



Examiners' report

F6 Taxation (VNM)

June 2008

The examination consisted of five compulsory questions (Question 1 for 30 marks, Question 2 for 25 marks, Question 3 for 20 marks, Question 4 for 15 marks and Question 5 for 10 marks) with an approximate 2:1 split requirement for computation and narrative respectively.

Most candidates attempted all five questions although there was infrequent evidence of poor time management, particularly affecting Question 5. The number of candidates who attempted the questions out of order, was however, surprising.

Excellent answers were presented by many for all five questions and very high marks were achieved by a number of candidates. The performance of candidates overall was a marked improvement with only a small number appearing to be unprepared for the examination.

Workings were generally shown and were usually easy to follow. Candidates in general displayed their answers well, with clear labelling to indicate which questions are being attempted. However, each question should be started on a new page and candidates should give more thought to the layout and organisation of their answers. Valuable time can be easily wasted.

Question 1

This 30-mark question tested candidates' ability to understand the requirements to calculate a company's CIT liability, loss grouping provisions and Permanent Establishment definitions. Candidates often demonstrated a lack of knowledge about loss grouping provisions and attempted to offset the losses with the two companies.

In general, Questions 1 was answered well.

Question 2

This question, on the subject of PIT, was frequently the best answered question on the paper, (especially Part (b)). However, many candidates while correctly answering Part (a) incorrectly failed to identify that the royalty income was irregular income and also expressed in USD and not AUD.

The answers were based on gross amounts, however as the question did not clearly state gross or net amounts, marks were awarded for calculations using net amounts.

Question 3

This question was on the subject of the taxes that foreign contractors are subject to.

Part (a) was written in an expansive way and any valid Vietnamese tax identified was awarded marks. In general many candidates failed to identify taxes beyond the standard CIT and VAT components of FCT.

Part (b) was generally well answered, however many students failed to gain marks by omitting the step of only calculating the tax payable for the first payment. Many candidates calculated the tax payable for the entire payments under the contract.

Question 4

This question focused on the subject of a VAT calculation and the requirements for claiming a credit or refund for VAT in relation to export sales.

Part (a) in general was answered well, however a number of candidates failed to distinguish between output VAT and input VAT for several items.

In answer to Part (b) many candidates generally correctly identified the requirements.

Question 5

This question focused on the subject of the employer's responsibilities in relation to employing staff and PIT.

Candidates generally correctly identified the requirements, however for a number of candidates there appeared to be a lack of time management with the answer only partially completed. Also, a number of candidates completed the answer with the required dates from previous regulations.