

Think Ahead

ACCA

June 2019 to  
March 2020

# Advanced Taxation – United Kingdom (ATX-UK)

Syllabus and study guide

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## 1. Intellectual levels

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the syllabus and study guides are assessed at one of three intellectual or cognitive levels:

Level 1:	Knowledge and comprehension
Level 2:	Application and analysis
Level 3:	Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Applied Knowledge, the Applied Skills and the Strategic Professional exams are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with Applied Knowledge, level 2 equates to Applied Skills and level 3 to Strategic Professional, some lower level skills can continue to be assessed as the student progresses through each level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

## 2. Learning hours and educational recognition

The ACCA qualification does not prescribe or recommend a specific number of learning hours for examinations as study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the educational recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus is organised into main subject area headings which are further broken down to provide greater detail on each area.

### 3. Guide to ACCA examination structure

The structure of examinations varies within and between levels.

#### Applied Knowledge

The Applied Knowledge examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus. These are assessed by a two-hour computer based examination.

#### Applied Skills

The *Corporate and Business Law* exam is a two- hour computer based objective test examination for English and Global. For the format and structure of the variant exams, refer to the 'Approach to examining the syllabus' section below.

The other Applied Skills examinations (PM, TX-UK, FR, AA and FM) contain a mix of objective and longer type response questions with a duration of three hours for 100 marks. These exams are available in computer-based format. Prior to the start of each exam there will be time allocated for students to be informed of the exam instructions. . For the format and structure of the TX variant exams, refer to the 'Approach to examining the syllabus' section below.

#### Strategic Professional

*Strategic Business Leader* is ACCA's case study examination at the Strategic Professional level and is examined as a closed book exam of four hours, including reading, planning and reflection time which can be used flexibly within the examination. There is no pre-seen information and all exam related material, including case

information and exhibits are available within the examination. *Strategic Business Leader* is an exam based on one main business scenario which involves candidates completing several tasks within which additional material may be introduced. All questions are compulsory and each examination will contain a total of 80 technical marks and 20 Professional Skills marks.

The other Strategic Professional exams are all of three hours and 15 minutes duration. All contain two Sections and all questions are compulsory. These exams all contain four professional marks.

ACCA encourages students to take time to read questions carefully and to plan answers but once the exam time has started, there are no additional restrictions as to when candidates may start writing in their answer books.

Time should be taken to ensure that all the information and exam requirements are properly read and understood.

The pass mark for all ACCA Qualification examinations is 50%.

## 4. Guide to ACCA examination assessment

ACCA reserves the right to examine any learning outcome contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified. For the financial accounting, audit and assurance, law and tax exams except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions.

For most examinations (not tax), regulations **issued** or legislation **passed** on or before 31 August annually, will be examinable from 1 September of the following year to 31 August of the year after that. Please refer to the examinable documents for the examination (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable even if the **effective** date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

For **UK** tax exams, examinations falling within the period 1 June to 31 March will generally examine the Finance Act which was passed in the previous year. Therefore, exams falling in the period 1 June 2019 to 31 March 2020 will examine the Finance Act 2018 and any examinable legislation which is passed outside of the Finance Act before 31 July 2018.

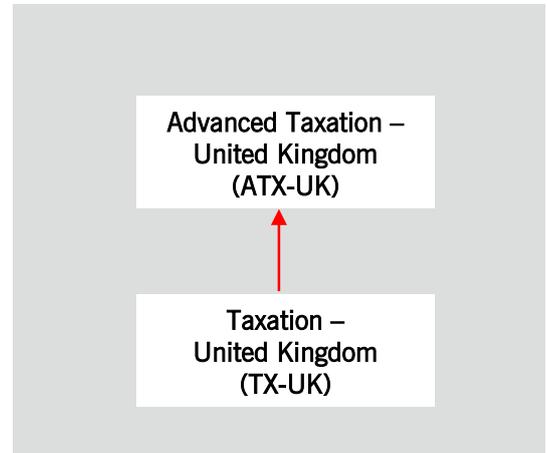
For additional guidance on the examinability of specific tax rules and the depth in which they are likely to be examined, reference should be made to the relevant Finance Act article written by the examining team and published on the ACCA website.

None of the current or impending devolved taxes for Scotland, Wales, and Northern Ireland is, or will be, examinable.

## 5. Relational diagram linking Advanced Taxation – United Kingdom (ATX-UK) with other exams

This diagram shows direct and indirect links between this exam and other exams preceding or following it. Some exams are directly underpinned by other exams such as Advanced Taxation – United Kingdom (ATX-UK) by Taxation – United Kingdom (TX-UK).

These links are shown as solid line arrows. Other exams only have indirect relationships with each other such as links existing between the accounting and auditing exams. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.



