

Advanced Taxation (P6)

Cyprus (CYP)

June & December 2015

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.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. 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.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

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.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

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 detailed syllabuses 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 Knowledge module, the Skills module and the Professional level 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 the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and 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.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because 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 education 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 recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main

subject area headings depending on the nature of the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper based three-hour papers containing a mixture of objective and longer type questions. The Corporate and Business Law (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the tax papers, ACCA will publish *examinable documents*, or tax rates and allowances tables, once a year to indicate exactly what legislation could potentially be assessed within identified examination sessions. These should be read in conjunction with the information below.

For **UK** tax papers, examinations falling within the financial year 1 April to 31 March will examine the Finance Act which was passed in the previous July. I.e. Exams falling in the period 1 April 2015 to 31 March 2016 will examine the Finance Act 2014.

For **SGP** tax papers, examinations falling within the year 1 April to 31 March will be based on legislation passed before the previous 30 September. I.e. examinations falling in the year 1 April 2015 to 31 March 2016 will be based on legislation passed by 30 September 2014.

For **MYS** tax papers, examinations falling within the year 1 October to 30 September will be based on legislation passed before the previous 31 March. I.e. examinations falling in the year 1 October 2014 to 30 September 2015 will be based on legislation passed before the previous 31 March 2014.

For **CYP** tax papers, June and December examinations will be based on regulation or legislation published in the Official Gazette of the Republic of Cyprus ("the Gazette") on or before 30 September. I.e. June and December 2015 papers will be based on regulation or legislation published in the Official Gazette of the Republic of Cyprus ("the Gazette") on or before 30 September 2014.

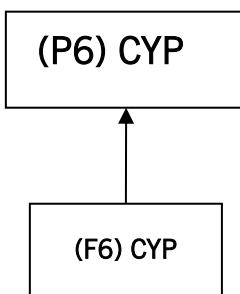
For **CZE** tax papers, December and June examinations will be based on legislation passed before the previous 31 May. I.e. December 2014 and June 15 papers will be based on legislation in force at 31 May 2014.

For **VNM** tax papers, June and December examinations will be based on legislation passed before the previous 31 December. I.e. June and December 2015 papers will be based on legislation passed by 31 December 2014.

Tax papers for the following variants:
BWA, CHN, HUN, HKG, IRL, LSO, MWI, MLA, POL, PKN, ROM, RUS, ZAF, ZWE.

The June and December examinations will be based on legislation passed before the previous 30 September. I.e. June and December 2015 papers will be based on legislation passed by 30 September 2014.

Syllabus



MAIN CAPABILITIES

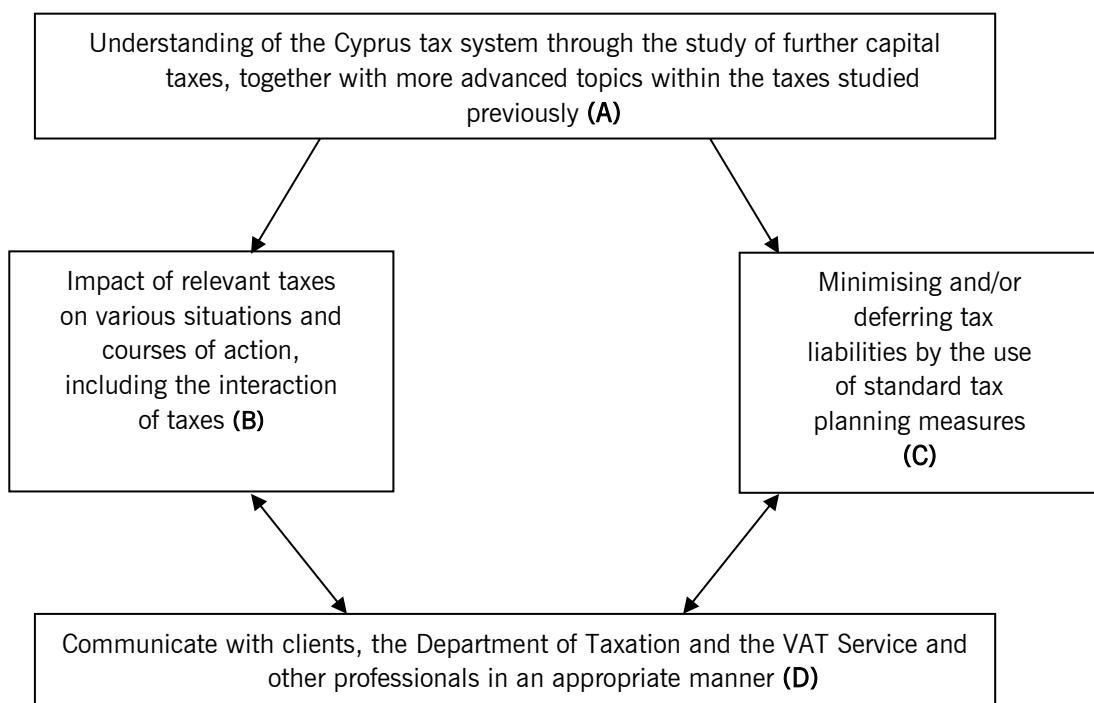
After completing this examination paper students should be able to:

