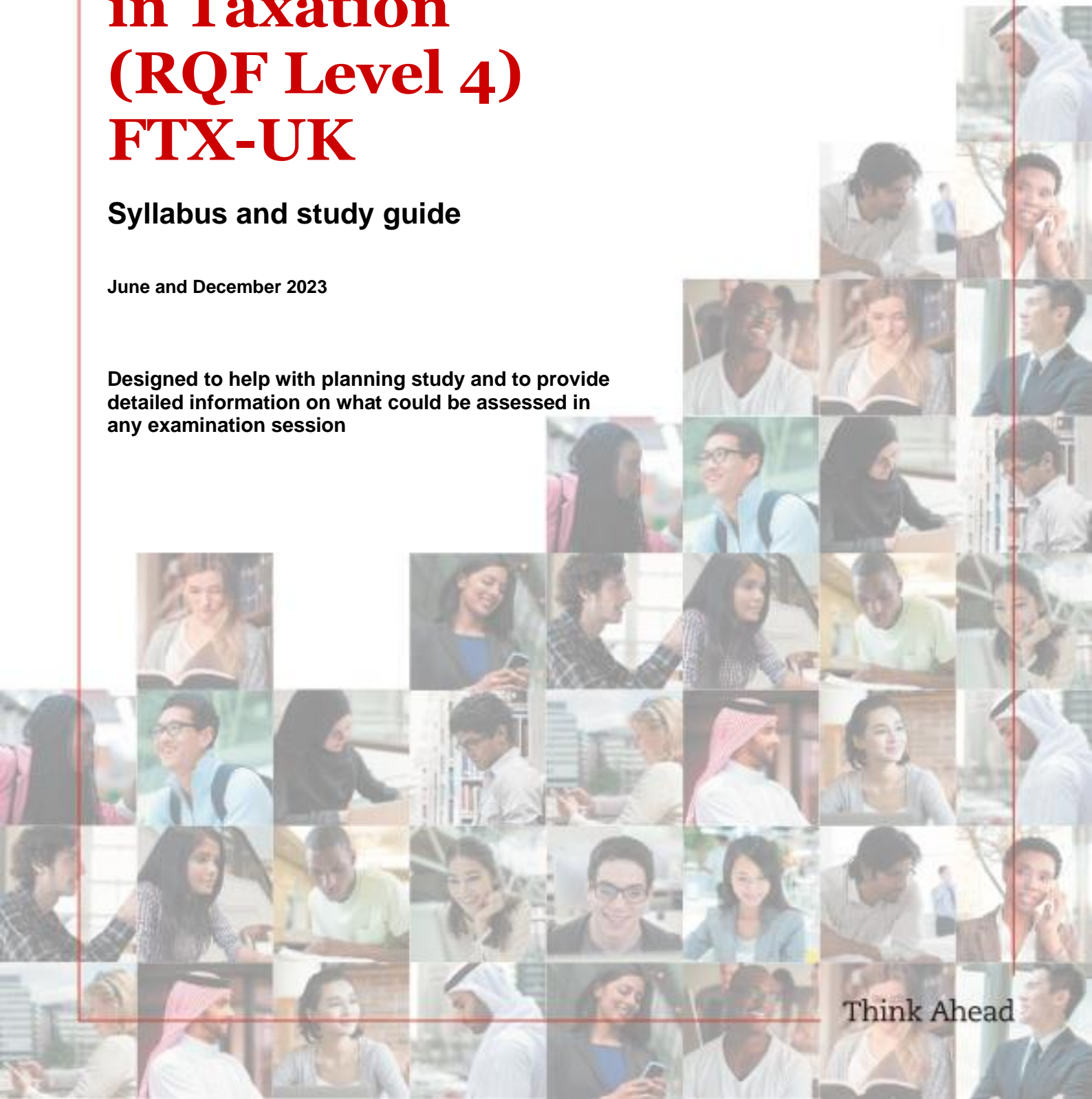


ACCA Certificate in Taxation (RQF Level 4) FTX-UK

Syllabus and study guide

June and December 2023

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session



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1. Intellectual levels

ACCA qualifications are designed to progressively broaden and deepen the knowledge and skills demonstrated by the student at a range of levels on their way through each qualification.

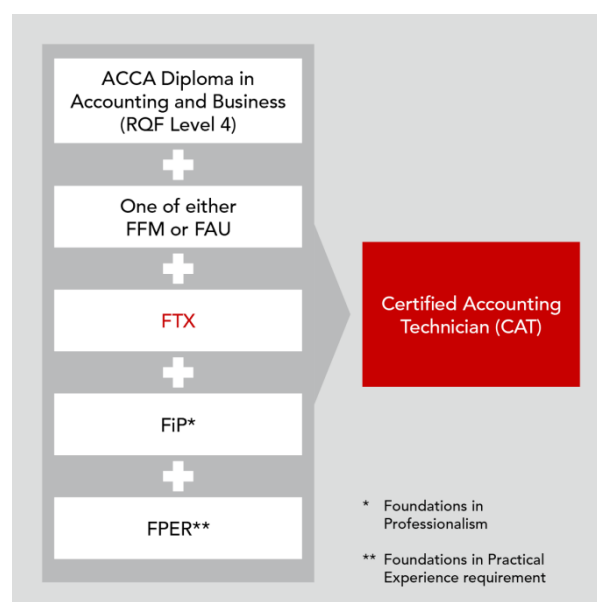
Throughout, the study guides assess both knowledge and skills. Therefore, a clear distinction is drawn, within each subject area, between assessing knowledge and skills and in assessing their application within an accounting or business context. The assessment of knowledge is denoted by a superscript ^K and the assessment of skills is denoted by the superscript ^S.

