



Think Ahead **ACCA**

F6 (POL)

Examiner
meeting

April 2015

Agenda

- Examiner's approach to F6 (POL)
- F6 (POL) syllabus
- Cut off dates
- Examinable legislation
- New exam format – from June 2015
- Guidance on MCQs
- Section B - 10 mark and 15 mark questions
- Past exam observations and guidance to candidates

The presentation will start with an overview of the approach to the F6 (POL) exam before moving on to consider the the F6 (POL) syllabus, examinable legislation and cut-off dates.

I will then go on to provide details of the exam format from June 2015. This will include an example 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 around the use of past exam questions.

Lastly, I will speak about the typical areas where students struggle based on my observations from past exam sittings and give some guidance to future candidates preparing to sit the F6 (POL) exam.

Examiner's approach

Aim of the F6 (POL) exam

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

F6 (POL) is a Fundamental level exam and thus:

- The syllabus provides the core knowledge of the underlying principles and major technical areas of taxation as they affect individuals and businesses. It is expected that candidates will possess solid knowledge of these required syllabus areas.

However

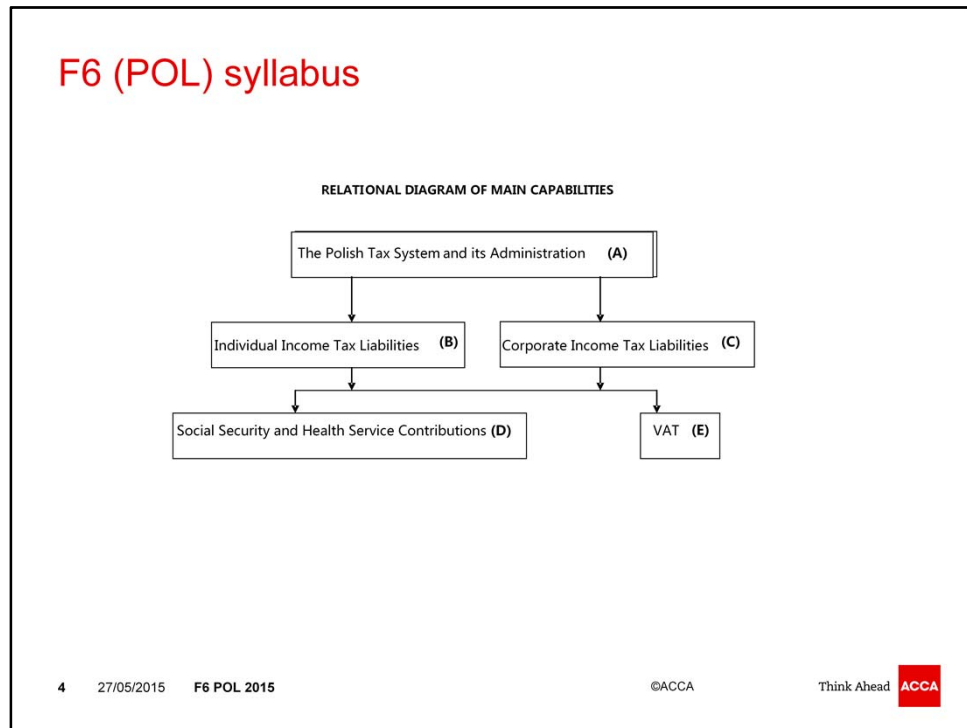
- It is not expected that the candidates will show expert and detailed knowledge of the Polish taxation. Thus areas such as complex anti-avoidance legislation are not included in the syllabus.

The level of tax knowledge expected by the paper is that of a professional accountant who must necessarily understand the financial impact that tax will have on the business. Thus the taxes covered in the syllabus are those which an accountant would need to have a detailed knowledge of – such as income tax on income from self employment, employment and investments; the corporate income tax liability of companies; the social security and health insurance contribution liabilities of employed and self-employed persons; and the VAT liabilities of businesses.

The knowledge level sought is that of such a tax aware professional accountant who understands the financial impact of taxes related to a given transaction – as an example, when making a decision to import goods, the accountant should realise that a self charge of VAT under the reverse charge mechanism will be needed to know that rendering services free of charge may have a significant tax effect. However, such an individual does not necessarily need a detailed knowledge of the law regulating all areas of the tax system.

This expectation of candidates' knowledge is seen in the manner in which questions are drafted – a candidate who misses a specific technical detail (for example, the type of penalty cost which is deductible or not) will most likely only miss a mark or half a mark but a candidate who fails to demonstrate an understanding of a fundamental concept (for example, the taxation of permanent establishments) is unlikely to pass the question.