## 6. Overall aim of the syllabus

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

### Aim

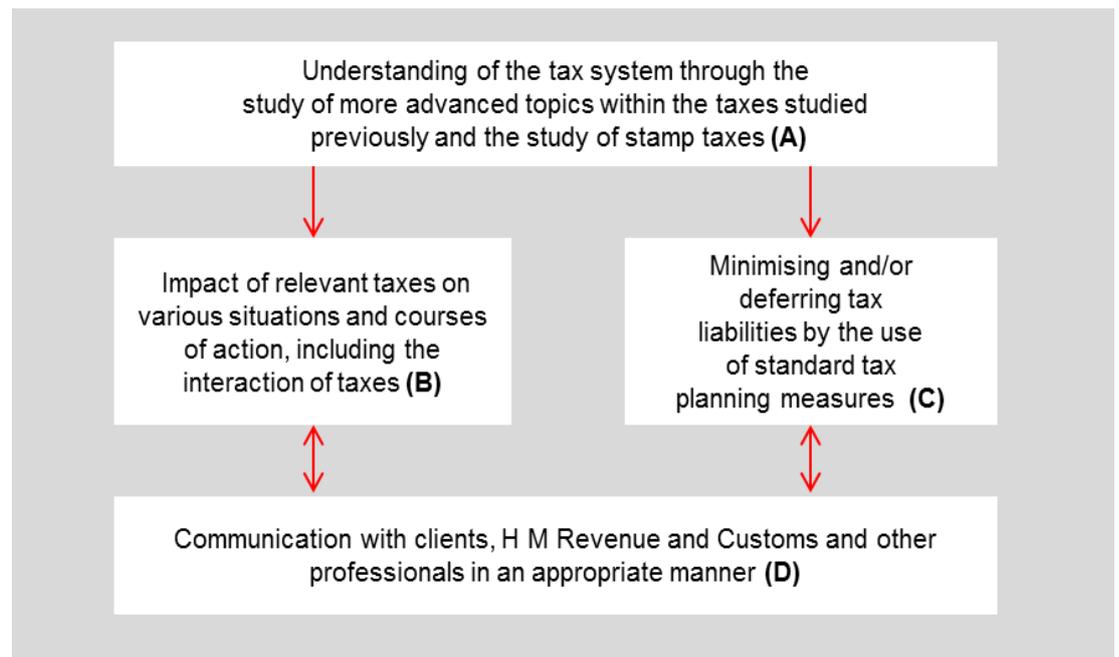
To apply relevant knowledge and skills and exercise professional judgement in providing relevant information and advice to individuals and businesses on the impact of the major taxes on financial decisions and situations

## 7. Main capabilities

On successful completion of this exam, candidates should be able to:

- A Apply further knowledge and understanding of the UK tax system through the study of more advanced topics within the taxes studied previously and the study of stamp taxes
- B Identify and evaluate the impact of relevant taxes on various situations and courses of action, including the interaction of taxes
- C Provide advice on minimising and/or deferring tax liabilities by the use of standard tax planning measures
- D Communicate with clients, HM Revenue and Customs and other professionals in an appropriate manner.

### Relational diagram of the main capabilities



This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

## 8. Rationale

The Advanced Taxation - United Kingdom (ATX-UK) syllabus further develops the key aspects of taxation introduced in the compulsory Taxation – United Kingdom (TX-UK) syllabus within the Applied Skills module and extends the candidates' knowledge of the tax system, together with their ability to apply that knowledge to the issues commonly encountered by individuals and businesses, such that successful candidates should have the ability to interpret and analyse the information provided and communicate the outcomes in a manner appropriate to the intended audience.

The syllabus builds on the basic knowledge of core taxes from the earlier taxation exam and introduces candidates to stamp taxes. As this is an optional exam, aimed at those requiring/desiring more than basic tax knowledge for their future professional lives, the syllabus also extends the knowledge of income tax, corporation tax, capital gains tax and inheritance tax to encompass further overseas aspects of taxation, the taxation of trusts and additional exemptions and reliefs.

Computations will normally only be required in support of explanations or advice and not in isolation.

Candidates are not expected to concentrate on the computational aspects of taxation. Instead this exam seeks to develop candidates' skills of analysis, interpretation and communication. Candidates are expected to be able to use established tax planning methods and consider current issues in taxation.

## **9. Approach to examining the syllabus**

The exam consists of two sections:

Section A consists of two compulsory case-study questions. Question 1 has 35 marks, including four professional marks and question 2 has 25 marks. There will also be five ethics marks included within this section.

Section B consists of two compulsory 20-mark questions, covering both business and personal tax issues.

Candidates will be expected to undertake both calculation and narrative work. The questions will be scenario-based and may involve consideration of more than one tax, some elements of planning and the interaction of taxes.

The examination is a three hour 15 minutes exam.

Tax rates, allowances and information on certain reliefs will be given in the exam.

