

Think Ahead 

F6 Czech
Taxation –
Examiner
Presentation

15 July 2015

Structure of presentation

- Syllabus overview
- Examinable legislation
- Exam format
- Examples from specimen exam
- Learning materials
- Guidance from feedback on past exams

The presentation will start with an overview of the F6 Taxation (CZE) syllabus, examinable legislation and details of the exam format.

I will then go on to provide some examples from Section A of the specimen paper to illustrate how precise knowledge is required for candidates to be able to answer the multiple-choice style questions (MCQs) and why question practice is so important.

This will lead into some discussion of the importance of using up-to-date learning materials that contain relevant practice questions in the format of the final exam.

Lastly, I will speak about the typical areas where students struggle based on my experience of candidate performance in the ACCA F6 Taxation (CZE) exam.

Syllabus overview

Objective of the F6 Taxation (CZE) paper

To develop knowledge and skills relating to the tax system as applicable to Czech individuals and companies

Syllabus

Candidates are introduced to the rationale behind and the functions of the Czech tax system

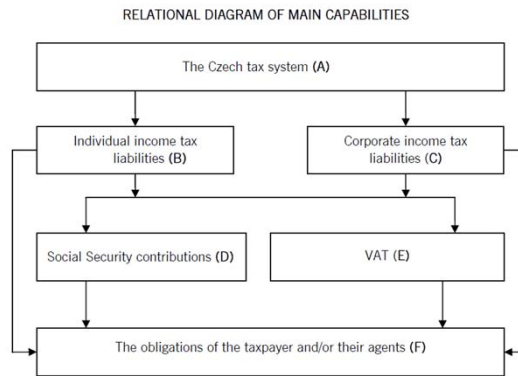
The syllabus then considers the main taxes within the Czech tax system, namely -

- Corporate income tax (CIT), personal income tax (PIT), value added tax (VAT), Social security and health care contributions

The purpose of the F6 Taxation (CZE) syllabus is to cover the core areas of the main taxes within the Czech tax system as they affect both individuals and companies. Therefore, after having studied the syllabus, candidates should be able to calculate tax liabilities and explain the basis of their calculations as well as apply tax planning techniques and identify compliance issues.

Syllabus overview

F6 Taxation (CZE) syllabus



The above image gives an overview of the taxes covered by the F6 Taxation (CZE) syllabus in a diagrammatical format.

Exam format

- The paper will be predominantly computational
- All questions are compulsory
- Time available - 3 hours with an additional 15 minutes of reading time

The F6 Taxation (CZE) paper is predominantly computational. However, there still will be narrative elements in every paper where candidates will be required to explain or discuss tax issues.

During the 15 minutes reading time, candidates can annotate the question paper but they cannot start writing their answers in the answer booklet.

Examinable legislation

- For F6 Taxation (CZE) paper, ACCA publishes tax rates and allowances tables once a year. This same information will be produced at the front of each exam paper.
- The December 2015 (and June 2016) examination will be based on legislation passed by 31 May 2015

The tax rates and allowances tables provide details of the tax rates which candidates should use in a given exam sitting.

The 2015 tax rates and allowances tables for F6 Taxation (CZE) are published on the ACCA global website at the following link -

http://www.accaglobal.com/content/dam/ACCA_Global/Students/fun/f6/Study%20guides/f6-cze-dec15-jun16.pdf

The 2015 syllabus and study guide for F6 Taxation (CZE) is also published on the ACCA global website at the following link –

http://www.accaglobal.com/content/dam/ACCA_Global/Students/fun/f6/Examinable%20documents/F6-cze-exam-docs-dec15-jun16.pdf

Exam format

- Section A:
 - 15 multiple choice questions (MCQ) of 2 marks each
 - The MCQs can cover any areas of the syllabus
- Section B:
 - 4 x 10 mark questions
 - The 10 mark questions can cover any areas of the syllabus
 - 2 x 15 mark question
 - The two 15 mark questions will focus on personal income tax (syllabus area B) and corporate income tax liabilities (syllabus area C)

The 2 x 15 mark questions will focus on personal income tax and corporate income tax liabilities. The other questions within Section B and Section A MCQs can cover any areas of the syllabus. Therefore, it is important that candidates study all areas of the syllabus as part of their exam preparation.

