

**ACCA**

# Hello!

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As you may know already my name is Delma Carey, I have been the examiner for the F6 Taxation (Irish variant) paper since December 2008.

# Thanks!

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I would like to thank the educators for taking the time to come here today. I hope you will find the session informative and I am certain that it will be mutually beneficial.

# Welcome.

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I would like to welcome Karen Yates ,  
Head of Education - Europe for ACCA.

# Review of past exams.

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I will review the past four exam papers from December 2009 to June 2011 in terms of student performance.

# What was done well?

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I will cover what was done well for exam technique and for technical knowledge.

# EXAM TECHNIQUE

- Presentation of answers
- Time management
- Question requirements

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Overall, student performance has been very good in recent sittings with the Irish pass rate being very favourable when compared with the global pass rate. There was a noticeable dip in the standard of performance at the December 2010 sitting.

In terms of the presentation of answers by candidates, the following points can be made:

- candidates are attempting the requisite number of questions, there is no evidence of difficulty in completing their responses within the timeframe available,
- the layout of answers has been good from the beginning and this continues to be the case. Workings are set out in an organised manner, the only exception perhaps being with the layout of solutions to losses questions.
- Candidates are addressing the full number of requirements in the question thereby accessing the maximum marks available for each question.

# TECHNICAL KNOWLEDGE

## Income tax

The knowledge displayed here is usually very good. In particular students layout is good, partnerships are very well known, as are benefits in kind and personal tax credits.

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It is important that all students classify income as to its source.

I appreciate the time taken to teach and learn commencements and cessations of trade, as well as capital allowances. These areas are core to any income tax computation and as such are core knowledge.



# TECHNICAL KNOWLEDGE

## Corporation tax

- The add-backs and deductions necessary to move from accounting profit to Case I income are well learned.
- Losses are dealt with in a satisfactory way, but some improvement would be great.

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This question is usually answered well, the only session in which it caused any problems was when the accounting period was more than 12 months long.

# TECHNICAL KNOWLEDGE

## Capital gains tax

- Usually well answered.
- Students now very good on share disposal.
- Principal private residence relief well answered when examined as was Incorporation of a sole trader relief.

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Overall the standard of answering computational type questions is very good. When the question requires a theory answer, such as the rules where Irish property is disposed of by a non resident person, the number of candidates answering this well will generally be fewer.

## TECHNICAL KNOWLEDGE

- **Value added tax (VAT)**, has to date been answered well. Changes to the syllabus requires candidates to know the EU inter-community transactions rules as well as import and export rules.

# What wasn't done well?

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Now what wasn't done as well. Again I will cover exam technique and technical knowledge.

## EXAM TECHNIQUE

- No major disasters
- Lack of good explanations
- Re-read their explanation once written

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There were no major disasters over the past few sittings.

As the paper is mostly computational when the candidates are required to explain a rule they often don't explain it well.

It would be a good idea for them to re-read their explanation once written and ask themselves does it really say what they want it to.

## EXAM TECHNIQUE

- Answers are well laid out.
- Time seems to be divided appropriately.
- However, continue to encourage students to show workings and leave space when they finish a question in case they wish to return to it later.

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# TECHNICAL KNOWLEDGE

## Income tax

- Balancing charge or allowance

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Not all students know how to calculate a balancing charge or allowance.

# TECHNICAL KNOWLEDGE

## Corporation tax

- Trade and non trade charges not always recognised or applied correctly.
- Capital allowances - industrial buildings allowances.
- Long accounting periods.

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Trade and non-trade charges are not always recognised or applied correctly.

Capital allowances will also be examined here, students need to spend more time on industrial buildings allowances.

As mentioned before, students struggled more when the accounting period was more than 12 months long.



# TECHNICAL KNOWLEDGE

## Capital gains tax

- At this level students need to be good at exempt disposals, part-disposals and marginal relief.

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Knowledge and understanding of disposals could be better.

As mentioned before, fewer students will answer the theory parts of capital gains tax well.

# Where can tuition providers help?

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You can provide help at both the teaching phase and on the revision phase.

## **SUGGESTED APPROACH BY CANDIDATES**

- Read the requirements of the question prior to starting the question.
- Start each question on a new page.
- Leave space at end of question to return later if time allows.

