



Examiner's report

F6 TAXATION (ZWE)

December 2009

General Comments

The examination consisted of five compulsory questions. Question 1 was for 25 marks; question 2 for 30 marks while the other 3 questions were allocated 15 marks each. The examination paper was mostly computational with the narrative questions accounting for about 15% of the total marks.

All the candidates attempted the first three questions and a very few number of candidates did not manage to attempt either question 4 or 5 attributable mostly to poor time management.

The performance of candidates at this sitting was quite remarkable. Most candidates displayed a lot of prior examination preparation and were quite up to date with all the applicable legislation changes. The answers presented were of a very high standard and accordingly very high marks were attained by most candidates.

Overall there has been a significant improvement in the quality of answers presented for marking notably for questions 1 and 2. The number of candidates who attempted these two questions first was noteworthy and almost all of these candidates managed to score very high marks compared to those who attempted either of these two questions last.

Specific Comments

Question One

The question on individual tax required candidates to compute the taxable income and respective tax payable both from employment and from a business operation. The narrative part required candidates to state the due date for PAYE remittance for a specific month, identify a taxpayer and also to state the ZIMRA registration requirements.

The question overall was the best answered question on the examination and almost all the candidates did very well on this particular question. Very good answers were presented and most candidates achieved very high marks. Most candidates managed to identify the exemptions and allowable deductions attributable to those in civil service thereby scoring the allocated marks. Some candidates confused the treatment of medical aid contributions in general as these were treated as a deduction instead of a credit. However, in this case the credit did not apply either as the contribution was made by the employer.

The common errors noted were as follows:

- Failure to grant disabled person's credit
- Incorrect medical expenses credit
- Treatment of capital expenses
- Incorrect computation of capital allowances

Question Two

The question on corporate tax, required candidates to compute the taxable income and tax payable and to identify the strategies to reduce the tax liability.

Although some very high marks were achieved on this question, some candidates did not fully comprehend the requirements of the question in (a) - to calculate the minimum taxable income. This

meant the computation of the maximum capital allowances –SIA and not wear and tear. A few candidates lost valuable time on the question by coming up with the whole income statement instead of concentrating only on the exemptions, allowable deductions and the treatment of disallowed expenses – tax computation.

Errors noted in part (a)

- Incorrect tax rate
- Incorrect capital allowances rate
- Failure to restrict the trade convention expense
- Failure to identify or restricting outright expenses
- Providing excess information eg QPDs

The narrative part of the question, part (b) which accounted for 5 marks of the question was poorly attempted by most candidates. A good number did not attempt the question at all and for those that did partial answers were presented.

Question Three

This question was on capital gains tax involving the disposal of a principal private residence and business premises.

Part (a) of the question was well attempted by most candidates. Apart from the incorrect computation and treatment of the recoupment, no other error was noted for this part of the question.

In part (b) a good number of the candidates provided an incorrect date for the remittance of capital gains tax, although the other part of the question was well answered by all the candidates.

Question Four

The question on value added tax required candidates to calculate output tax on deemed motor vehicle benefits in part (a) and value added tax payable for a given period in part (b). A few candidates did not attempt the question in full mostly due to poor management of time.

Part (a) of the question was often omitted and for some candidates that attempted this part, a good number presented incorrect computations.

Although very good answers were presented for part (b) a few candidates failed to recognise that the two months of September and October should be treated as one tax period and consequently one vat remittance date to be identified.

Question Five

The question focused on an elderly taxpayer and the attributable exemptions to the respective gross income.

As in the previous question, there was evidence of poor time management as some candidates failed to attempt this question.



Although some good answers were presented for this question, a number of errors were noted which impacted on the attainment of high marks.

The common errors included the following:

- Incorrect tax rates
- Incorrect computation of exemptions and restrictions thereof
- Computation of elderly tax credit on taxable business income
- Incorrect treatment of capital expenses