Examples of specimen exam – Q2

Question 2

Barbora is a sole entrepreneur. She had the following income in 2015:

- (1) Interest from her current account which she uses for business purposes of CZK 1,200
- (2) Interest from her building savings of CZK 2,000 and a state subsidy of CZK 1,800
- (3) Interest from her saving account of CZK 490
- (4) Default interest from late payments of an invoice from her clients of CZK 20,000
- (5) Contractual penalties from her clients of CZK 15,000

What is the partial tax base from income from capital assets (section 8 of the Income Tax Act) that should be included in Barbora's 2015 income tax return?

- A** CZK 21,200
- B** CZK 36,200
- C** CZK 18,800
- D** CZK 21,690

There are three MCQs in the specimen exam. Q2 from the specimen exam is an MCQ on individual income tax.

Like all the MCQs in the F6 Taxation (CZE) exam, this MCQ is worth 2 marks. Candidates must select the correct answer from 4 options.

Example from specimen exam – Q2

CORRECT ANSWER – OPTION A

$$1,200 + 20,000 = 21,200$$

Interest in (2) and (3) is taxed by withholding tax therefore not included in the tax return. Income under (5) is included in the partial tax base from business which comes under section 7 of the Income tax act, therefore not included here.

The correct answer to Q2 is arrived at as shown above.

Candidates must be able to apply knowledge correctly to the question information in order to arrive at the correct answer.

Example from specimen exam – Q2

Distractors for Q2

B CZK 36,200

C CZK 18,800

D CZK 21,690

The distractors are based on the most commonly made mistakes by candidates.

Therefore, candidates must have a very precise knowledge in order to be able to correctly answer the MCQs.

For example, in the specimen exam Q2, the distractors are based on the following common mistakes –

Distractor B – Adding also contractual penalties from clients of CZK 15,000, . However such income is included in the partial tax base from business which comes under section Z.

Distractor C – Calculating the tax base from contractual penalties from clients and interest from building saving including the state subsidy.

Distractor D – Calculating the figure from default interest from late payments of an invoice from her clients, interest from her current account and interest from her saving account.

This MCQ illustrates the importance of candidates applying their knowledge of the difference between business income and income from capital assets, and

also knowledge of income that is included in the tax base while different income is subject to final withholding tax.

Examples of specimen exam – Q3

Question 3

Teris, s.r.o. is a monthly value added tax (VAT) payer. On 5 February 2015 the tax authority commences a tax audit of the January 2012 VAT period.

Is the tax authority entitled to commence the audit of this period and why?

- A** Yes they are entitled as the time limit for tax audit elapses on 31 December 2015
- B** No they are not entitled as the time limit for tax audit elapsed on 31 January 2015
- C** Yes they are entitled as the time limit for tax audit elapses on 25 February 2015
- D** No they are not entitled as the time limit for tax audit elapsed on 25 February 2014

Q3 from the specimen exam is an MCQ on administration of taxes and time limits.

Like all the MCQs in the F6 Taxation (CZE) exam, this MCQ is worth 2 marks. Candidates must select the correct answer from 4 options.

MCQs can be narrative as well, as can be seen here.

Example from specimen exam – Q3

CORRECT ANSWER – OPTION C

Yes they are entitled as the time limit is three years from the date the tax return is due. The tax return was due on 25 February 2012.

Examples from specimen exam – Q3

Distractors for Q3

- A** Yes they are entitled as the time limit for tax audit elapses on 31 December 2015
- B** No they are not entitled as the time limit for tax audit elapsed on 31 January 2015
- D** No they are not entitled as the time limit for tax audit elapsed on 25 February 2014

Again, the distractors are based on the most commonly-made mistakes by candidates, as follows –

Distractor A – Comes from the premise that the calculation of the 3-year time limit starts from the end of the calendar year in which the tax return had to be submitted.

Distractor B – Comes from the premise that the calculation of the 3-year time limit starts from the end the month which was the tax period.

Distractor D – Comes from the premise that the calculation of the time limit starts from the end of the calendar year in which the tax return had to be submitted and the time limit is 2 years.

This MCQ illustrates the importance of studying every aspect of different syllabus areas that may be interrelated to filing tax returns and starting tax audits by the tax administration office.

Article

Useful article on the ACCA global website:
MULTIPLE CHOICE QUESTIONS

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There is a useful article on the ACCA global website at the following link:
<http://www.accaglobal.com/gb/en/student/acca-qual-student-journey/qual-resource/acca-qualification/f4/technical-articles/mcq-dec14.html>

This gives candidates important information on answering multiple choice questions, so you should encourage them to read it.