2. Learning hours and education recognition

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 recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.

3. Qualification structure

The Certified Accounting Technician (CAT) Qualification consists of nine exams which include seven of the FIA examinations, at all three levels, plus two examinations from three of the specialist options. The CAT qualification also requires the completion of the Foundations in Professionalism (FiP) module and 12 months relevant work experience, including the demonstration of 10 work based competence areas. Exemptions can be claimed from a maximum of the first four FIA exams for relevant work experience.



4. Guide to ACCA examination structure and delivery mode

The structure of examinations varies.

The Foundations examinations contain 100% compulsory questions to encourage students to study across the breadth of each syllabus.

All Foundations examinations are assessed by two-hour computer based examinations.

The pass mark for all FIA examinations is 50%.

5. Guide to ACCA 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 period 1 June to 31 March will generally examine the Finance Act which was passed in the previous year. Therefore, exams falling in the period 1 June 2023 to 31 March 2024 will examine the Finance Act 2022 and any examinable legislation which is passed outside of the Finance Act before 31 May 2022.

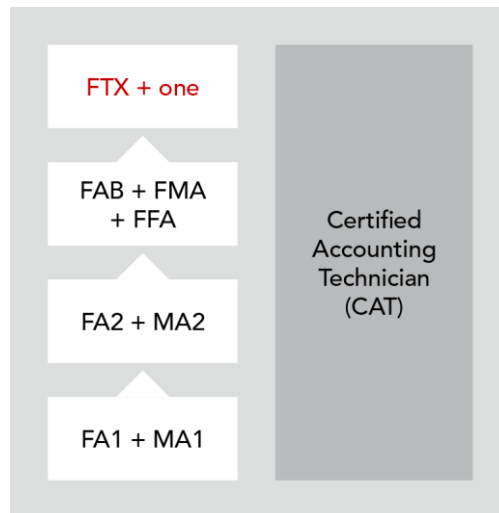
For additional guidance on the examinability of specific tax rules and the depth in which they are likely to be examined, reference should be made to the relevant Finance Act article written by the examining team and published on the ACCA website.

None of the current or impending devolved taxes for Scotland, Wales, and Northern Ireland is, or will be, examinable. Tax rates and allowance tables will be provided at the front of the examination paper. Calculations should be made to the nearest month and the nearest £.

Knowledge of section numbers will not be needed to understand questions in this paper, nor will students be expected to use them in their answers. If students wish to refer to section numbers in their answers, they may do so and will not be penalised if old, or even incorrect section numbers, are used.

6. Relational diagram linking Foundations in Taxation (FTX UK) with other exams

The CAT syllabus is designed at three discrete levels. To be awarded the CAT qualification students must either pass or be exempted from all nine examinations including two specialist options exams. Exemptions based on relevant work experience can be claimed from up to the first four FIA exams.



7. Approach to examining the syllabus

The syllabus is assessed by a two-hour computer-based examination. Questions will assess all parts of the syllabus.

The examination will consist of two sections structured as follows:

| | Marks |
|--|--------------|
| Section A | |
| 15 compulsory multiple choice questions worth 2 marks each | 30 |
| Section B | |
| Eight compulsory questions | |
| Two questions (15 marks each) | 30 |
| Two questions (10 marks each) | 20 |
| Four questions (5 marks each) | <u>20</u> |
| | 100 |

One of the 15-mark questions in section B will focus on income tax and the other 15-mark question will focus on corporation tax. The remaining questions will examine topics from any area of the syllabus.

8. Overall aim of the syllabus

To develop the ability to prepare computations of tax liability for both individuals and businesses resident in the UK for the purposes of income tax, corporation tax, capital gains tax and value added tax (VAT). In addition, to develop knowledge and understanding of the manner in which dealings must be conducted with HM Revenue and Customs (HMRC), including knowledge of the statutory timescales for the submission of claims and returns and the due dates for the payment of tax liabilities.

9. Introduction to the syllabus

The syllabus for Foundations in Taxation FTX-UK introduces students to the subject of taxation and provides the core knowledge of the underlying principles and the major technical areas of taxation, as they affect the activities of individuals and businesses, at a level appropriate for someone working at technician level.

Students are introduced to the rationale behind – and the functions of – the tax system. The syllabus then considers the separate taxes that a technician accountant would need to have knowledge of, such as income tax from self-employment, employment and investments, the corporation tax liability of individual companies, the national insurance contribution liabilities of both employed and self employed persons, the value added tax (VAT) liability of businesses, and the chargeable gains arising on disposals of investments by both individuals and companies. In addition an understanding of the administration aspects of these taxes should be gained, such as knowledge of the statutory timescales for the submission of claims and returns and the due dates for payment of tax liabilities.

