



Examiner's report

F6 Taxation (SGP)

June 2009

General Comments

The examination consisted of five compulsory questions (Question 1 for 30 marks, Question 2 for 25 marks and each of the other three questions for 15 marks) with close to 80 percent of the marks allocated to testing the candidates on computational skill.

Majority of the candidates attempted all five questions. Where not all questions were attempted, Question 5 was most frequently omitted.

The general performance of the candidates in this sitting improved over that of the last sitting. The candidates scored highly on the computational questions but did not do as well on the essay type questions.

It was clear from the performance of the candidates that much time and effort had been devoted to perfecting computational skill at the expense of technical knowledge and understanding of the principles of taxation. There must be an adjustment to the focus when preparing for this paper from "substantially computational" to a more balanced approach to develop an understanding and improve skills and knowledge on tax principles and practices.

There was improvement in the organisation of the answers as fewer candidates had answers on pages which were not sequential. Candidates must insert in the box provided the question number of the question that was being attempted. Further, candidates must be encouraged to answer a question on a new page of the script booklet.

Specific Comments

Question One

This question on corporate income tax was divided into two parts.

The first part (26 marks) was a standard requirement in testing the candidates' ability in computing the chargeable income of a company by identifying the different sources of taxable income and deductibility of business expenses. There was also a requirement to compute capital allowances on fixed assets and industrial building allowances. Candidates performed extremely well.

The second part (4 marks) required the candidates to state four other uses that would qualify a building or structure as an industrial building or structure. Most candidates were able to provide only two uses and a high percentage did not even attempt this part of the question.

Taken as a whole, candidates scored well on this question.

Question Two

Question 2 was to determine the minimum tax liability of the husband (20 marks) and his wife (5 marks)

Incorporated in the question were tests on the candidates' ability in arriving at the partner's share of divisible and adjusted profits, employment income, the various sources of investment income, spousal transfers and personal reliefs.

The candidates were well prepared and did exceedingly well. There was no noticeable weakness in the candidates' computational skill.

Generally, the candidates' performance was impressive.

Question Three

Question 3 was a question on goods and services tax (GST). The question required candidates to identify the different types of supplies, supplies where input GST claims were blocked, the time of supplies for input GST claim and reverse GST for gifts in excess of \$200.

Generally most candidates did well. Marks were lost mainly due to carelessness. One example of such carelessness was where output GST was stated as input GST and vice versa. Some candidates spent too much time explaining the GST treatments of the various transactions when such explanations were not required.

Question Four

This question was divided into two parts. The first part of the question (6 marks) required the candidates to state the conditions that must be satisfied to qualify for the carry-back relief. The second part of the question (9 marks) was a test of the candidates' knowledge in applying the order of set-off to capital allowances, losses, donations and group relief.

Candidates appeared not to have been prepared to deal with questions of this nature as most candidates were not able to state the conditions asked for by the first part of the question. This was the case in Question 1(b) and also in Question 5(a). Candidates appeared to have concentrated their efforts and preparedness in dealing with computation based questions.

On the second part of the question, there were a good percentage of the candidates that scored full marks but there were also a good percentage of the candidates that scored no marks or did not even attempt the question.

The general performance of the candidates was varied with some doing reasonably well while others had poor scores.

Question Five

This question was divided into two parts. The first part of the question (5 marks) required the candidates to state the conditions that would qualify the transfer of fixed assets at their tax written down value. The second part of the question (10 marks) was on withholding tax of various payments made to non-residents of Singapore.

As was commented earlier, candidates did poorly on this essay based part of the question; however a handful had perfect scores.

On the second part of the question, candidates did not fare well. Many got the rates of withholding tax wrong and were not able to provide the correct reasons why withholding tax was not applicable.

Question 5 was most often omitted by the candidates. Those who attempted did not score well.