Example from specimen exam - Section B

- 15 mark section B question in specimen on corporate income tax
- Based on Q1 of December 2014 exam for 30 marks
- Good example of how past questions can still be used

The section B question in the specimen exam, which is based on Q1 of the December 2014 exam, shows how a past question (of 30 marks) can be 'slimmed down' to a smaller question (of 15 marks).

Learning materials

- ACCA has not approved material for F6 Taxation (CZE)
- It is recommended that tuition providers prepare study materials that can be used by candidates for both the taught phase of their studies (covering the core knowledge required for the exam) and the revision phase of their studies (including exam-standard questions in the style and format that was presented to them).

2015 exams

- Adapting past exam questions: past exam questions can be converted into new style questions as shown by the specimen paper.
- Since past exam papers were produced in a way showing the marks available for sub-questions, the old questions can be broken down to smaller ones.

Learning materials

It is very important that candidates use up-to-date learning materials applicable to the exam session they are preparing for.

ACCA has no approved learning material for F6 Taxation (CZE) paper. It is recommended that tuition providers provide students with materials that are useful both:

- at the taught phase of the studies of candidates. This material (study text) should provide coverage of the core knowledge required for the F6 Taxation (CZE) exam.
- at the revision phase of the studies of candidates. This material (revision question bank) should include exam style questions (both MCQs and Section B style questions).

Preparation for the exam

- It is important that candidates have sufficient time to prepare for the F6 Taxation (CZE) exam – both in terms of time to learn the new knowledge and time to practice questions
- The message should be enforced that attendance at a tuition course is not enough to pass the exam – question practice and revision at home is vital!



Candidate profile

Candidates that attend courses at tuition providers certainly have the advantage of covering the material from expert tutors. It is not enough, though, to participate on a course like that. Self-study and regular practice are of key importance.

Candidates should be reminded that, in order to be successful in the exam, study and question practice at home will be necessary!

Guidance – based on past exam performance

Key weaknesses/areas for improvement

- Not reading the question requirement carefully and therefore providing irrelevant answers
- Poor time management
- Illegible handwriting and poor layout of answers
- Lack of technical knowledge on certain areas
- Providing workings that are very difficult to follow with a lot of corrections where it was unclear what the final answer to a particular question was.

Typical areas of strength

- Good knowledge of the core areas of value added tax and some aspects of corporate income tax.

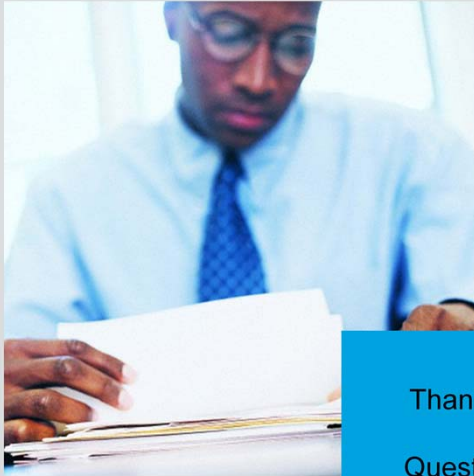
Typical areas where candidates struggle:

- Not reading the question requirement carefully and therefore providing irrelevant answers – candidates should answer the question set and not the question they would like to see. Sometimes candidates write down everything they know about a given tax examined – this is clearly not required and will not lead to marks where it is not relevant to the requirement.
- Poor time management – some candidates spend more time on questions where they feel confident even if they over-explain their answers. Repetitions never earn marks for them.
- Illegible handwriting and poor layout of answers – every candidate should try to provide answers in a legible way. Also every working must be shown separately.
- Lack of technical knowledge on certain areas – this is mainly the case in relation to corporate income tax reliefs and taxation of benefits in kind.
- Providing workings that are very difficult to follow with a lot of corrections where it was unclear what the final answer to a particular question was – candidates are advised to plan their answers before they start writing. This enables them to manage time more carefully and their answers will be clearer. Starting one working and finishing it pages later makes answers

difficult to follow.

Typical areas where candidates perform well:

- Most of the time candidates perform well on the basic concepts of value added tax and corporate income tax as well.



Thank you
Questions?