

RELEVANT TO ACCA QUALIFICATION PAPERS F6 AND P6

Stepping up from Paper F6 (UK) to Paper P6 (UK)

Please note: Paper P6 (HKG), (MYS), (SGP) and (ZAF) candidates should refer to the [Appendix](#) for supplementary information from the examiners

The aim of Paper P6 (UK), *Advanced Taxation*, is to ensure that candidates can provide clients – both individuals and businesses – with the information and advice they require regarding the impact that the major UK taxes may have on their financial decisions and situations. The emphasis is on the practical application of tax rules to client scenarios and the production of professional documents incorporating helpful, clear advice. It should be noted that the ability to communicate with clients, HM Revenue & Customs and with other professionals, is one of the five main capabilities required of candidates sitting Paper P6 (UK).

The syllabus

Paper P6 (UK) is directly underpinned by Paper F6 (UK), *Taxation*. Knowledge and understanding of the technical content of Paper F6 is, therefore, vital if candidates are to be successful at Paper P6 (UK). It is quite possible that the technical content of a Paper P6 (UK) question could be drawn almost wholly from the Paper F6 (UK) syllabus. However, such a question will require the analysis of information provided, and the application of technical knowledge to the situation in order to solve the problem.

The Paper P6 (UK) syllabus extends the coverage of income tax, corporation tax, capital gains tax and inheritance tax and introduces stamp duty land tax and stamp duty. The syllabus is very wide, as befits an optional paper at this level. New technical content is clearly identified in the *Study Guide* and will be examined regularly.

While no part of the syllabus is more important than any other, it should be recognised from the above that knowledge of the technical areas that are exclusive to Paper P6 (UK) will not, on its own, be sufficient to pass the exam.

The technical areas included within the syllabus are set out in the *Study Guide* on ACCA's website. Candidates should always check the website for the latest *Study Guide* relevant to their exam session to ensure that nothing has changed and hence the learning that they are about to embark on is up to date.

Candidates are required to explain, calculate and apply their knowledge of the system of taxation in the UK. This knowledge must be up to date. Candidates must familiarise themselves with the changes introduced by the recent Finance

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Acts as summarised in the Finance Act articles published in *Student Accountant* and on the website.

The style and format of the paper

The Paper P6 (UK) exam is offered in paper format only. Candidates are given three hours with an additional 15 minutes of reading and planning time (RAPT).

Paper P6 (UK) differs from Paper F6 (UK) in that not all of the questions are compulsory. Paper P6 (UK) consists of two sections, A and B. Questions 1 and 2 in Section A are compulsory, and are worth 35 and 25 marks respectively. Question 1 will include 4 professional marks. Questions 3, 4, and 5 in Section B are each worth 20 marks. Candidates are required to answer two of these Section B questions only. The whole of the syllabus is examinable throughout both sections of the exam.

The Section A questions require candidates to analyse the information provided and to use any guidance given to help address the requirements. Both questions are likely to address a number of different taxes and Question 1 will require a report, letter, memo or meeting notes as part of the answer. Because Section A questions are relatively large, careful time management is important, and candidates are advised to use the number of marks allocated to each requirement to determine how much time to spend on each part.

The Section B questions contain an introductory paragraph, which outlines the technical areas within the question, together with concise structured information and sub-headings to make them easy to assimilate and navigate. This enables candidates to determine which two questions to answer without having to read the whole of the question if they need to due to time pressure.

Throughout the exam, candidates are expected to be able to identify issues, as well as demonstrate detailed knowledge of the tax system. In line with this emphasis on practicality, questions may require candidates to address 'the UK tax consequences' of a given situation without indicating which particular taxes to consider. It is up to candidates to identify the relevant taxes, and the issues in respect of those taxes, before beginning their answers.

Calculations are normally only required in support of explanations and advice, and not in isolation. Again, it is often up to candidates to decide what calculations to produce in order to do this in the most efficient manner. Advice on how to approach a given problem may be provided in the question.