Having covered the core areas of the basic taxes, students should be able to compute tax liabilities, explain the basis of their calculations, complete the tax returns and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

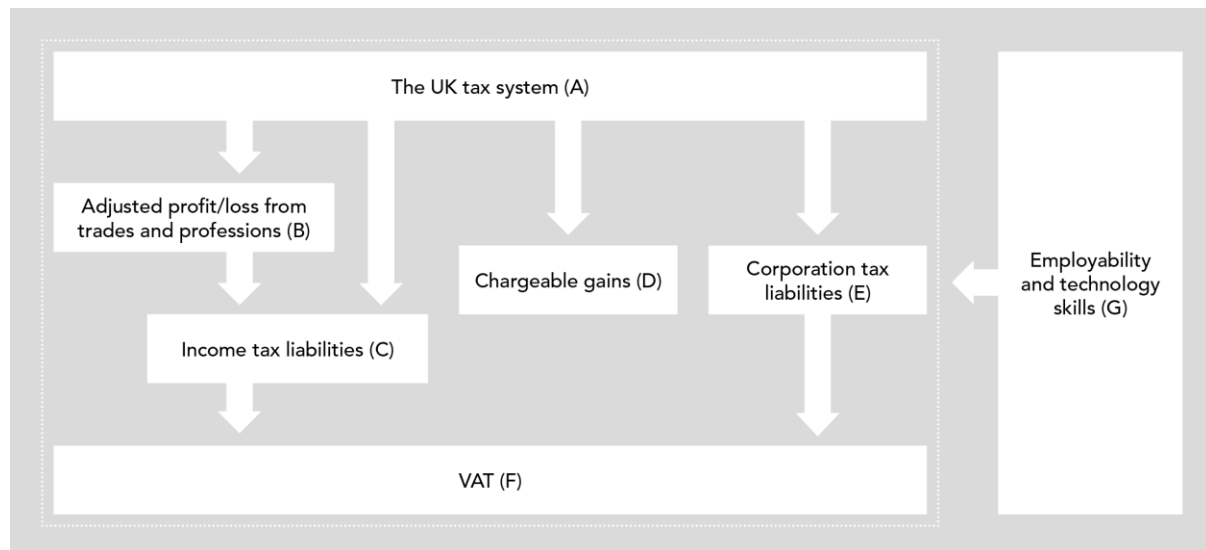
Section G of the syllabus contains outcomes relating to the demonstration of appropriate digital and employability skills in preparing for and taking the examination. This includes being able to interact with different question item types, manage information presented in digital format and being able to use the relevant functionality and technology to prepare and present response options in a professional manner. These skills are specifically developed by practicing and preparing for the exam, using the learning support content for computer-based exams available via the practice platform and the ACCA website and will need to be demonstrated during the live exam.

10. Main capabilities

On successful completion of this exam, students should be able to:

- A Explain the basic operation and scope of the UK tax system
- B Prepare adjusted profit / loss computations for trades and professions
- C Compute the income tax liability of individuals, and prepare the self-assessment tax return including the relevant supplementary pages
- D Explain and compute the chargeable gains and capital gains tax liability arising on individuals
- E Compute the corporation tax liability of a company, including any chargeable gains, and prepare the corporation tax return
- F Explain and compute the effects of value added tax (VAT) on incorporated and unincorporated businesses and prepare returns
- G Demonstrate employability and technology skills

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



11. The syllabus

A. Introduction to the UK tax system

1. Principal sources of revenue law and practice
2. Different types of taxes

B. Adjusted profit / loss computations for trades and professions

1. Adjustment of trading profits / losses for tax purposes
2. Capital allowances
3. Basis of assessments
4. Relief for trading losses
5. Partnerships
6. National insurance contributions for the self-employed
7. Prepare relevant pages of a tax return

C. Income tax liabilities

1. Introduction to personal taxation
2. Income from employment and Class 1 National Insurance Contributions
3. Income from property, savings and investments
4. The comprehensive computation of taxable income and income tax liability
5. The use of pension contributions in deferring and minimising income tax liabilities
6. Income tax administration

D. Capital gains tax

1. The scope of the taxation of capital gains for individuals

2. The basic principles of computing gains and losses

3. Gains and losses on the disposal of shares and securities

4. Gains and losses on the disposal of movable and immovable property

5. The computation of capital gains tax payable by individuals and the completion of the self-assessment tax return

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

E. Corporation tax liabilities

1. The scope of corporation tax
2. Taxable total profits
3. The comprehensive computation of corporation tax liability
4. Chargeable gains for companies
5. Relief for losses
6. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities
7. Complete the corporation tax return
8. Corporation tax administration

F. Value added tax (VAT)

1. The scope of value added tax (VAT)
2. The VAT registration requirements
3. The basic principles of VAT
4. VAT invoices and records
5. Administration of VAT
6. The effect of special schemes

7. Preparing and completing VAT returns
8. Communicate VAT information

G Employability and technology skills

1. Use computer technology to efficiently access and manipulate relevant information.
2. Work on relevant response options, using available functions and technology, as would be required in the workplace.
3. Navigate windows and computer screens to create and amend responses to exam requirements, using the appropriate tools.
4. Present data and information effectively using the appropriate tools.