F6 (POL) syllabus



The above image gives an overview of the taxes covered in the F6 (POL) syllabus.

Link to F6 (POL) syllabus - <http://www.accaglobal.com/uk/en/student/acca-qual-student-journey/qual-resource/acca-qualification/f6/syllabus-study-guide/f-syllabus-study-guide-poland-pol.html>

It should be noted that the „weight” and focus of the actual exam questions follows the tax law and tax practice that the syllabus only enumerates – thus some of the areas which may look „modest” in the syllabus (for example, the concept of a Permanent Establishment (PE)) refer to a broad area of study which needs to be covered.

Looking at the above overview of the taxes covered by the F6 (POL) tax syllabus, the following points can be noted –

Individual/Personal Income Tax (PIT) - Syllabus area B

The syllabus includes international tax aspects, flat rate systems and the tax card system.

Corporate Income Tax (CIT) – Syllabus area C

The syllabus includes international tax aspects although the controlled foreign corporation (CFC) regulations are excluded

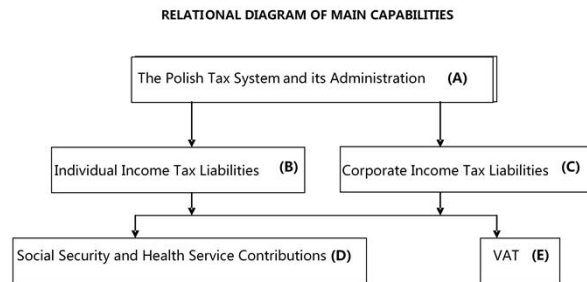
VAT – Syllabus area E

Certain very specific and less common areas are excluded from the syllabus

Tax Ordinance – Syllabus area E

The syllabus includes the basic concepts but certain administrative specifics are excluded

F6 (POL) syllabus (continued)



Taxes not examined

From the above diagram, it can be seen that a number of taxes are not examined within the F6 (POL) syllabus including –

- Tax on exchange dealings (PCC)
- Local taxes
- Excise duty
- Customs duty

Cut off dates

- The June and December examinations will be based on legislation passed before the previous 30 September – therefore the June and December 2015 exams will be based on legislation passed by 30 September 2014
- Questions in the F6 (POL) exam test the previous exam year - therefore the June and December 2015 exams will examine scenarios involving the tax year 2014.
- As a result, law passed before 30 September but effective only from the start of the next calendar year will not be immediately examined in detail
- As an example, a legislative change made before 30 September 2014 but not effective until 1 January 2015 would only be examined in detail from the 2016 exams (which examine scenarios involving the tax year 2015)

As noted above, whilst the legislative cut-off date of 30 September continues to apply to the F6 (POL) exam, if any legislative changes do not take effect until the following year, such changes will only be examined in detail from the exam session where the affected tax year will be tested. It should be noted, however, that this does NOT mean that the entire area subject to change will be unexaminable throughout the year in question. Rather, the area may still be examined but the approach to questions in the year of transition will be to refer to those elements of the legislation which remain unchanged.

It is also important to note that candidates will never be penalised for applying the most up-to-date legislation in their answers. All the F6 (POL) exam papers are marked by Polish taxation specialists and if a candidate's answer to a given question clearly shows that they have applied the most up-to-date legislation (rather than that applicable in accordance with our legislative cut-off date), the candidate will not lose marks

Please note that the exam is marked and the marking process is overviewed by person specialising in Polish taxation – thus in the case that a candidate's answer to a given question clearly shows that the actual up to date legislation is applied such a candidate would not lose marks. Note that this, of course, does not work backwards – candidates will not gain marks for demonstrating knowledge of obsolete regulations several years after the change...

Examinable legislation

- For the F6 (POL) exam, ACCA publishes tax rates and allowances tables once a year. This information will be produced at the front of each exam paper.
- This avoids the need for unnecessary rote learning – for example, there is no need for candidates to worry about remembering the changes to the average rates of salary.

The tax rates and allowances tables provide details of the tax rates which candidates should use in a given exam sitting and they should ensure that they are familiar with this information and practise using it as part of their exam preparation.

The 2015 tax rates and allowances tables for the F6 (POL) exam are published on the ACCA global website at the following link –
<http://www.accaglobal.com/uk/en/student/acca-qual-student-journey/qual-resource/acca-qualification/f6/examinable-documents/poland.html>

New exam format – from June 2015 sitting

New exam

Section A

15 MCQs (2 marks each)

Section B

4 x 10 mark questions

2 x 15 mark questions

The two 15 mark questions will focus on CIT and PIT

Old exam

- 1 x 30 mark question (CIT or PIT)
- 1 x 25 mark question (CIT or PIT)
- 1 x 15 mark question (VAT)
- 2 x 15 mark questions (any area of the syllabus)

The new format does not represent a change in the level of exam difficulty, time required or recommended study approach

The change in exam format should be treated as an „evolutionary” rather than a „revolutionary” change.