## 10. The syllabus

- A Knowledge and understanding of the UK tax system through the study of more advanced topics within the taxes studied previously and the study of stamp taxes.**
1. Income and income tax liabilities in situations involving further overseas aspects and in relation to trusts, and the application of additional exemptions and reliefs.
  2. Chargeable gains and capital gains tax liabilities in situations involving further overseas aspects and in relation to closely related persons and trusts, and the application of additional exemptions and reliefs.
  3. Inheritance tax in situations involving further aspects of the scope of the tax and the calculation of the liabilities arising, the principles of valuation and the reliefs available, transfers of property to and from trusts, overseas aspects and further aspects of administration.
  4. Corporation tax liabilities in situations involving overseas and further group aspects and in relation to special types of company, and the application of additional exemptions and reliefs.
  5. Stamp taxes
  6. Value added tax, tax administration and the UK tax system
- B The impact of relevant taxes on various situations and courses of action, including the interaction of taxes**
1. Taxes applicable to a given situation or course of action and their impact.
  2. Alternative ways of achieving personal or business outcomes may lead to different tax consequences.
  3. Taxation effects of the financial decisions made by businesses (corporate and unincorporated) and by individuals.
  4. Tax advantages and/or disadvantages of alternative courses of action.
  5. Statutory obligations imposed in a given situation, including any time limits for action and the implications of non-compliance.
- C Minimising and/or deferring tax liabilities by the use of standard tax planning measures**
1. Types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business.
  2. Legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated.
  3. The appropriateness of such investment, expenditure or measures, given a particular taxpayer's circumstances or stated objectives.
  4. The mitigation of tax in the manner recommended, by reference to numerical analysis and/or reasoned argument.

5. Ethical and professional issues arising from the giving of tax planning advice.

6. Current issues in taxation.

**D Communicating with clients, HM Revenue and Customs and other professionals**

1. Communication of advice, recommendations and information in the required format.

2. Presentation of written information, in language appropriate to the purpose of the communication and the intended recipient.

3. Conclusions reached with relevant supporting computations.

4. Assumptions made or limitations in the analysis provided, together with any inadequacies in the information available and/or additional information required to provide a fuller analysis.

5. Other non-tax factors that should be considered.

## 11. Detailed study guide

### A Apply further knowledge and understanding of the UK tax system through the study of more advanced topics within the taxes studied previously and the study of stamp taxes

#### 1. Income and income tax liabilities in situations involving further overseas aspects and in relation to trusts, and the application of exemptions and reliefs

- a) The contents of the Taxation - United Kingdom (TX-UK) study guide for income tax and national insurance, under headings:<sup>[2]</sup>
- B1 The scope of income tax
  - B2 Income from employment
  - B3 Income from self-employment
  - B4 Property and investment income
  - B5 The comprehensive computation of taxable income and the income tax liability
  - B6 National insurance contributions for employed and self-employed persons
  - B7 The use of exemptions and reliefs in deferring and minimising income tax liabilities

The following additional material is also examinable:

- b) The scope of income tax:<sup>[3]</sup>
- i) Explain and apply the concepts of residence, domicile and deemed domicile and advise on the relevance to income tax
  - ii) Advise on the availability of the remittance basis to UK resident individuals<sup>[2]</sup>
  - iii) Advise on the tax position of individuals coming to and leaving the UK
  - iv) Determine the income tax treatment of overseas income
  - v) Understand the relevance of the OECD model double tax treaty to given situations
  - vi) Calculate and advise on the double taxation relief available to individuals
- c) Income from employment:<sup>[3]</sup>
- i) Advise on the tax treatment of share option and share incentive schemes
  - ii) Advise on the tax treatment of lump sum receipts
  - iii) Identify personal service companies and advise on the tax consequences of providing services via a personal service company
- d) Income from self employment:<sup>[3]</sup>
- i) Advise on a change of accounting date
  - ii) Advise on the relief available for trading losses following the transfer of a business to a company
  - iii) Advise on the allocation of the annual investment allowance between related businesses
  - iv) Identify the enhanced capital allowances available in respect of expenditure on green technologies.<sup>[2]</sup>
- e) Property and investment income:<sup>[3]</sup>
- i) Advise on the tax implications of jointly held assets
  - ii) Recognise the tax treatment of savings income paid net of tax
  - iii) Income from trusts and settlements: Understand the

income tax position of trust beneficiaries

- f) The comprehensive computation of taxable income and the income tax liability:<sup>[3]</sup>
- i) Understand the allocation of the personal allowance to different categories of income.
  - ii) Advise on the income tax position of the income of minor children
- g) The use of exemptions and reliefs in deferring and minimising income tax liabilities:
- i) Understand and apply the rules relating to investments in the seed enterprise investment scheme and the enterprise investment scheme <sup>[3]</sup>
  - ii) Understand and apply the rules relating to investments in venture capital trusts <sup>[3]</sup>

### Excluded topics

*The scope of income tax:*

- *Details of specific anti-avoidance provisions, except as stated in the study guide.*
- *Details of what constitutes a remittance*
- *Profits of non-residents from a trade of dealing in or developing land in the UK.*

*Income from employment:*

- *Explanation of the PAYE system.*
- *The calculation of a car benefit where emission figures are not available.*
- *Employee shareholder shares*
- *The overseas aspects of income from employment, including travelling and subsistence expenses*