12. Detailed study guide

A INTRODUCTION TO THE UK TAX SYSTEM

1. Principal sources of revenue law and practice

- a) Describe the overall structure of the UK tax system.^[K]
- b) Identify the main sources of UK tax legislation.^[K]
- c) Identify the key reference sources for UK tax legislation.^[K]
- d) Describe the organisation HM Revenue & Customs (HMRC) and its terms of reference including the appeals system.^[K]
- e) Describe the appeals process for income tax First and Upper Tier Tribunals.^[K]
- f) Explain the system of income tax and its background (how the legislation does not define income but defines taxable sources).^[K]

2. Different types of taxes

- a) Identify the different types of capital and revenue tax.^[K]
- b) Explain the difference between direct and indirect taxation.^[K]

Excluded topics

- *Anti-avoidance legislation.*

B ADJUSTED PROFIT / LOSS COMPUTATIONS FOR TRADES AND PROFESSIONS

1. Adjustment of trading profits / losses for tax purposes

- a) Recognise the basis of assessment for self-employment income.^[K]

- b) Explain the principles of deductible and non-deductible expenditure.^[K]
- c) Recognise the relief that can be obtained for pre-trading expenditure.^[K]
- d) Prepare adjusted profit computations.^[S]
- e) Illustrate the use of capital allowances on commencement and cessation of business.^[S]

Excluded topics

- *Badges of trade.*
- *Successions.*
- *Change of accounting date.*
- *Personal service companies.*
- *Farmers averaging of profit.*
- *The averaging of profits for authors and creative artists.*
- *Remoteness and duality tests for profit deduction.*
- *Post cessation receipts and expenses.*
- *Cash basis for small businesses.*

2. Capital allowances

- a) Explain the principles relating to capital allowances on plant and machinery
 - i) definition of plant
 - ii) cars
 - iii) private use assets
 - iv) short life assets
 - v) hire purchase and leasing
 - vi) special rate pool.^[K]
- b) Prepare capital allowance computations for plant and machinery
 - i) writing down allowances and first year allowances

- ii) annual investment allowance
 - iii) restrictions.^[S]
- c) Compute structures and buildings allowances.^[S]

Excluded topics

- Long life assets.
- The 100% allowance for expenditure on renovating business premises in disadvantaged areas, flats above shops and water technologies.

3. Basis of assessments

- a) Explain the basis of assessment for a continuing sole trader's business.^[K]
- b) Explain and demonstrate the calculations of the basis of assessment for commencement and cessation of business.^[K]
- c) Calculate overlap relief, explain and demonstrate how it can be used on cessation.^[S]

4. Relief for trading losses

- a) Explain the alternative loss reliefs available to a sole trader
 - i) s.64 current and prior years
 - ii) s.83 carry forward.^[K]
- b) Demonstrate the best use of a loss relief claim
 - i) save the highest amount of tax
 - ii) timing
 - iii) protection of personal allowances.^[S]

Excluded topics

- The special rules for losses in the opening years of a trade (s72 ITA 2007).
- The special rules for losses in the closing years of a trade (terminal losses under s89 ITA 2007).

- The special rules for the use of trade losses against capital gains (s261B TCGA 1992).
- Loss relief for shares in unquoted trading companies.
- For Class 4 NIC: the offset of trading losses against non-trading income.

5. Partnerships

- a) Explain how the trading profit rules are adapted for partnerships.^[K]
- b) Explain and show the effect of capital allowances on partnerships.^[K]
- c) Demonstrate the effect of changes in partnerships
 - i) change in profit sharing ratios
 - ii) new partners
 - ii) departing partners.^[S]
- d) Illustrate the loss relief claims available to individual partners.^[S]

Excluded topics

- Notional profits / losses for partnerships.
- Limited liability partnerships.

6. National insurance contributions for the self-employed

- a) Calculate national insurance contributions (NIC) for the self-employed and contrast with employees
 - i) class 2
 - ii) class 4.^[S]

Excluded topics

- Carry forward of trade losses which have been used against other income.

7. Prepare relevant pages of a tax return

- a) Complete the self-employed or partnership supplementary pages of the tax return for individuals, and submit them within the statutory time limits.^[S]

C INCOME TAX LIABILITIES

1. Introduction to personal taxation

- a) Identify the tax year.^[K]
- b) Outline the scope of income tax: chargeable persons, chargeable income.^[K]
- c) Identify sources of taxation information for individuals.^[K]
- d) Distinguish between income and capital profits/losses.^[S]
- e) Outline the key elements of a personal income tax computation
- i) earned income
 - ii) non-savings income
 - iii) savings income
 - iv) dividend income
 - v) net income
 - vi) taxable income.^[K]

Excluded topics

- *Child benefit income tax charge.*
- *Residence status.*
- *Allowances for miscellaneous income.*

2. Income from employment and Class 1 National Insurance Contributions

- a) Identify assessable income
- i) salaries
 - ii) commissions
 - iii) bonuses
 - iv) benefits.^[K]
- b) Define and illustrate the basis of assessment for:
- i) directors
 - ii) others.^[K]