The paper continues to be predominantly computational although candidates are still expected to be able to explain or discuss tax issues. The F6 (POL) paper is still a 3 hour paper with an additional 15 minutes of reading time. All questions are compulsory.

Whilst the 2 x 15 mark questions will focus on Personal Income Tax (syllabus area B) and Corporate Income Tax (syllabus area C), the 15 multiple choice questions (MCQs) and the 4 x 10 mark questions may cover any areas of the syllabus.

The MCQs should be treated seriously as mini-questions rather than as a „fire and forget” memory test – further guidance on these will be provided in the following slides.

New exam format – Multiple choice questions (MCQs)

- 4 possible answers
- Only 1 answer is correct
- Each MCQ is worth 2 marks
- No negative marking for wrong answers
- Marking is all or nothing - no partial marks

Note:

-All distractor answers are plausible and contain an element that „makes sense”

-The MCQs should be treated as mini-questions rather than as test questions to be memorised

The biggest change under the new format is the introduction of MCQs.

These should be taken seriously by candidates as they can be a challenging form of question type.

Unlike the rest of the exam, there can be no partial credit – either a candidate selects the correct answer to be awarded the 2 marks or doesn't.

In addition, the 3 incorrect “distractor” answers will all be plausible answers. Therefore, candidates' knowledge must be precise to be certain of arriving at the 1 correct answer for each MCQ.

New exam format – MCQ example

Question 1

Drutex Sp. z o.o. has reported the following corporate income tax (CIT) income/(losses):

Period	CIT result PLN
Year ended 31 December 2011	(80,000)
Year ended 31 December 2012	25,000
Year ended 31 December 2013	10,000
Year ended 31 December 2014	90,000

What is the corporate income tax (CIT) due on Drutex Sp. z. o. o's 2014 results?

- A PLN 9,500
- B PLN 8,550
- C PLN 17,100
- D PLN 12,825

This is Q1 from the specimen questions published on the ACCA global website to assist candidates and tuition providers prepare for the new exam format.

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

New exam format – MCQ example (continued)

CORRECT ANSWER – OPTION A

$80,000 - 25,000 - 10,000 = \text{PLN } 45,000$ of losses available

Restricted to $80,000 * 50\% = \text{PLN } 40,000$

$(90,000 - 40,000) * 19\% = \text{PLN } 9,500$

Distractor workings

B $(90,000 - 45,000) * 19\% = 8,550$

C $90,000 * 19\% = 17,100$

D $90,000 - (50\% * (80,000 - 25,000 - 10,000)) * 19\% = 12,825$

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.

Two further example MCQs are available to candidates on the ACCA global website –

<http://www.accaglobal.com/uk/en/student/acca-qual-student-journey/qual-resource/acca-qualification/f6/specimen-exams/poland.html>

New exam format – Section B - 10 and 15 mark questions

15 mark long questions

These can be viewed as a shorter version of the „old” 30/25 questions

10 mark questions

These are similar to a shorter version of the „old” 15 mark questions

The 15 mark questions will appear familiar to candidates and tuition providers as they will have a similar calculation layout to the “old” questions 1 and 2 but in a reduced format, to reflect the reduced marks. Therefore, there may be less different items to address or more condensed calculations. As in the “old” exam format, narrative elements may be included in these questions.

The specimen questions give an example of a 15 mark question and demonstrate to tuition providers how past exam questions under the “old” format can be adapted to the “new format” –

<http://www.accaglobal.com/uk/en/student/acca-qual-student-journey/qual-resource/acca-qualification/f6/specimen-exams/poland.html>

The 10 mark questions should also appear familiar to candidates and tuition providers as they will have a similar layout to the “old” questions 3, 4 and 5 but, again, in a reduced format, to reflect the reduced marks.

Therefore, past exam papers under the old format are still very good learning material for candidates preparing for exams in June 2015 and later. They can also be adapted by tuition providers to conform with the new exam format.

Past exam observations – general issues

Areas of strength

- Understanding the question requirements*
- Time management*
- Good technical vocabulary
- Sound accounting knowledge

Areas for improvement

- Layout of computations
- Unstructured/chaotic discussion answers

It is pleasing to note that many candidates show a strong ability to understand the question requirement. Where there is failure by a candidate to address the question requirements, this is usually due to a lack of technical knowledge on the subject being examined.

