



Examiners' report

F6 Taxation (VNM)

December 2007

The examination consisted of five compulsory questions (Question 1 for 25 marks, Question 2 for 30 marks, Question 3 for 20 marks, Question 4 for 15 marks and Question 5 for 10 marks). The questions were split roughly 50:50 for computations and written answers.

Most candidates attempted at least four of the five questions although there was clear evidence of poor time management. From the papers graded it would appear that Question 1 and Question 3 took up the majority of the candidates' time. Where not all questions were attempted, Question 2 was most frequently omitted.

Good answers were presented by those who attempted Questions 1, 4 and 5. The performance of candidates overall, however, continued to disappoint with a large number appearing not to complete the examination.

Question 1

Candidates frequently omitted to gross up pre-tax income or failed to calculate the monthly average income correctly. A number of candidates misread the facts provided and incorrectly based their calculations on shorter employment periods despite the number of months employed being clearly provided in the fact table. Overall, the candidates were able to demonstrate that they understood how the PIT liability was calculated for residents and non-resident tax payers.

Question 2

Candidates had difficulty with Questions 2(a) with only a small number of candidates being able to understand the concept of the two year tax holiday and two year 50% tax reduction. A recurring mistake by the candidates was the fact that they utilised losses for years where no income tax would be paid due to the tax holiday. Questions 2(ii) was particularly poorly answered as very few candidates were able to understand Question 2(i) and were consequently not able to provide any reasonable explanation on how to reduce the tax liability.

Question 3

None of the candidates took into account the deductions available for the construction of the building when calculating the FCT obligations in Question 3(a) and did not understand that the Korean Co Ltd was offering trading services, which led to incorrect answers to (b) and(c) and contributed to the overall lower scores in this sitting. This question was overall very poorly answered.

Question 4

The majority of the candidates were able to answer Question 4 satisfactorily.

Question 5

Due to the nature of the question posed, the examiner accepted any reasonable explanation for this question. In general, candidates that attempted this question demonstrated that they understood the requirements for depreciating tangible fixed assets.