

EXAMINABLE DOCUMENTS - JUNE AND DECEMBER 2014

Papers F6 (UK) Taxation and P6 (UK) Advanced Taxation

The following notes refer to Papers F6 (UK) and P6 (UK) only. Guidance for other variant papers – where available – is published on the ACCA website.

Legislation which received Royal Assent on or before 30 September annually will be assessed in the examination sessions being held in the following calendar year. Therefore, examinations in June and December 2014 will be assessed on legislation which received Royal Assent on or before 30 September 2013.

Finance Act

The latest Finance Act which will be examined in Papers F6 (UK) and P6 (UK) at the June and December 2014 sessions is the Finance Act 2013.

With regard to prospective legislation where, for example, provisions included in the Finance Act will only take effect at some date in the future, such legislation will not normally be examined until such time as it actually takes effect. The same rule applies to the effective date of the provisions of an Act introduced by statutory instrument.

Articles

The following relevant articles have been published in *Student Accountant* and are also available on the ACCA website:

F6 (UK):

- Finance Act 2013
- Examiner's approach to Paper F6 (UK)
- Adjustment of profit questions

The following articles are updated each year for changes in the Finance Act

- Inheritance tax (Parts 1 & 2)
- Chargeable gains (Parts 1 & 2)
- Value added tax (Parts 1 & 2)
- Groups
- Benefits
- Motor cars

P6 (UK):

- Finance Act 2013
- Examiner's approach to Paper P6 (UK)
- Stepping up from Paper F6 to Paper P6
- Guidance on answering Section A questions in Paper P6 (UK)
- Improving your performance in Paper P6 (UK)
- Exam technique and fundamental technical issues for Paper P6 (UK)

The following articles are updated each year for changes in the Finance Act

- Trusts and tax for P6 (UK)
- Inheritance tax and capital gains tax for P6 (UK)
- International aspects of personal taxation for P6 (UK)
- Corporation tax for P6 (UK) – in 4 parts
- Corporation tax– group relief for P6 (UK)
- Corporation tax – groups and chargeable gains for P6 (UK) – in 4 parts
- Taxation of the unincorporated business – the new business
- Taxation of the unincorporated business – the existing business

Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam paper in the June and December 2014 exams. The tick (✓) indicates whether this information is included, and therefore examinable, in Paper F6 (UK) and Paper P6 (UK). In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

SUPPLEMENTARY INSTRUCTIONS				F6	P6
1.	You should assume that the tax rates and allowances for the tax year 2013/14 and for the financial year to 31 March 2014 will continue to apply for the foreseeable future unless you are instructed otherwise.				✓
2.	Calculations and workings need only be made to the nearest £.			✓	✓
3.	All apportionments should be made to the nearest month.			✓	✓
4.	All workings should be shown.			✓	✓
Income tax					
				✓	✓
		Normal rates	Dividend rates		
		%	%		
Basic rate	£1 – £32,010	20	10		
Higher rate	£32,011 to £150,000	40	32.5		
Additional rate	£150,001 and over	45	37.5		
A starting rate of 10% applies to savings income where it falls within the first £2,790 of taxable income.					
Personal allowances					
				✓	✓
				£	
Personal allowance					
Born on or after 6 April 1948				9,440	
Born between 6 April 1938 and 5 April 1948				10,500	
Born before 6 April 1938				10,660	
Income limit					
Personal allowance				100,000	
Personal allowance (born before 6 April 1948)				26,100	
Residence status					
Days in UK		Previously resident	Not previously resident	✓	✓
Less than 16		Automatically not resident	Automatically not resident		
16 to 45		Resident if 4 UK ties (or more)	Automatically not resident		
46 to 90		Resident if 3 UK ties (or more)	Resident if 4 UK ties		
91 to 120		Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)		
121 to 182		Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)		
183 or more		Automatically resident	Automatically resident		
Child benefit income tax charge					
Where income is between £50,000 and £60,000, the charge is 1% of the amount of child benefit received for every £100 of income over £50,000				✓	✓
Car benefit percentage					
The relevant base level of CO ₂ emissions is 95 grams per kilometre.				✓	✓
The percentage rates applying to petrol cars with CO ₂ emissions up to this level are:					
75 grams per kilometre or less				5%	
76 grams to 94 grams per kilometre				10%	
95 grams per kilometre				11%	