However, it should be noted that in non-standard/more unusual questions, the number of candidates who fail to address the question requirements accurately becomes significantly higher. This demonstrates the importance of candidates ensuring they understand the core tax principles being examined rather than trying to memorise detailed knowledge.

Time management is also a skill that many candidates are able to demonstrate with the majority of candidates having time to address all questions. However, it should be noted that some clearly very well prepared candidates can get entangled in perfecting the first question they attempt with the result that they do not leave enough time to address the remaining questions. It should be stressed to candidates that passing the exam is much more important than scoring the perfect mark on a given question. Time management will become particularly important with the new exam format where candidates have an increased number of (shorter) questions to tackle in the exam and cannot afford to get caught up for too long with (for example) 1 tricky MCQ.

Past exam observations – technical issues

Areas of strength

- Available tax loss calculations
- Identification of non-deductible costs for CIT
- PIT revenue streams principles
- Calculation of social security in employment and business situations
- Basic VAT transactions

Areas for improvement

- PIT advance calculation vs. year end tax return
- More complicated VAT cases: import/export/ICS/ICA; leasing
- International tax: exemption vs. credit method; treatment of foreign sourced income of individuals
- Financing (thin cap, forex)
- Tax planning!

It should be noted that none of items listed above (except for tax planning) appear as particularly easy or severely difficult for candidates, thus it is rather an observation that candidates deal slightly better with the syllabus areas listed under “areas of strength” and problems appear slightly more often when the syllabus areas listed under “areas for improvement” are examined.

The only exception to this is tax planning which proves difficult for candidates whenever it is tested. It is important that candidates appreciate that they are expected to be able to apply tax planning techniques for individuals and companies, as laid out in the F6 (POL) syllabus. As mentioned before, the candidates who can demonstrate an understanding of the principles of taxes fare far better in tax planning questions.

Guidance for Candidates

- Use up-to-date materials *
- Focus on the core principles of tax *
- Tax planning
- Question practice! *
- Answer all question parts
- Eliminate repetition *
- Time management!

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- Use up-to-date materials – It is important that candidates ensure that they are using materials which are based on the legislation and syllabus applicable to the exam sitting for which they are preparing. Candidates should also ensure they familiarise themselves with the information in the tax rates and allowances tables for their exam sitting.
- Core principles – Candidates should ensure they understand the core principles of CIT/PIT/VAT which will allow them to apply these general rules in practical questions. This will also assist them when tackling tax planning questions
- Question practice is vital – including practising the layout of answers
- Eliminate repetition - additional points mixed in with repeated statements may not always be obvious to a marker. Such repetition also wastes time

Suggestions for Candidates – paper layout

MCQs

- As all distractor answers are plausible, candidates should be prepared to calculate the correct answer rather than relying on being able to “work out” which of the options are incorrect

-Section B – 10 and 15 mark questions

- Candidates should clearly note which question part is being answered (especially when questions are not answered in order)
- Candidates should start each question on a new page
- Candidates should leave space at the end of the question so that they can revisit a question later (if time is available)
- Bullet points may be appropriate to some questions

Section A

Candidates will be given the instruction - *Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question* – for Section A. They should indicate their chosen correct answer (A, B, C or D) against each MCQ number on the grid provided.

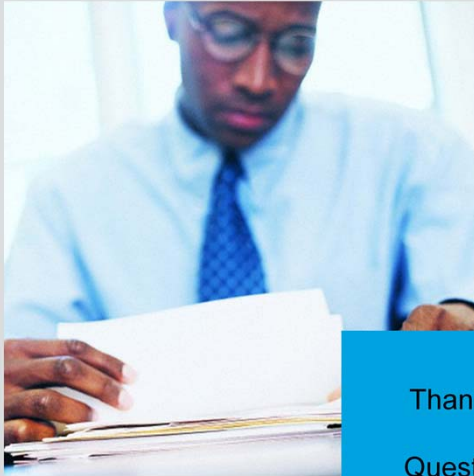
Further guidance on answering MCQ questions is provided in an article on MCQ questions available on the ACCA global website at the link below –

<http://www.accaglobal.com/uk/en/student/acca-qual-student-journey/qual-resource/acca-qualification/f4/technical-articles/mcq-dec14.html>

Section B

As a note about marking, all pages of the answer booklet are reviewed so

there is no need for candidates to worry that a marker will stop marking once a blank page is reached.



Thank you
Questions?