- c) Identify the principal categories of deductions and illustrate their scope (no detail on pension contributions at this point)
- i) payroll giving
 - ii) subscriptions
 - iii) travelling expenses
 - iv) expenses incurred wholly, exclusively and necessarily in the performance of duties.^[K]
- d) Identify the information required on a P11D.^[K]
- e) Identify and calculate benefits.^[S]
- f) Compute aggregate income
- i) all income
 - ii) benefits
 - iii) expenses.^[S]
- g) Identify source documents required to complete tax returns
- i) interest statements
 - ii) receipts for expenses
 - iii) Form P11D
 - iv) Form P60.^[K]
- h) Compute basic Class 1 National Insurance Contributions
- i) employees
 - ii) employers (including class 1A)
- iii) weekly/monthly computations.^[S]
- i) Understand the annual employment allowance.^[S]

Excluded topics

- *The difference between employment and self-employment.*
- *Tax free childcare scheme.*
- *The calculation of a car benefit where the car was registered before 6 April 2020.*
- *The calculation of a car benefit for cars which have emissions below 50g/km and are neither electric nor hybrid.*

- *The charge applicable to zero emission company vans.*
 - *Detailed operation of the PAYE system (including calculations of code numbers).*
 - *PAYE settlement agreements.*
 - *Automatic exemption for reimbursed expenses*
 - *Payrolling of benefits.*
 - *Share incentive schemes.*
 - *Termination payments.*
 - *Real time reporting late filing penalties.*
 - *The calculation of directors' national insurance on a month by month basis.*
 - *Classes 1(b) and 3 National Insurance Contributions.*
 - *The restriction on the employment allowance where a director is the sole employee.*
 - *Group aspects of the annual employment allowance.*
- d) Explain the treatment of furnished holiday lettings.^[K]
- e) Understand how relief for a property business loss is given.^[K]
- f) Identify tax-free investments.^[K]
- g) Identify the source documents used to complete the tax return and complete the relevant pages of a self-assessment tax return.^[K]

Excluded topics

- *Savings income paid net of tax.*
 - *Tax planning involving the transfer of savings income between spouses to utilise the savings income nil rate band.*
 - *Dividend tax planning between spouses, civil partners and the impact on the decision to incorporate or extract funds from a company.*
 - *The enterprise investment scheme, the seed enterprise investment scheme and venture capital trusts.*
 - *Trust income.*
 - *Detailed knowledge of the rules and limits for individual savings accounts (ISA) other than that income from such accounts is exempt from tax.*
 - *Junior ISAs.*
 - *Premiums for granting subleases.*
 - *The tax reduction scheme for gifts of pre-eminent objects.*
 - *Accrued income scheme.*
 - *The restriction on property income finance costs.*
 - *Non-deductible capital expenditure under the cash basis for property income other than cars, land and buildings.*
- 3. Income from property, savings and investments**
- a) Identify property income assessable
- i) furnished and unfurnished property
 - ii) premiums from short leases.^[K]
- b) Outline the deductions allowable
- i) revenue expenses
 - ii) capital allowances
 - iii) replacement furniture relief
 - iv) repairs and renewals
 - v) restriction for private use.^[K]
- c) Describe rent a room relief.^[K]

4. The comprehensive computation of taxable income and income tax liability

- a) Explain the entitlement to and the amount of the personal allowance.^[K]
- b) Identify and explain the use of eligible interest.^[K]
- c) Illustrate the allocation of tax bands and tax rates against taxable income
 - i) non-savings
 - ii) savings
 - iii) dividends.^[S]
- d) Explain and illustrate the difference between tax liability and tax payable for the deduction of PAYE.^[K]
- e) Explain and illustrate charitable payments
 - i) payroll giving
 - ii) gift aid and the extension of basic rate and higher rate bands.^[K]
- f) Prepare examples of income tax computations
 - i) standard layout
 - ii) net income
 - iii) use of rates and bands
 - iv) basic rate and higher rate band extension
 - v) tax liability and tax payable.^[S]

Excluded topics

- *Consideration of the most beneficial allocation of the personal allowance to different categories of income.*
- *The transferable amount of personal allowance for spouses and civil partners.*
- *Tax reducers.*
- *Foreign income and double tax relief.*
- *The calculation of under/overpaid or late paid tax.*

- *Maintenance payments.*
- *The income of minor children.*
- *Cap on income tax reliefs.*
- *Child benefit income tax charge.*

5. The use of pension contributions in deferring and minimising income tax liabilities

- a) Identify the schemes available
 - i) occupational pension schemes
 - ii) personal pension plans.^[K]
- b) Define relevant earnings.^[K]
- c) Explain the maximum contributions allowed for tax relief
 - i) occupational schemes
 - ii) personal pension plans
 - iii) stakeholder pension
 - iv) employee, employer and self employed.^[K]
- d) Show how the relief is given
 - i) deductions from salary
 - ii) basic rate tax withheld at source
 - iii) higher rate tax relief given via basic rate band extension.
 - iv) additional rate tax relief given via higher rate band extension.^[S]
- e) Show the tax effects of employer contributions
 - i) on the employer
 - ii) on the employee.^[S]

Excluded topics

- *Excess charges for exceeding annual and lifetime allowances.*
- *The carry forward of unused annual allowance.*
- *The tapered annual allowance.*
- *Receiving income from pension arrangements.*