*Income from self employment:*

- *The 100% first year allowance for renovating business premises in disadvantaged areas and flats above shops.*
- *Capital allowances for agricultural buildings, patents, scientific research and know how.*
- *Enterprise zones.*
- *The allocation of notional profits and losses for a partnership.*
- *Farmers averaging of profits.*
- *The averaging of profits for authors and creative artists.*
- *Details of specific anti-avoidance provisions, except as stated in the study guide.*
- *Investment income of a partnership*
- *The tax treatment of overseas travelling expenses*
- *The trading allowance of £1,000*

*Property and investment income:*

- *The deduction for expenditure by landlords on energy-saving items*
- *Pre-owned assets*
- *The accrued income scheme*
- *The property allowance of £1,000*

*National insurance:*

- *The calculation of directors' national insurance on a month by month basis.*
- *The offset of trading losses against non-trading income and capital gains.*

*Income from trusts and settlements:*

- *The computation of income tax payable by trustees.*
- *Overseas aspects.*

*The comprehensive computation of taxable income and the income tax liability:*

- *The blind person's allowance and the married couple's age allowance.*
- *The child benefit tax charge.*
- *Tax credits.*
- *Maintenance payments.*
- *Charitable donations.*
- *Social security benefits apart from the State Retirement Pension.*
- *The £10,000 anti-avoidance annual allowance applicable to taxpayers accessing their pension flexibly*

*The use of exemptions and reliefs in deferring and minimising income tax liabilities:*

- *The conditions that a company must meet in order to qualify as an EIS/SEIS/VCT company.*
- *The EIS as it applies to knowledge intensive companies.*
- *The conditions that need to be satisfied for pension schemes to be registered by HM Revenue and Customs.*
- *The transfer of pension benefits on death*

## **2. Chargeable gains and capital gains tax liabilities in situations involving further overseas aspects and in relation to closely related persons and trusts together with the application of additional exemptions and reliefs**

The contents of the Taxation - United Kingdom (TX-UK) study guide for chargeable gains for individuals under headings:<sup>[2]</sup>

- C1 The scope of the taxation of capital gains

- C2 The basic principles of computing gains and losses
- C3 Gains and losses on the disposal of movable and immovable property
- C4 Gains and losses on the disposal of shares and securities
- C5 The computation of capital gains tax
- C6 The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

The following additional material is also examinable:

- b) The scope of the taxation of capital gains:<sup>[3]</sup>
- i) Determine the tax implications of independent taxation and transfers between spouses
  - ii) Identify the concepts of residence, domicile and deemed domicile, and determine their relevance to capital gains tax
  - iii) Advise on the availability of the remittance basis to non-UK domiciled individuals.<sup>[2]</sup>
  - iv) Determine the UK taxation of foreign gains, including double taxation relief
  - v) Conclude on the capital gains tax position of individuals coming to and leaving the UK
  - vi) Advise on the UK taxation of gains on the disposal of UK residential property owned by non-residents
  - vii) Identify the occasions when a capital gain would arise on a partner in a partnership on the disposal of a partnership asset
- c) Capital gains tax and trusts:

- i) Advise on the capital gains tax implications of transfers of property into trust.<sup>[3]</sup>
  - ii) Advise on the capital gains tax implications of property passing absolutely from a trust to a beneficiary.<sup>[2]</sup>
- d) The basic principles of computing gains and losses:<sup>[3]</sup>
- i) Identify connected persons for capital gains tax purposes and advise on the tax implications of transfers between connected persons
  - ii) Advise on the impact of dates of disposal
  - iii) Evaluate the use of capital losses in the year of death
- e) Gains and losses on the disposal of movable and immovable property:<sup>[3]</sup>
- i) Advise on the tax implications of a part disposal, including small part disposals of land
  - ii) Determine the gain on the disposal of leases and wasting assets
  - iii) Establish the tax effect of capital sums received in respect of the loss, damage or destruction of an asset
  - iv) Advise on the tax effect of making negligible value claims
- f) Gains and losses on the disposal of shares and securities:<sup>[3]</sup>
- i) Extend the explanation of the treatment of rights issues to include the small part disposal rules applicable to rights issues
  - ii) Define a qualifying corporate bond (QCB), and understand what makes a corporate bond non-qualifying. Understand the capital gains tax implications of the disposal of QCBs in exchange for cash or shares
- iii) Apply the rules relating to reorganisations, reconstructions and amalgamations and advise on the most tax efficient options available in given circumstances
  - iv) Establish the relief for capital losses on shares in unquoted trading companies<sup>[3]</sup>
- g) The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets:<sup>[3]</sup>
- i) Understand and apply enterprise investment scheme reinvestment relief
  - ii) Understand and apply seed enterprise investment scheme reinvestment relief
  - iii) Advise on the availability of entrepreneurs' relief in relation to associated disposals
  - iv) Understand and apply the relief that is available on the transfer of an unincorporated business to a limited company
  - v) Understand the capital gains tax implications of the variation of wills