There is no specific allocation of numerical calculation versus narrative balance within Papers F6 (UK) and P6 (UK). However, in practice, Paper F6 (UK) is weighted towards numerical calculation approximately 60 to 85% whereas

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Paper P6 (UK) is weighted 60 to 70% towards narrative explanations. In both papers, the ability of candidates to be able to explain their treatments and opinions is vital. It is important to note that this does not mean that candidates need to have perfect grammar or spelling; it means that they need to make themselves understood.

Paper P6 (UK) has four marks within Question 1 for professional skills, known as professional marks. In order to score well, candidates first have to satisfy the requirement in relation to the style and format of the document requested. Further marks are then available for providing clear explanations and coherent calculations.

Approach to the exam

Irrespective of whether a candidate is preparing for Paper F6 (UK) or P6 (UK), there are a number of stages that they need to go through in order to be successful. The approach to be taken is as follows:

- Acquire the knowledge and obtain a solid understanding of the subject area. At both levels within the taxation stream, a good understanding of the UK system of taxation is vital to a successful exam result. Knowledge can be acquired using a range of different options, and it is best to select a method that is appropriate to you.
- However you choose to acquire the relevant knowledge, you should also use the support resources available on the ACCA website (technical articles, *Study Guides*, examiner reports, examiner interviews being just some of the available resources). These resources are there to support you as an additional source of information and learning.
- Consolidate understanding by practising questions that focus on specific topic areas. In order to have a good understanding, it is vital to attempt questions that are focused on the topic. These questions assist understanding of the basic approach to the topic but do not necessarily provide a grasp of exam technique.
- To improve your exam technique and approach, practise exam-standard questions written by both Approved Learning Partners – content (ALP-c) and ACCA past exam questions. All of ACCA's exams require candidates to apply their knowledge at an appropriate level for the stage of exam. Candidates who attempt exams without practising exam-standard questions are unlikely to pass as they are unlikely to have mastered the required exam technique or technical understanding.
- ACCA's website includes past exam questions and answers. Note, however, that these past exams are based on the legislation that was in force (and was therefore examinable) at the time of the exam session. This may mean that some of the content of a question or answer may be out of date.
- ALP-c are allowed to use these past exam questions in varying degrees depending on whether they are Platinum or Gold. They adapt the

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question or answer so that the content is relevant for the exam session(s) to which the material (study text or revision bank) relates. ALP–c may also write their own exam standard questions which may look at areas that have not yet been examined.

- When practising exam-standard questions it is vital to spend time reviewing your answer against the model answer to learn what was done well and where mistakes were made so as not to repeat these errors. It should be noted that the model answers for written questions will always contain more than a candidate needs to write in order to achieve a good pass. When attempting a past exam question it is worth also taking time to review the examiner report for that question to see what the common mistakes were, what was done well and how candidates can improve performance.

Finally, when actually attempting the real exam, it is important to follow the instructions of the exam and answer all the questions required. So, in Section A, both questions are compulsory and must be answered.

In Section B candidates must answer two of the three questions; no more or less. This way a candidate will have the best possible chance of passing by attempting the 100 marks available for the exam in the time available for those marks. If a candidate does not answer all of the exam questions that they are required to answer, they are reducing their chance of passing as they will not be marked out of a 100 marks but only the maximum marks attributed to the questions or question parts that have been attempted.

In the exam

Candidates should pay particular attention to the following in order to maximise their chances of success in the Paper P6 (UK) exam:

Address the requirement

- Read the requirement carefully – in the Section A questions the detailed tasks that candidates are to perform may be set out in one of the documents within each question. It may be helpful to tick off the tasks as they are addressed. Marks are awarded for satisfying the requirements and not for other information even if it is technically correct.
- The requirements of each question are carefully worded in order to provide guidance as to the style and content of answers. Candidates should note the command words (calculate, explain, etc), any matters which are not to be covered and the precise issues they have been asked to address.
- Candidates should also note any additional guidance given in the question or in any notes following the requirement regarding the approach that should be taken when answering the question.

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- Pay attention to the number of marks available – this provides a clear indication of the amount of time that should be spent on each question part.

Candidates should not provide general explanations or long introductions.