6. Income tax administration

- a) Explain and apply the features of the self-assessment system as it applies to individuals.^[K]
- b) Detail the responsibilities that individuals have for disclosure of income and payment of tax to the relevant authorities.^[K]
- c) Describe the duties and responsibilities of a tax practitioner.^[K]
- d) Compute payments on account and balancing payments/repayments.^[S]
- e) List the information and records that taxpayers need to retain for tax purposes.^[S]
- f) Pay As You Earn (PAYE) forms and deadlines for submission
 - i) P11D
 - ii) P60
 - iii) P45.^[K]
- g) Explain the tax authority's filing and payment process in relation to all personal income.^[K]
- h) Explain the system of penalties and interest as it applies to income tax and capital gains.^[K]

Excluded topics

- *HM Revenue & Customs compliance checks, determinations and discovery assessments.*
- *Reducing payments on account.*
- *General Anti-Abuse Rule.*
- *Calculation of late payment and repayment interest.*
- *Calculation of payment on account on disposals of residential property (knowledge of the payment on account due date is examinable)*

D CAPITAL GAINS TAX

1. The scope of the taxation of capital gains for individuals

- a) Define chargeable persons, chargeable disposals and chargeable assets
 - i) individuals
 - ii) exempt disposals
 - iii) exempt assets.^[K]
- b) Outline the administrative framework for capital gains tax
 - i) individuals
 - ii) payment.^[K]
- c) Outline the basic calculation including the deduction of expenses of purchase and sale.^[K]
- d) Explain the entitlement to the annual exempt amount.^[K]

2. The basic principles of computing gains and losses.

- a) Compute capital gains for individuals.^[S]
- b) Explain the circumstances when market value may be used for the transfer value
 - i) bargains not at arms length
 - ii) gifts.^[K]
- c) Demonstrate the calculation of market value for quoted shares and securities.^[S]
- d) Calculate disposals of post 31 March 1982 assets including enhancement expenditure.^[S]
- e) Explain the use of capital losses for individuals
 - i) current year
 - ii) brought forward.^[K]
- f) Compute the amount of allowable expenditure for a part disposal.^[S]

Excluded topics

- *Assets held at 31 March 1982.*

- *Losses in the year of death.*
- *Connected persons and transfers between spouses.*
- *Partnership capital gains.*
- *Negligible value claims.*
- *Relief for losses incurred on loans made to traders.*
- *Assets transferred to and from trading stock.*
- *CGT questions involving the effects of pension contributions and gift aid payments on income tax reliefs.*

3. Gains and losses on the disposal of shares and securities

- a) Outline the matching rules for individuals
 - i) same day
 - ii) next 30 days
 - iii) share pool (including construction of a basic pool).^[K]
- b) Compute gains and losses on disposals by individuals.^[S]
- c) Illustrate the impact of bonus and rights issues on shareholdings.^[S]
- d) Identify exempt disposals
 - i) gilts
 - ii) qualifying corporate bonds (individuals only).^[K]

Excluded topics

- *Disposals of rights issues.*
- *Employee shareholders.*

4. Gains and losses on the disposal of movable and immovable property

- a) Define chattels
 - i) non-wasting
 - ii) wasting.^[K]

- b) Explain and demonstrate the calculation of gains on chattel disposals
 - i) exemptions
 - ii) marginal relief
 - iii) deemed proceeds for losses
 - iv) awareness of the interaction with capital allowances.^[S]
- c) Calculate gains on part disposals.^[S]
- d) Calculate gains where compensation or insurance proceeds are received for assets lost or destroyed.^[S]

Excluded topics

- *Small part disposals of land.*
- *Wasting assets (other than chattels) and leases.*
- *Damaged assets.*

5. The computation of capital gains tax payable by individuals and the completion of the self assessment tax return

- a) Compute the amount of capital gains tax payable.^[S]
- b) Record relevant details of gains and the capital gains tax payable legibly and accurately in the tax return.^[S]

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

- a) Private residence relief (PRR)
 - i) outline the rules governing PRR
 - ii) explain and calculate the exemption
 - iii) explain and calculate the relief for absences
- b) Gift holdover relief
 - i) outline availability
 - ii) explain and calculate the relief
 - iii) calculate the restriction as a result of a sale at undervalue.^[S]

- c) Roll-over relief
 - i) outline availability
 - ii) explain and calculate the relief
 - iii) calculate the relief available on the partial reinvestment of sale proceeds
 - iv) depreciating assets.^[S]
- d) Explain and apply business asset disposal relief as it applies to individuals.^[K]

Excluded topics

- *Reinvestment relief.*
- *Letting relief*
- *Business asset disposal relief for associated disposals.*
- *CGT questions involving both business asset disposal relief and other reliefs.*
- *Expanded definition of the 5% shareholding condition for business asset disposal relief.*
- *Availability of business asset disposal relief where shareholding is diluted below the 5% qualifying threshold.*
- *Business asset disposal relief lifetime limit prior to 6 April 2020.*
- *Investors' relief.*
- *Incorporation relief.*

E CORPORATION TAX LIABILITIES

1. The scope of corporation tax

- a) Identify the scope of corporation tax
 - i) chargeable entities
 - ii) chargeable income
 - iii) chargeable gains.^[K]
- b) Identify accounting periods, including periods longer and shorter than 12 months.^[K]