Car fuel benefit					
The base figure for calculating the car fuel benefit is £21,100.				✓	✓
Individual savings accounts (ISAs)					
The overall investment limit is £11,520, of which £5,760 can be invested in a cash ISA.				✓	✓
Pension scheme limits					
Annual allowance		£50,000		✓	✓
Lifetime allowance		£1,500,000			✓
The maximum contribution that can qualify for tax relief without any earnings is £3,600				✓	✓
Authorised mileage allowances: cars					
Up to 10,000 miles		45p		✓	✓
Over 10,000 miles		25p			
Capital allowances: rates of allowance					
Plant and machinery				✓	✓
Main pool		18			
Special rate pool		8			
Motor cars					
New cars with CO ₂ emissions up to 95 grams per kilometre		100			
CO ₂ emissions between 96 and 130 grams per kilometre		18			
CO ₂ emissions over 130 grams per kilometre		8			
Annual investment allowance					
First £250,000 of expenditure (since 1 January 2013)		100			
Cap on income tax reliefs					
Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.				✓	✓
Corporation tax					
Financial year	2011	2012	2013	✓	✓
Small companies rate	20%	20%	20%		
Main rate	26%	24%	23%		
Lower limit	£300,000	£300,000	£300,000		
Upper limit	£1,500,000	£1,500,000	£1,500,000		
Standard fraction	3/200	1/100	3/400		
Marginal relief					
Standard fraction x (U – A) x N/A				✓	✓
Patent box – deduction from net patent profit					
Net patent profit x ((main rate – 10%)/main rate)					✓
Value added tax (VAT)					
Standard rate		20%		✓	✓
Registration limit		£79,000			
Deregistration limit		£77,000			
Inheritance tax: tax rates					
£1 – £325,000		Nil		✓	
Excess – Death rate		40%			
– Lifetime rate		20%			
Inheritance tax: nil rate bands and tax rates					
		£			✓
6 April 2013 to 5 April 2014		325,000			
6 April 2012 to 5 April 2013		325,000			
6 April 2011 to 5 April 2012		325,000			
6 April 2010 to 5 April 2011		325,000			
6 April 2009 to 5 April 2010		325,000			
6 April 2008 to 5 April 2009		312,000			
6 April 2007 to 5 April 2008		300,000			

6 April 2006 to 5 April 2007	285,000		
6 April 2005 to 5 April 2006	275,000		
6 April 2004 to 5 April 2005	263,000		
6 April 2003 to 5 April 2004	255,000		
6 April 2002 to 5 April 2003	250,000		
6 April 2001 to 5 April 2002	242,000		
6 April 2000 to 5 April 2001	234,000		
6 April 1999 to 5 April 2000	231,000		
Rate of tax on excess over nil rate band	– Lifetime rate 20% – Death rate 40%		
Inheritance tax: taper relief			
Years before death:	Percentage reduction	✓	✓
	%		
Over 3 but less than 4 years	20		
Over 4 but less than 5 years	40		
Over 5 but less than 6 years	60		
Over 6 but less than 7 years	80		
Capital gains tax			
Rates of tax – Lower rate	18%	✓	✓
– Higher rate	28%		
Annual exempt amount	£10,900		
Entrepreneurs' relief – Lifetime limit	£10,000,000		
– Rate of tax	10%		
National insurance contributions (not contracted out rates)			
Class 1 Employee	£1 – £7,755 per year Nil £7,756 – £41,450 per year 12.0 £41,451 and above per year 2.0	✓	✓
Class 1 Employer	£1 – £7,696 per year Nil £7,697 and above per year 13.8		
Class 1A	13.8		
Class 2	£2.70 per week Small earnings exception limit £5,725		
Class 4	£1 – £7,755 per year Nil £7,756 – £41,450 per year 9.0 £41,451 and above per year 2.0		
Rates of interest (assumed)			
Official rate of interest	4.0%	✓	✓
Rate of interest on underpaid tax	3.0%		
Rate of interest on overpaid tax	0.5%		
Stamp duty land tax			
£150,000 or less (1)	% Nil		✓
£150,001 – £250,000	1		
£250,001 – £500,000	3		
£500,001 - £1,000,000	4		
£1,000,001 - £2,000,000 (2)	5		
£2,000,001 or more (2)	7		
(1) For residential property, the nil rate is restricted to £125,000. (2) The 5% and 7% rates apply to residential properties only. The 4% rate applies to all non-residential properties where the consideration is in excess of £500,000.			
Stamp duty			
Shares	0.5%		✓