



# Examiner's report

F6 Taxation (VNM)

December 2009

## General Comments

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) 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 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 PIT implications of a taxpayer with multiple non-employment income.

We accepted the calculations of Mr Minh's taxable income with the standard deduction and with or without the 3 dependent deductions as the question did not make it entirely clear if Mr Minh was entitled to the additional deductions.

In Part (a) (ii) we accepted the investment property was to be considered as a residential property. If the candidate assumed it was not a residential property and concluded nil tax for the sale of the primary residence, marks were awarded.

In Part (a) (ii) many candidates were unable to state the correct tax rates for each investment transaction.

### Question Two

This question, Parts (c), (d), (e) and (f) on the subject of corporate taxation were generally well answered. In Part (a) and (b) many candidates did not identify the 2% provisional withholding tax on the advance payments.

A larger than expected percentage of candidates again 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 is 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.

### Question Three

This FCT question was generally well answered.

Most candidates provided sufficient answers to score reasonably well.

**Question Four**

This question focused on the VAT taxable treatment for various activities of a financial institution.

While question was almost universally answered very well showing that the candidates had remembered the differences in the calculations, very few candidates identified that the VAT input credit was not fully creditable.

**Question Five**

This question focused on the requirements for obtaining transfer pricing, foreign contractor exemption requirements and penalties.

In Part (a) many candidates could not identify when transfer pricing regulations do not apply.

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

The final Part was generally not answered well, although it appears Question 5 was left until the end and candidates were rushing to complete the exam.