### Excluded topics

*The scope of the taxation of capital gains:*

- *Detailed knowledge of the statements of practice on partnership capital gains.*
- *Deemed disposals on a change in the profit sharing ratio (PSR) of a partnership*

*Capital gains tax and trusts:*

- *Overseas aspects of capital gains tax and trusts.*
- *The computation of capital gains tax payable by trustees.*

- *Transfers of property to or from trustees prior to 22 March 2006.*
- *Knowledge of situations where property is transferred between trusts or where the terms or nature of the trust is altered.*
- *Immediate post-death interest trusts.*
- *Knowledge of the special rules concerning trusts for the disabled, trusts for bereaved minors, transitional serial interest trusts and age 18 to 25 trusts.*

*The basic principles of computing gains and losses:*

- *Assets held at 31 March 1982.*
- *Relief for losses on loans made to traders.*
- *Conditional contracts*
- *Rebasing of foreign assets held at 5 April 2017.*

*Gains and losses on the disposal of movable and immovable property:*

- *The detailed calculations for chattels where the cost or proceeds are less than £6,000, other than knowledge of the exemption where both cost and proceeds are less than £6,000.*
- *Sets of chattels in relation to the chattels exemption.*
- *The grant of a lease or sub-lease out of either a freehold, long lease or short lease.*
- *Appropriations to and from trading stock (inventory).*
- *Mixed use property.*
- *Payment of capital gains tax by instalments*

*Gains and losses on the disposal of shares and securities:*

- *Computation of cost and indexed cost within the s.104 TCGA 1992 share pool.*

### **3. Inheritance tax in situations involving further aspects of the scope of the tax and the calculation of the liabilities arising, the principles of valuation and the reliefs available, transfers of property to and from trusts, overseas aspects and further aspects of administration**

- a) The contents of the Taxation - United Kingdom (TX-UK) study guide for inheritance tax under headings:<sup>[2]</sup>
- D1 The basic principles of computing transfers of value
  - D2 The liabilities arising on the chargeable lifetime transfers and on the death of an individual
  - D3 The use of exemptions in deferring and minimising inheritance tax liabilities
  - D4 Payment of inheritance tax

The following additional material is also examinable:

- b) The scope of inheritance tax:
- Explain the concepts of domicile and deemed domicile and understand the application of these concepts to inheritance tax <sup>[2]</sup>
  - Identify excluded property <sup>[2]</sup>
  - Identify and advise on the tax implications of the location of assets <sup>[3]</sup>
  - Identify and advise on gifts with reservation of benefit <sup>[3]</sup>
- c) The basic principles of computing transfers of value:
- Advise on the principles of valuation <sup>[3]</sup>
  - Advise on the availability of business property relief and agricultural property relief. <sup>[3]</sup>

- iii) Identify exempt transfers.<sup>[2]</sup>
- d) The liabilities arising on chargeable lifetime transfers and on the death of an individual:<sup>[3]</sup>
- i) Advise on the tax implications of chargeable lifetime transfers
  - ii) Advise on the tax implications of transfers within seven years of death
  - iii) Advise on the tax liability arising on a death estate
  - iv) Advise on the relief for the fall in value of lifetime gifts
  - v) Advise on the operation of quick succession relief
  - vi) Advise on the operation of double tax relief for inheritance tax
  - vii) Advise on the inheritance tax effects and advantages of the variation of wills
- e) The liabilities arising in respect of transfers to and from trusts and on property within trusts:
- i) Define a trust <sup>[2]</sup>
  - ii) Distinguish between different types of trust <sup>[3]</sup>
  - iii) Advise on the inheritance tax implications of transfers of property into trust <sup>[3]</sup>
  - iv) Advise on the inheritance tax implications of property passing absolutely from a trust to a beneficiary <sup>[2]</sup>
  - v) Identify the occasions on which inheritance tax is payable by trustees <sup>[3]</sup>
- f) The use of exemptions and reliefs in deferring and minimising inheritance tax liabilities: <sup>[3]</sup>
- i) Advise on the use of reliefs and exemptions to minimise inheritance tax liabilities, as mentioned in the sections above
- g) The system by which inheritance tax is administered, including the instalment option for the payment of tax:
- i) Identify the occasions on which inheritance tax may be paid by instalments.<sup>[2]</sup>
  - ii) Advise on the due dates, interest and penalties for inheritance tax purposes.<sup>[3]</sup>

### Excluded topics

#### *The scope of inheritance tax:*

- *Pre 18 March 1986 lifetime transfers.*
- *Transfers of value by close companies.*

#### *The liabilities arising on chargeable lifetime transfers and on the death of an individual:*

- *Immediate post death interest trusts.*
- *Double grossing up on death.*
- *Post mortem reliefs.*
- *Relief on relevant business property and agricultural property given as exempt legacies.*
- *Detailed knowledge of the double charges legislation.*
- *The protection of the residence nil rate band where an individual downsizes to a less valuable property or where a property is disposed of.*
- *Nominating which property should qualify for the residence nil rate band where there is more than one residence.*
- *The tax implications of associated operations*