- If candidates are asked to calculate, there is no need to explain what they are going to do before they do it; they should just get on with it – explanations should only be provided when asked for.
- Candidates should think before they write. They should then write whatever is necessary to satisfy the requirement.
- Candidates should apply their knowledge to the facts by reference to the requirement.

Candidates should think before they start and manage their time. This will:

- Ensure that they allow the correct amount of time for each question.
- Provide an opportunity to identify the relevant issues, and the calculations necessary, to support their advice.
- Enable them to consider whether the necessary calculations could be carried out in a particularly efficient way. For example, it may be that the client will be a higher rate taxpayer regardless of proposed changes to income; the income tax implications can therefore be computed at the margin without the need to prepare full income tax computations.

Section A questions are relatively long and may include a number of requirements. A separate article entitled '[Guidance on approach to questions in Section A of Paper P6 \(UK\)](#)' is available on the ACCA website.

Rory Fish is examiner for Paper P6 (UK)

Appendix: Supplementary information from Paper P6 variant examiners**PAPER P6 (HKG)**

P6 (HKG) Section B questions may not contain an introductory paragraph that outlines the technical areas within the question, but students are advised to read the requirements of the question to grasp an idea of the scope or areas that the question is meant to cover.

Due to the difference in topics allocated between Papers F6 and P6 for the HK variant, the weighting of narrative explanations against numerical calculation for Paper P6 (HKG) would be approximately 75% to 90%.

We would also like to draw candidates' attention to the following:

- Care should be exercised in making assumptions in their answers, and avoid making assumptions on facts that are in contrary to those given in the question.
- Avoid too lengthy introductions, especially when repeating or rewriting the facts from the question.
- Make sure handwriting is legible.
- Study preparation should cover the entire syllabus; a 'cherry picking' approach is not encouraged.
- Time management is most important, especially for Section A, Q1.

Betty Kwok Yuk Sim and Shirley Kan Fu Mee Yuk, Paper P6 (HKG) examiners**PAPER P6 (MYS)**

At Paper P6 level, candidates are required to demonstrate their ability to apply the tax principles and rules they have learned in Paper F6 to given scenarios by:

- analysing given data and facts
- comparing alternative actions
- assessing their respective significance or impact
- drawing conclusions.

Candidates should be fully cognizant of the inter-linking of various taxes, such as income tax, real property gains tax, stamp duty and the indirect taxes, and their analysis and conclusions must be duly circumspect.

By way of illustration, the disposal of the assets and liabilities of an ongoing business involves wide ranging issues such as:

- with regard to the disposer – income tax issues to the deductibility of certain expenditure, balancing adjustments on transfer of assets used in the business, real property gains tax implications of the transfer of the land and factory transferred along with the business

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- with regard to the acquirer – the stamp duty implications on the acquisition of the business assets, including intangible assets such as goodwill and real property, its status as a real property company, the book debts taken over
- with regard to the employees – the income tax implications of redundancy, with regard to the nature of lump sums receivable by them, whether they be compensation for loss of employment or gratuity.

Another aspect of the paradigm shift from Papers F6 to P6 that candidates must consciously embrace is that calculations and computations are only, at this level, the means to an end – ie they serve to demonstrate candidates' ability to apply and analyse the tax principles and rules to draw out trends and conclusions.

Finally, as candidates prepare for the December 2012 exam, they should bear in mind that the subject matter tested is based on laws applicable as at 31 March 2012 – ie the tax acts as amended by the Finance Act 2012 (Act 742) and all rules and regulations effective as at 31 March 2012 as recorded in the list of examinable documents for Paper P6 (MYS).

Siew Chuen Yong, Paper P6 (MYS) examiner

PAPER P6 (SGP)

See the [article](#) summarising recent changes made to both Papers F6 (SGP) and P6 (SGP).

Simon Poh, Paper P6 (SGP) examiner

PAPER P6 (ZAF)

South Africa has a large volume of amendments each year. Candidates should ensure that they are using up-to-date materials with reference to the latest amendment acts, bearing in mind the legislative cut-off contained in the syllabus. In particular, for the June and December 2013 exams, the Tax Administration Act becomes examinable.

Dr Craig West, Paper P6 (ZAF) examiner