
RELEVANT TO ACCA QUALIFICATION PAPER P6 (UK)

Examiner's approach to Paper P6 (UK) – update

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).

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 will be up to candidates to identify the relevant taxes, and the issues in respect of those taxes, before beginning their answers. This approach is illustrated in Question 2 of the December 2011 exam.

Candidates will also be expected to identify standard tax planning measures in order to minimise and/or defer tax liabilities. Such advice may be as simple as changing the timing of a transaction.

Calculations will often be required in support of explanations and advice. Again, it will be up to candidates to decide which 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 (for an example, see Question 1 of the December 2011 exam).

The syllabus

Paper P6 is directly underpinned by Paper F6, *Taxation*. Knowledge and understanding of the technical content of Paper F6 is therefore vital if candidates are to be successful at Paper P6. It is quite possible that the technical content of a Paper P6 question could be drawn almost wholly from the Paper F6 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, as well as introducing stamp duty land tax, and stamp duty. The syllabus is very wide, as befits an optional paper

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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 new areas introduced in Paper P6 (UK) will not, on its own, be sufficient to pass the exam. Paper P6 builds on Paper F6 and, therefore, candidates must have a sound understanding of the technical content of Paper F6 in order to be successful.

The technical areas included within the syllabus are set out in the *Study Guide*. The commands used in the *Study Guide* (for example, 'identify', 'advise', 'determine') are indicative of the broad intellectual level at which a particular area may be examined, and should not be regarded as being in any way exclusive.

Every Paper P6 (UK) exam will include an ethical component for approximately five marks. Questions on ethics will be confined to the following areas: prospective clients, conflicts of interest, disclosure of information to HM Revenue & Customs, money laundering, tax irregularities, tax avoidance, and tax evasion. The ethical component of the exam will appear in Section A.

The structure of the paper

The paper consists of two sections, A and B. The whole of the syllabus is examinable in either section. Questions 1 and 2 in Section A are compulsory; Question 1 is worth 35 marks and Question 2 is worth 25 marks. These questions will require the analysis of information provided and the use of any guidance given to help address the requirements. They are likely to address a number of different taxes.

Question 1 will require the answer to be presented in a particular format – for example, a report, memorandum or letter. There will be four marks available in the question in respect of professional skills. These marks will be awarded to those who produce relevant, specific answers that provide logical, coherent advice and who have prepared the document requested in the correct format.

The formal requirements of a Section A question may be presented in one of two different ways. They can either be given in full at the end of the question or a brief overview can be provided at the end of the question, together with a reference to the detailed requirements in the body of the question.

Because Section A questions will be relatively large, careful time management will be 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. Note that the requirement in, for example, Question 1 of the December

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2010 exam divides the report into three sections, enabling candidates to focus their efforts as efficiently as possible.

Questions 3, 4, and 5 in Section B will each have 20 marks. Candidates are required to answer two of these questions only. These questions will contain concise structured information, including sub-headings, to make them easier to assimilate and navigate. This will enable candidates to read them quickly when choosing which two to answer or, perhaps more likely, which one not to answer.

Past exams

The past exams give a clear indication of the type of questions that will be set, and the difference in style between the questions in the two sections. It should be noted that the structure of the exam for 2012 onwards, as set out above, is slightly different from the exams set up to, and including, December 2011.

Candidates' approach in the exam

It will be important that candidates think before they start to write an answer in order to identify the relevant issues, and the calculations necessary, to support their advice. In addition, they should 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 the particular strategy chosen, such that the income tax implications can be computed at the margin without the need to prepare full income tax computations. Similarly, candidates should try to avoid producing detailed pro forma calculations (for example, of capital allowances), when a simpler working will provide the figure required.

Section A questions may include a large number of individual requirements, as shown in Question 1 of the December 2010 exam where each sub-requirement is broken down into further requirements. Candidates must try to ensure that all the individual requirements are addressed, rather than just addressing a few in great detail.

While writing an answer, candidates must always remember who the document is for – for example, a client or a firm's files – and try to make the answer concise, practical, relevant, and helpful.

There is further guidance on the approach to Section A questions in my article [‘Guidance on approach to questions in Section A of Paper P6 \(UK\)’](#) on the ACCA website.

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