#### *The basic principles of computing transfers of value:*

- *Valuation of an annuity or an interest in possession where the trust interest is subject to an annuity.*

- *Woodlands relief.*
- *Conditional exemption for heritage property.*

*Inheritance tax and trusts:*

- *IHT aspects of discretionary trusts prior to 27 March 1974.*
- *Trusts created prior to 22 March 2006.*
- *Computation of ten year charges and exit charges.*
- *Overseas aspects of inheritance tax and trusts.*
- *The conditions that had to be satisfied for a trust to be an accumulation and maintenance trust.*
- *Knowledge of situations where property is transferred between trusts or where the terms or nature of the trust is altered.*
- *Knowledge of the special rules concerning trusts for the disabled, trusts for bereaved minors, transitional serial interest trusts and age 18 to 25 trusts.*

*The system by which inheritance tax is administered,:*

- *Knowledge that instalment payments may carry interest and the criteria to be met for instalment payments to be interest-bearing.*

**4. Corporation tax liabilities in situations involving further overseas and group aspects and in relation to special types of company, and the application of additional exemptions and reliefs**

- a) The contents of the Taxation - United Kingdom (TX-UK) study guide, for corporation tax, under headings:<sup>[2]</sup>
- E1 The scope of corporation tax
  - E2 Taxable total profits

- E3 Chargeable gains for companies
- E4 The comprehensive computation of the corporation tax liability
- E5 The effect of a group corporate structure for corporation tax purposes
- E6 The use of exemptions and reliefs in deferring and minimising corporation tax liabilities

The following additional material is also examinable:

- b) The scope of corporation tax:<sup>[3]</sup>
- Identify and calculate corporation tax for companies with investment business.
  - Close companies:
    - Apply the definition of a close company to given situations
    - Conclude on the tax implications of a company being a close company or a close investment holding company
  - Identify and evaluate the significance of accounting periods on administration or winding up
  - Conclude on the tax treatment of returns to shareholders after winding up has commenced
  - Advise on the tax implications of a purchase by a company of its own shares
  - Identify personal service companies and advise on the tax consequences of services being provided via a personal service company
- c) Taxable total profits:<sup>[3]</sup>
- Identify qualifying research and development expenditure, both capital and revenue, and

- determine the reliefs available by reference to the size of the individual company/group
- ii) Identify the enhanced capital allowances available in respect of expenditure on green technologies, including the tax credit available in the case of a loss making company
  - iii) Determine the tax treatment of non trading deficits on loan relationships
  - iv) Recognise the alternative tax treatments of intangible assets and conclude on the best treatment for a given company
  - v) Advise on the impact of the transfer pricing and thin capitalisation rules on companies
  - vi) Advise on the restriction on the use of losses on a change in ownership of a company
- d) The comprehensive calculation of the corporation tax liability:<sup>[3]</sup>
- i) Assess the impact of the OECD model double tax treaty on corporation tax
  - ii) Evaluate the meaning and implications of a permanent establishment
  - iii) Identify and advise on the tax implications of controlled foreign companies
  - iv) Advise on the tax position of overseas companies trading in the UK
  - v) Calculate double taxation relief
- e) The effect of a group structure for corporation tax purposes:<sup>[3]</sup>
- i) Advise on the allocation of the annual investment allowance between group or related companies
  - ii) Advise on the tax consequences of a transfer of intangible assets
  - iii) Advise on the tax consequences of a transfer of a trade and assets where there is common control
  - iv) Understand the meaning of consortium owned company and consortium member<sup>[2]</sup>
  - v) Advise on the operation of consortium relief
  - vi) Determine pre-entry losses and understand their tax treatment
  - vii) Determine the degrouping charge where a company leaves a group within six years of receiving an asset by way of a no gain/no loss transfer
  - viii) Determine the effects of the anti-avoidance provisions, where arrangements exist for a company to leave a group
  - ix) Advise on the tax treatment of an overseas branch
- f) The use of exemptions and reliefs in deferring and minimising corporation tax liabilities:<sup>[3]</sup>
- i) Determine the application of the substantial shareholdings exemption

### Excluded topics

#### *The scope of corporation tax:*

- *Details of specific anti-avoidance provisions, except as stated in the Study Guide.*
- *Profits of non-residents from a trade of dealing in or developing land in the UK.*
- *Responsibility of senior accounting officers (SAOs) in relation to accounting systems*

#### *Taxable total profits:*

- *The disposal of residential property by a company*
- *Profits attributable to patents*
- *The carry forward of losses arising prior to 1 April 2017*

- *Carried forward losses which arose in accounting periods which straddle 1 April 2017*
- *Tax avoidance involving carry forward losses*
- *Restriction of the deduction of interest expenses for groups with a net interest expense of £2 million*
- *Diverted profits tax*