- c) Identify the basis of assessment for all sources of income
 - i) trading income
 - ii) profits from loan relationships and interest
 - iii) property business income
 - iv) chargeable gains.^[K]

Excluded topics

- *Close companies.*
- *Groups and consortia.*
- *Foreign income and double tax relief.*
- *Investment companies and companies in receivership or liquidation.*
- *The purchase by a company of its own shares.*
- *Personal service companies.*
- *Completion of forms CT61.*
- *Non-corporate dividends.*
- *Freeports*

2. Taxable total profits

- a) Recognise the expenditure that is allowable in calculating the tax-adjusted trading profit.^[K]
- b) Explain how relief can be obtained for pre-trading expenditure.^[K]
- c) Compute capital allowances
 - (i) as for income tax^[S]
 - (ii) the main pool super deduction of 130% and special rate pool first year allowance of 50% for expenditure incurred from 1 April 2021 to 31 March 2023.
- d) Compute property business profits.^[S]

- e) Explain the treatment of interest paid and received under the loan relationship rules.^[K]
- f) Explain the treatment of qualifying charitable donations.^[K]
- g) Compute taxable total profits.^[S]

Excluded topics

- *Interest paid and received net of tax.*
- *Research and development expenditure.*
- *Non-trading deficits on loan relationships.*
- *Relief for intangible assets.*
- *Patent box.*
- *Apportionment in order to determine the amount of main pool super deduction where a period of account straddles 1 April 2023.*
- *Disposals of assets for which a 130% main pool super deduction or 50% special rate pool first year allowance claim was made.*

3. The comprehensive computation of corporation tax liability

- a) Identify the financial year(s) relevant to an accounting period.^[K]
- b) Calculate the corporation tax liability.^[S]

Excluded topics

- *Accounting periods that span two financial years if there is a change in the rate of tax.*
- *Marginal relief.*
- *51% group companies.*
- *Franked investment income.*

- *The corporate venturing scheme.*

4. Chargeable gains for companies

- a) Compute chargeable gains for companies.^[S]
- b) Calculate indexation allowance up to the date of sale using a given indexation factor.^[S]
- c) Explain the use of capital losses for companies
 - i) current year
 - ii) brought forward.^[K]
- d) Outline the matching rules for companies
 - i) same day
 - ii) last 9 days
 - iii) share pool (construction of a basic pool, including the calculation of indexation allowance up to the date of sale will be required).^[K]
- e) Compute gains and losses on disposals.^[S]
- f) Roll-over relief
 - i) outline availability
 - ii) explain and calculate the relief
 - iii) calculate the relief available on the partial reinvestment of sale proceeds
 - iv) depreciating assets.^[S]

Excluded topics

- *Substantial shareholdings.*
- *Assets held at 31 March 1982.*
- *Calculation of indexation factors.*

5. Relief for losses

- a) Explain the loss reliefs available for both trade and non trade losses.^[K]
- b) Illustrate the use of the loss reliefs in a basic calculation
 - i) trade losses
 - CTA 2010 s37 current period
 - CTA 2010 s37 carry back (including cessation)

- CTA 2010 s45A carry forward
- ii) non trade losses
 - property business loss relief
 - capital losses
 - explain the impact of cessation of trade on trade and non trade losses.^[S]
- c) Compute corporation tax repayable following a loss relief claim.^[S]
- d) Recognise the due dates for the payment of corporation tax under the self-assessment system.^[K]
- e) Explain how large companies are required to account for corporation tax on a quarterly basis.^[K]
- f) List the information and records that taxpayers need to retain for tax purposes.^[S]

Excluded topics

- *The carry back of a loss involving periods of less than 12 months.*
- *Restriction on carried forward trading losses and capital losses for companies with profits over £5 million.*

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

- a) 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.^[K]

7. Complete the corporation tax return

- a) Complete corporation tax returns correctly and submit them within statutory time limits.^[S]

8. Corporation tax administration

- a) Explain and apply the features of the self-assessment system as it applies to companies, including the use of iXBRL.^[K]
- b) Explain the system of penalties and interest as it applies to corporation tax.^[K]
- c) Recognise the time limits that apply to the filing of returns and the making of claims.^[K]

Excluded topics

- *HM Revenue & Customs compliance checks, determinations and discovery assessments.*
- *Calculations of corporation tax instalments for short periods.*
- *The effect of dividend income received from non-group companies on determining if corporation tax instalments are due.*
- *Calculation of late payment and repayment interest.*
- *The quarterly instalment payment dates for very large companies.*

F VALUE ADDED TAX

1. The scope of value added tax (VAT)

- a) Describe the scope of VAT and identify sources of information on VAT.^[K]
- b) Explain the relationship between the organisation and the relevant government agency.^[K]

2. The VAT registration requirements

- a) Recognise the circumstances in which a person must register for VAT.^[K]
- b) Explain the advantages of voluntary VAT registration.^[K]

- c) Explain the circumstances in which a person may request exemption from registration.^[K]
- d) Explain how and when a person can deregister for VAT.^[K]

Excluded topics

- *Group registration.*
- *Intending trader registration.*
- *The consequences of deregistration.*
- *Disaggregation.*

