incorrect VAT return, and default interest will be applied.<sup>[1]</sup>
- j) Understand the treatment of imports, exports and trade within the European Union.<sup>[2]</sup>

#### Excluded topics

- *The second-hand goods scheme*
- *The capital goods scheme*

#### Excluded topics

- *VAT periods where there is a change of VAT rate.*
- *Partial exemption.*
- *The special scheme for retailers.*
- *In respect of property and land: leases, do-it-yourself builders, and a landlord's option to tax.*
- *Penalties apart from those listed in the study guide.*

### 3. The effect of special schemes

- a) Understand the operation of, and when it will be advantageous to use, the VAT special schemes:
  - i) cash accounting scheme.<sup>[2]</sup>
  - ii) annual accounting scheme.<sup>[2]</sup>
  - iii) flat rate scheme. <sup>[2]</sup>



## SUMMARY OF CHANGES TO F6 (UK)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

The main areas that have been added to the syllabus are shown in Table 1 below:

**Table 1 - Additions to F6 (UK)**

<b>Section and subject area</b>	<b>Syllabus content</b>
B2 – Income from employment	New part (j) on the circumstances in which real time reporting late filing penalties will be imposed on an employer and the amount of penalty which is charged added
B2 – Income from employment– <i>Excluded topics</i>	<i>The reduced charge applicable to zero emission company vans</i>
B3 Income from self-employment – <i>Excluded topics</i>	<i>Knowledge of the new annual investment allowance limit of £200,000 from 1 January 2016</i>
B4 Property and investment income – <i>Excluded topics</i>	<i>The additional ISA allowance for a surviving spouse or registered civil partner</i>  <i>Help-to-buy ISAs</i>
B5 The comprehensive computation of taxable income and income tax liability – <i>Excluded topics</i>	<i>The higher personal allowance available for people born before 6 April 1938.</i>
B5 The comprehensive computation of taxable income and income tax liability	New part (c) on the transferable amount of personal allowance for spouses or civil partners added
B6 National insurance contributions for employed and self-employed persons – <i>Excluded topics</i>	<i>The exemption from employer's class 1 NIC in respect of employees aged under 21</i>
B7 The use of exemptions and reliefs in deferring and minimising income tax liabilities – <i>Excluded topics</i>	<i>The anti-avoidance annual allowance limit of £10,000 for pension contributions</i>  <i>The transitional rules affecting the annual allowance for pension contributions for the tax year 2015-16</i>
E4 The comprehensive computation of corporation tax liability – <i>Excluded topics</i>	<i>The tax rates applicable to periods prior to financial year 2015</i>  <i>Marginal relief</i>
F2 The computation of VAT liabilities	New part (a) on the calculation of the amount of VAT payable/recoverable added for clarity

The main areas that have been deleted from the syllabus are shown in Table 2 below:

**Table 2 – Deletions from F6 (UK)**

<b>Section and subject area</b>	<b>Syllabus content</b>
B2 Income from employment	The exemption where an employer pays for medical treatment removed from excluded topics as now examinable.
E4 The comprehensive computation of corporation tax liability	The implications of receiving franked investment income removed from the syllabus
E5 The effect of a group corporate structure for corporation tax purposes	The definition of an associated company and the effect of having associated companies for corporation tax purposes removed from the syllabus

The main areas that have been amended the syllabus are shown in Table 3 below:

**Table 3 – Amendments to F6 (UK)**

<b>Section and subject area</b>	<b>Syllabus content</b>
B4 Property and investment income	“Individual savings account (ISA)” substituted for “New individual savings account (NISA)” in part (g)

Additionally the exam format will change in September 2016. Please refer to “Approach to examining the syllabus” in this document.