*The comprehensive calculation of the corporation tax liability:*

- *Corporation tax rates for companies in the process of winding up.*
- *Relief for overseas tax as an expense.*
- *Detailed knowledge of specific double taxation agreements.*
- *Migration of a UK resident company.*
- *Mixer companies.*
- *Detailed computational questions on the carry back and carry forward of unrelieved foreign tax.*
- *Calculation of indexation factors.*
- *Quarterly accounting for income tax.*
- *The reduction of double tax relief where losses have been group relieved.*

*The effect of a group structure for corporation tax purposes:*

- *The relief for trading losses incurred by an overseas subsidiary*

*The use of exemptions and reliefs in deferring and minimising corporation tax liabilities:*

- *The substantial shareholdings exemption as it applies to institutional investors.*
- *Disincorporation relief*

## **5. Stamp taxes (stamp duty, stamp duty reserve tax, and stamp duty land tax)**

- a) The scope of stamp taxes: <sup>[3]</sup>
  - i) Identify the property in respect of which stamp taxes are payable.
- b) Identify and advise on the liabilities arising on transfers. <sup>[3]</sup>
  - i) Advise on the stamp taxes payable on transfers of shares and securities
  - ii) Advise on the stamp taxes payable on transfers of land
- c) The use of exemptions and reliefs in deferring and minimising stamp taxes: <sup>[3]</sup>
  - i) Identify transfers involving no consideration
  - ii) Advise on group transactions

### **Excluded topics**

*The scope of stamp taxes:*

- *Leases*
- *Land and Buildings Transaction Tax (LBTT)*

*The liabilities arising on transfers:*

- *The contingency principle.*
- *Residential property*
- *The systems by which stamp taxes are administered*

## **6. Value added tax, tax administration and the UK tax system:**

- a) The contents of the Taxation - United Kingdom (TX-UK) study guide for value added tax (VAT) under headings:
  - F1 The VAT registration requirements
  - F2 The computation of VAT liabilities

- F3 The effect of special schemes

The following additional material is also examinable:

- i) Advise on the VAT implications of the supply of land and buildings in the UK
  - ii) Advise on the VAT implications of partial exemption
  - iii) Advise on the application of the capital goods scheme
- b) The contents of the Taxation - United Kingdom (TX-UK) study guide for the UK tax system and its administration under headings:
- A1 The overall function and purpose of taxation in a modern economy
  - A2 Principal sources of revenue law and practice
  - A3 The systems for self assessment and the making of returns
  - A4 The time limits for the submission of information, claims and payment of tax, including payments on account
  - A5 The procedures relating to compliance checks, appeals and disputes
  - A6 Penalties for non-compliance
- i) Advise on the increased penalties which apply in relation to offshore matters.<sup>[2]</sup>

### Excluded topics

*Value added tax:*

- *The determination of the tax point.*
- *The contents of a valid VAT invoice.*
- *Do it yourself builders.*
- *Second hand goods scheme.*

- *Retailers' schemes.*
- *Schemes for farmers.*
- *Special place of supply rules for business to consumer supplies of telecommunications, broadcasting and e-services.*
- *Disaggregation of business activities for VAT purposes.*
- *Divisional registration.*

## **B The impact of relevant taxes on various situations and courses of action, including the interaction of taxes**

- 1. Identify and advise on the taxes applicable to a given course of action and their impact.<sup>[3]</sup>**
- 2. Identify and understand that the alternative ways of achieving personal or business outcomes may lead to different tax consequences**
  - a) Calculate the receipts from a transaction, net of tax and compare the results of alternative scenarios and advise on the most tax efficient course of action.<sup>[3]</sup>
- 3. Advise how taxation can affect the financial decisions made by businesses (corporate and unincorporated) and by individuals**
  - a) Understand and compare and contrast the tax treatment of the sources of finance and investment products available to individuals.<sup>[3]</sup>
  - b) Understand and explain the tax implications of the raising of equity and loan finance.<sup>[3]</sup>
  - c) Explain the tax differences between

decisions to lease, use hire purchase or purchase outright.<sup>[3]</sup>

- d) Understand and explain the impact of taxation on the cash flows of a business.<sup>[3]</sup>
4. **Assess the tax advantages and disadvantages of alternative courses of action.**<sup>[3]</sup>
5. **Understand the statutory obligations imposed in a given situation, including any time limits for action and advise on the implications of non-compliance.**<sup>[3]</sup>

**C Minimise and/or defer tax liabilities by the use of standard tax planning measures**

1. **Identify and advise on the types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business.**<sup>[3]</sup>
2. **Advise on legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated.**<sup>[3]</sup>
3. **Advise on the appropriateness of such investment, expenditure or measures given a particular taxpayer’s circumstances or stated objectives.**<sup>[3]</sup>
4. **Advise on the mitigation of tax in the manner recommended by reference to numerical analysis and/or reasoned argument.**<sup>[3]</sup>
5. **Be aware of the ethical and professional issues arising from**