- A Apply further knowledge and understanding of the Cyprus tax system through the study of further capital taxes, together with more advanced topics within the taxes studied previously
- 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, the Department of Taxation and the VAT service and other professionals in an appropriate manner.

AIM

To apply relevant knowledge, 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.

RELATIONAL DIAGRAM OF MAIN SYLLABUS CAPABILITIES



RATIONALE

The *Advanced Taxation* syllabus further develops the key aspects of taxation introduced in the compulsory Taxation syllabus within the 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 paper and introduces candidates to additional capital taxes in the form of immovable property tax, stamp duty and land transfer fees imposed by the land registry office. As this is an optional paper, 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, special defence contribution, value added tax (VAT) and capital gains tax, to encompass, further overseas aspects of taxation, the taxation of trusts and additional exemptions and reliefs.

Candidates are not expected to concentrate on the computational aspects of taxation. Instead this paper 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.

DETAILED SYLLABUS:

A Knowledge and understanding of the Cyprus tax system through the study of further capital taxes, together with more advanced topics within the taxes studied previously.

1. Income tax and special defence contribution liabilities in situations involving further overseas aspects and in relation to trusts, and the application of additional exemptions and reliefs.
2. Corporation tax and special defence contribution liabilities in situations involving further overseas and group aspects and in relation to special types of legal entities,

including awareness of legal aspects and the application of additional exemptions and reliefs

3. Capital gains and capital gains tax liabilities in situations involving further overseas aspects and in relation to closely related persons and trusts.
4. Immovable property tax
5. Stamp duty and land transfer fees imposed by the land registry office:
6. Social insurance, value added tax and tax administration

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, the Department of Taxation 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, together, where necessary, 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.

APPROACH TO EXAMINING THE SYLLABUS

The paper consists of two sections:

Section A consists of two compulsory questions for a total of 60 marks. Question 1 has 35 marks, including 4 professional marks, and Question 2 has 25 marks.

Section B consists of three 20 mark questions, two of which must be answered.

There are no limitations on which parts of the syllabus are examinable either in Section A or Section B.

Questions will be scenario based and will normally involve consideration of more than one tax together with some elements of planning and the interaction of taxes. Computations will normally only be required in support of explanations or advice and not in isolation.

The examination is a three-hour paper, with 15 minutes additional reading and planning time.

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

Study Guide

A APPLY FURTHER KNOWLEDGE AND UNDERSTANDING OF THE CYPRUS TAX SYSTEM THROUGH THE STUDY OF FURTHER CAPITAL TAXES, TOGETHER WITH MORE ADVANCED TOPICS WITHIN THE TAXES STUDIED PREVIOUSLY

1. Income tax and special defence contribution liabilities in situations involving further overseas aspects and in relation to trusts, and the application of additional exemptions and reliefs
 - a) The contents of the Paper F6 study guide for income tax and special defence contribution under headings:
 - B1. The scope of income tax
 - B2. Income from employment
 - B3. Income from self-employment
 - B4. Other income, pensions and investment income
 - B5. The comprehensive computation of taxable income and income tax liability
 - B6. The use of exemptions and deductions in deferring and minimising income tax liabilities
 - D1 The scope of the special contribution for the defence (SDC)
 - D2 The Comprehensive computation of SDC liabilities for individuals and companies
 - D3 Deemed Distribution Provisions and the comprehensive computation of the tax liability.