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## REVISION PHASE

- Re-emphasise the importance of
  - (i) knowing the rules
  - (ii) attempting all the requirements of a question.
- Candidates should be encouraged to attempt revision questions before looking at the answers.
- Candidates who are repeating should be familiar with the changes in the legislation.

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# What's new?

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# SYLLABUS CHANGES

**From June 2011** the following have been added to the syllabus:

- VAT on EU and non-EU transactions
- Termination payments
- How domicile is determined
- Computing tax for life changes, year of marriage, and the taxation of separated and divorced couples.

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Year of death is not currently examinable and the impact of foreign service on termination payments is not examinable either.

Income levy had been included as examinable in 2011 but is removed again due to the abolition of the Income levy from 1 January 2011.

# SYLLABUS CHANGES

**From June 2012** the following inclusions have been made:

- Universal social charge
- Civil partnerships as comparable with married couples scenarios
- Corporation tax treatment for new start-up companies including marginal relief.

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Civil partnerships will be examined in so far as they are mirror images of what is examinable for married couples.

# SYLLABUS DELETIONS

**From June 2011** onwards the following were removed from the syllabus:

- The capital gains tax treatment of assets destroyed or lost where insurance proceeds are received
- Retirement relief and favourable holding company relief
- Clarification that capital goods scheme for VAT on property is excluded.

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# SYLLABUS DELETIONS

**From June 2012** the following deletions have been made:

- There is no reference in the syllabus to Manufacturing relief
- Levies have been replaced with USC
- Income levy has been abolished

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## Questions raised at presentation

1. What is the scope of RCT as set out in B 3 I, of the study guide?

This section requires the student to know:

- What RCT is
- Who is a principal contractor
- Fundamentals of how the system works
- Rates of RCT that apply

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## Question 2

Will there be changes to the study guide of which you are currently aware?

The following sections will be deleted for the 2013 guide:

- B, 3, h, viii
- B, 3 h, ix
- B, 4, a

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## Question 3

Where short lived business is examined, will it include losses?

Yes, where a short lived business is examined, losses could be incorporated into the question.

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## Question 4

B 3 h (viii) of the study guide, refers to Urban renewal relief, will clawback on urban renewal relief be examined?

I do not intend to examine urban or rural renewal relief and will delete the reference to this section in the 2013 study guide.

## Question 5

Would it be possible to restrict the examination on the restriction of loss relief due to late filing to a theory question?

Yes, it is felt that a theoretical knowledge of this area, at F6 level, is satisfactory.

## Question 6

Where a company is claiming loss relief, will trade charges be incorporated in this question?

Yes, it is felt that students should know how loss relief is applied, while at the same time claiming relief for trade charges.

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## Question 7

Where the study guide refers to how exemptions and reliefs can be used to minimise tax liabilities, could you explain what is meant by this?

As tax planning, per se, is outside the scope of this syllabus, a student may be asked to explain how a particular relief applies, the student will always be guided as to the relief.

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## Question 8

Will a student only be examined on EU groups?

Yes.

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## Question 9

Will students be expected to deal with group losses of companies where the accounting periods are different?

Yes, students would be expected to have an understanding of how loss relief should be adjusted where accounting periods do not correspond. Students would also be expected to deal with notional accounting periods for companies entering or leaving the group.

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## Question 10

Will students be expected to calculate double taxation relief for withholding tax and underlying tax.

Students will be expected to understand double taxation relief and how such relief is given. They will not be expected to calculate the underlying tax.

# Will things change?

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# EXAM PAPER STRUCTURE

- There are no changes planned to the structure of the paper.

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The structure of the exam paper will continue in its current form. There are no planned changes.

While the marks potentially attributable to question 1 and 2 can vary between 25 and 30 marks. Capital gains tax must have at least 20 marks, and VAT must have at least 10 marks on the overall paper.

Some sessions will see VAT question at 10 marks while others will see it at 15 marks.

In light of the current economic situation, it is likely that we will see significant changes in the next few finance acts with the possibility of removal of existing tax reliefs/allowances. The syllabus is reviewed annually and adjustments will be made on an ongoing basis to reflect these changes.

# CONTACT

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# Thanks!

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