**the giving of tax planning advice.**<sup>[3]</sup>

6. **Be aware of and give advice on current issues in taxation.**<sup>[3]</sup>

**D Communicate with clients, HM Revenue and Customs and other professionals in an appropriate manner**

1. **Communicate advice, recommendations and information in the required format.**<sup>[3]</sup>

For example the use of:

- Reports
- Letters
- Memoranda
- Meeting notes

2. **Present written information, in language appropriate to the purpose of the communication and the intended recipient.**<sup>[3]</sup>
3. **Communicate conclusions reached, together, where necessary with relevant supporting computations.**<sup>[3]</sup>
4. **State and explain assumptions made or limitations in the analysis provided; together with any inadequacies in the information available and/or additional information required to provide a fuller analysis.**<sup>[3]</sup>
5. **Identify and explain other, non-tax, factors that should be considered.**<sup>[3]</sup>

## Summary of changes to Advanced Taxation - United Kingdom (ATX-UK)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There are changes to the syllabus and these are summarised in the tables below.

**Table 1 – Additions to syllabus**

	Section and subject area	Syllabus content
A1b)	The scope of income tax	Deemed domicile for income tax brought into (i)
A2b)	The scope of the taxation of capital gains	Deemed domicile for capital gains tax brought into (ii)

**Table 2 – Deletions to syllabus / additions to excluded topics**

	Section and subject area	Syllabus content
A1b)	The scope of income tax	Details of what constitutes a remittance no longer examinable and added to excluded topics
A1c)	Income from employment	Added to excluded topics: <ul style="list-style-type: none"> <li>• <i>Overseas aspects of income from employment, including travelling and subsistence expenses</i></li> </ul>
A1d)	Income from self employment	Added to excluded topics: <ul style="list-style-type: none"> <li>• <i>Tax treatment of overseas travelling expenses</i></li> <li>• <i>The trading allowance of £1,000</i></li> </ul>
A1e)	Property and investment income	Added to excluded topics: <ul style="list-style-type: none"> <li>• <i>The accrued income scheme</i></li> <li>• <i>The property allowance of £1,000</i></li> </ul>
A1f)	The comprehensive computation of taxable income and the income tax liability	Added to excluded topics: <ul style="list-style-type: none"> <li>• <i>The blind person's allowance and the married couple's age allowance,</i></li> <li>• <i>The child benefit tax charge</i></li> </ul>

A1g)	The use of exemptions and reliefs in deferring and minimising income tax liabilities	Added to excluded topics: <ul style="list-style-type: none"> <li><i>The conditions that a company must meet in order to qualify as an EIS/SEIS/VCT company</i></li> <li><i>The EIS as it applies to knowledge intensive companies</i></li> </ul>
A2d)	The basic principles of computing gains and losses	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Conditional contracts,</i></li> <li><i>Rebasing of foreign assets held at 5 April 2017</i></li> </ul>
A2e)	Gains and losses on the disposal of movable and immovable property	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Payments by instalments for capital gains</i></li> </ul>
A3d)	The liabilities arising on chargeable lifetime transfers and on the death of an individual	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Immediate post death interest trusts</i></li> <li><i>The tax implications of associated operations</i></li> </ul>
A3g)	The system by which inheritance tax is administered, including the instalment option for the payment of tax	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Knowledge that instalment payments may carry interest and the criteria to be met for instalment payments to be interest-bearing</i></li> </ul>
A4b)	The scope of corporation tax	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Responsibility of senior accounting officers (SAOs in relation to accounting systems)</i></li> </ul>
A4c)	Taxable total profits	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Profits attributable to patents</i></li> <li><i>The carry forward of losses arising prior to 1 April 2017</i></li> <li><i>Carried forward losses which arose in accounting periods which straddle 1 April 2017</i></li> <li><i>Restriction of the deduction of interest expenses for groups with a net interest expense of £2 million</i></li> </ul>
A4d)	The comprehensive calculation of the corporation	Added to excluded topics: <ul style="list-style-type: none"> <li><i>Calculation of indexation</i></li> </ul>

	tax liability	<p><i>factors.</i></p> <ul style="list-style-type: none"> <li>• <i>The reduction of double tax relief where losses have been group relieved.</i></li> </ul>
A4e)	The effect of a group structure for corporation tax purposes	<p>Added to excluded topics:</p> <ul style="list-style-type: none"> <li>• <i>The relief for trading losses incurred by an overseas subsidiary</i></li> </ul>
A4f)	The use of exemptions and reliefs in deferring and minimising corporation tax liabilities	<p>Added to excluded topics:</p> <ul style="list-style-type: none"> <li>• <i>The availability, and the application of disincorporation relief</i></li> <li>• <i>The substantial shareholdings exemption as it applies to institutional investors</i></li> </ul>
A5	Stamp taxes	<p>Added to excluded topics:</p> <ul style="list-style-type: none"> <li>• <i>Residential property</i></li> <li>• <i>The systems by which stamp taxes are administered</i></li> </ul>

There have been no other amendments to the syllabus.