3. The basic principles of VAT

- a) Explain and contrast the types of supply
 - i) standard
 - ii) zero rated
 - iii) exempt.^[K]

4. VAT invoices and records

- a) Explain the detail required on VAT invoices.^[K]

5. Administration of VAT

- a) Detail the basic VAT administration requirements
 - i) records
 - ii) late registration penalties.^[K]

Excluded topics

- *Substantial traders.*

6. The effect of special schemes

- a) Describe the following schemes
 - i) annual accounting scheme
 - ii) cash accounting scheme
 - iii) flat rate scheme.^[K]

Excluded topics

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

- *The special schemes for retailers.*

7. Preparing and completing VAT returns

- a) Computing VAT liabilities
 - i) input tax
 - ii) output tax
 - iii) impaired debts
 - iv) discounts
 - v) irrecoverable VAT.^[S]
- b) Make adjustments and declarations for any errors or omissions identified in previous VAT returns.^[S]
- c) Accounting for VAT
 - i) return periods
 - ii) tax point
 - iii) VAT return.^[S]

Excluded topics

- *VAT periods where there is a change in VAT rate.*
- *Partial exemption.*
- *Penalty for an incorrect VAT return.*
- *Default interest.*
- *Explain the treatment of imports, exports and trade outside the UK.*
- *The reverse charge for building and construction services.*
- *Postponed accounting for VAT on imports.*
- *Reform of the VAT penalties and interest regime for late filing and payment, which will apply from 1 January 2023.*

8. Communicate VAT information

- a) Inform managers of the impact that the VAT payment may have on the company cash flow and financial forecasts.^[S]

- b) Advise relevant people of the impact that any changes in VAT legislation, including the VAT rate, would have on the organisations recording systems.^[5]
- c) Communicate effectively with the relevant tax authority when seeking guidance.^[5]

G Employability and technology skills

- 1. Use computer technology to efficiently access and manipulate relevant information.**
- 2. Work on relevant response options, using available functions and technology, as would be required in the workplace.**
- 3. Navigate windows and computer screens to create and amend responses to exam requirements, using the appropriate tools.**
- 4. Present data and information effectively using the appropriate tools.**

13. Summary of changes to Foundations in Taxation (FTX-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.

Amendments to FTX-UK

| | Section and subject area | Syllabus content |
|----|--|---|
| B2 | Capital allowances | Added "and first year allowances" to B2(b)(i) to clarify that first year allowances are examinable: (b) (i) writing down allowances and first year allowances |
| B2 | Capital allowances – <i>Excluded topics</i> | Removed from <i>Excluded topics</i> since the amount of annual investment allowance has been extended to 31 March 2023: <ul style="list-style-type: none"> • <i>Apportionment in order to determine the amount of annual investment allowances where a period of account spans 1 January 2022.</i> • <i>Knowledge of the annual investment allowance limit of £200,000 applicable from 1 January 2022.</i> |
| B4 | Relief for trading losses – <i>Excluded topics</i> | Removed from <i>Excluded topics</i> : <ul style="list-style-type: none"> • <i>The temporary extension of the carry back of trading losses incurred in the tax years 2020/21 and 2021/22 from one year to three years.</i> |
| B5 | Partnerships – <i>Excluded topics</i> | Removed from <i>Excluded topics</i> : |

| | | |
|----|---|--|
| | | <ul style="list-style-type: none"> • <i>The temporary extension of the carry back of trading losses incurred in the tax years 2020/21 and 2021/22 from one year to three years.</i> |
| B6 | National insurance contributions for the self-employed | Amended “self- employed” to “the self-employed” in B6 and B6(a). |
| C3 | Income from property, savings and investments – <i>Excluded topics</i> | <p>The following <i>Excluded topic</i> amended to remove “motor” from the description to simply refer to “cars”, to be consistent with common parlance:</p> <ul style="list-style-type: none"> • <i>Non-deductible capital expenditure under the cash basis for property income other than motor cars, land and buildings.</i> <p>Amended to:</p> <ul style="list-style-type: none"> • <i>Non-deductible capital expenditure under the cash basis for property income other than cars, land and buildings.</i> |
| C5 | The use of pension contributions in deferring and minimising income tax liabilities | <p>(a) (ii) amended “private pension plans” to “personal pension plans”, for clarity.</p> <p>(b) amended “net relevant earnings” to “relevant earnings”.</p> <p>(c)(iii) amended “stakeholder plans” to “stakeholder pension”, for clarity.</p> |
| D3 | Gains and losses on the disposal of shares and securities | (a)(iii) added clarification to the share pool – “share pool (including construction of a basic pool)”. |
| E5 | Relief for losses – <i>Excluded topics</i> | <p>Removed from <i>Excluded topics</i>:</p> <ul style="list-style-type: none"> • <i>The temporary extension of the carry back of trading losses incurred in accounting periods ending</i> |

| | | |
|----|---|---|
| | | <i>between 1 April 2020 and 31 March 2022 from one year to three years.</i> |
| F7 | Preparing and completing VAT returns – <i>Excluded topics</i> | <p>Added to <i>Excluded topics</i>:</p> <ul style="list-style-type: none"> • <i>Reform of the VAT penalties and interest regime for late filing and payment, which will apply from 1 January 2023.</i> |