



Examiner's report

F6 Taxation (VNM)

June 2009

General Comments

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 1:1 split requirement for computation and narrative respectively.

Most candidates attempted all five questions although there was some evidence of poor time management, particularly affecting Question 5.

Excellent answers were presented by many for all questions and very high marks were achieved by a number of candidates.

Workings were generally shown but were at times difficult to follow. Question 1 showed indications of candidates being unable to clearly calculate the income, deductions and tax liabilities in an efficient way. Many started the answer only to cross it out and start again. This did not necessarily hinder their ability to complete the entire exam, although it did appear to waste valuable time.

Specific Comments

Question One

This 25-mark question tested candidates' ability to cope with personal income tax (PIT) implications of employees with one employee having many categories of income.

This question proved challenging as for the first time the PIT regulations were being tested with new categories of income being taxed.

Most candidates correctly calculated that Ms Tam and Ms Thuy did not have assessable income after utilising the deductions.

In Part (b) (i) it was disappointing to see approximately half the candidates refer to the old regulations.

In Part (b) (ii) many struggled with the overseas investment income, especially the interest income and sale of investment property which were assessable income and many candidates showed signs of indecisiveness, by changing their answers.

There was also evidence of indecisiveness of when to gross up, before or after the investment income, and quite a number of candidates did not gross up or calculated the monthly tax liability but failed to multiply out for the number of months employed.

Question Two

This question was for 30 marks. Parts (a) and (b) were on the subject of corporate taxation and Vietnamese transfer pricing regulations. Part (b) was generally answered well, however Part (a) was generally answered in an over complicated way.

Most of the items did not result in adjustments.

A larger than expected percentage of candidates attempted to reconstruct the profit and loss statement from the information provided, i.e. start with sales and deduct expenses to come to an accounting profit with adjustments included. This was despite the question being asked in a similar way to previous exams.

Only a small percentage of candidates were awarded full marks for this question.

Parts (c), (d) and (e) were generally answered well with most outlining the essential elements of the answer required.

Question Three

This was a 20 mark question on foreign contractor tax (FCT), with parts (a) and (b) being written parts for 14 marks, and parts (c) and (d) being computational for the remaining 6 marks. This question was generally well answered.

Part (a) was a question reversed from the usual way of asking an FCT question. Most candidates provided sufficient answers to score reasonably well.

Part (b) was generally well answered.

Parts (c) and (d) were well answered, although approximately 25% of candidates went on to calculate the corporate income tax (CIT) liability and value added tax (VAT) liability which was not required by the question.

Question Four

This question focused on the VAT taxable treatment for various activities and the requirements for obtaining a VAT credit and/or refund.

Part (a) was almost universally answered very well showing that the candidates had remembered the differences in the calculations. Due to an ability to have different interpretations of the regulations, marks were awarded where the candidate had shown knowledge of the VAT regulations.

A reasonable percentage of candidates grossed up the values for VAT despite the question clearly stating that the values were inclusive of VAT.

Question Five

This question focused on the requirements for obtaining CIT incentives and the CIT regulations.

In Part (a) many candidates correctly identified what the circumstances were to be eligible for the reduced rate of CIT.

Part (b) was generally not answered well, although the tax administration regulations are a difficult subject matter.

This appeared to be considered the most difficult and was usually the last question to be answered, and there was some evidence that answers were rushed.