The following additional material is also examinable:

- b) The scope of income tax and special defence contribution:^[3]
 - i) Explain and apply the concept of residence and advise on the relevance to income tax and special defence contribution
 - ii) Advise on the tax position of individuals coming to and leaving Cyprus.
 - iii) Determine the income tax and special defence contribution treatment of overseas income
 - iv) Understand the implications of double tax treaty provisions to given situations.

(Extracts of any necessary double tax treaties will be given in the question)

- v) Calculate and advise on the double taxation relief available to individuals
- vi) Recognise the treatment of expenditure relating to intellectual property rights
- vii) Explain the treatment available on the replacement of assets (balancing additions)
- c) Income from employment:
 - i) Advise on the tax treatment of share options and share incentive schemes^[2]
 - ii) Advise on the overseas aspects of income from employment^[3]
 - iii) Advise on the tax treatment of lump sum receipts^[3]
 - iv) Recognise the special taxing provisions for overseas pensions^[3]
- d) Income from self-employment:^[3]
 - i) Recognise the special taxing provisions for non-resident professionals and artists
 - ii) Recognise the treatment of research and development expenditure
 - iii) Advise on the application of capital allowances on the conversion of an unincorporated business to a company and on the death of a sole trader
 - iv) Understand the treatment of trading stock and receipts on cessation of a business.
- e) Property and investment income:^[3]
 - i) Understand the treatment of gift or sale of assets by a company to a related party who is a physical person
 - ii) Advise on the effect of additions and alterations made by a tenant on the valuation of the owner's benefit
 - iii) Advise on the tax implications of the disposition or alienation of income from rents
 - iv) Income from trusts and settlements:
Understand the tax position of trust beneficiaries and the responsibilities of trustees as well as the role of the settlor and the protector.
- v) Understanding the difference between a Cyprus Trust and a Cyprus International trust.
- f) The comprehensive computation of taxable income and income tax liability:^[2]
 - i) Determine the taxability of the income of minor children

g) The use of exemptions and deductions in deferring and minimising income tax liabilities.^[2]

Excluded topics

The scope of income tax and special defence contribution:

- *Details of specific anti-avoidance provisions, except as stated in the study guide.*
- *Specific knowledge of the OECD model tax treaty*

Income from employment:

- *Explanation of the PAYE system.*

Income from self-employment:

- *The allocation of notional profits and losses for a partnership.*

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

- *Pension scheme and personal life assurance policy rules applicable in 2002 and earlier tax years.*
- *The conditions that need to be satisfied for pension and provident fund schemes to be approved by the Department of Taxation.*

2. Corporation tax and special defence contribution liabilities in situations involving further overseas and group aspects and in relation to special types of legal entities, including awareness of legal aspects and the application of additional exemptions and reliefs.

a) The contents of the Paper F6 study guide, for corporation tax and special defence contribution, under headings:

- C1. The scope of corporation tax
- C2. Profits chargeable to corporation tax
- C3. The comprehensive computation of corporation tax liability
- C4. The effect of a group corporate structure for corporation tax purposes.
- C5. The use of exemptions and deductions in deferring and

minimising corporation tax liabilities

- D1. The scope of the special defence contribution (SDC) tax
- D2. The comprehensive computation of SDC liabilities for individuals and companies
- D3. Deemed distribution provisions and comprehensive computation of the tax liability.

The following additional material is also examinable:

- b) The scope of corporation tax and the special defence contribution tax:
 - i) Identify and calculate corporation tax and the special defence contribution tax for companies with investment business, insurance and life assurance business, shipping, aircraft and ship-management business, including method of calculating the taxable income, exemptions and tonnage tax.^[3]
 - ii) Advise on the tax implications of company reorganisations, involving the merger and division of companies and/or the transfer of assets and activities.^[3]
 - iii) Conclude on the tax treatment of distributions to shareholders after winding up has commenced^[2]
 - iv) Comment on the legal aspects of overseas expansion.^[2]
 - v) Define an innovative business and explain the deductions available for investments in such businesses.
- c) Profits chargeable to corporation tax:^[3]
 - i) Recognise the tax treatment of research and development expenditure, including of innovative businesses
 - ii) Recognise the capital allowances available to the operators of ships
 - iii) Understand the arm's length principle.
 - iv) Advise on the impact of the transfer pricing and thin capitalisation rules on companies
 - v) Advise on the restriction on the use of losses, particularly for physical persons with gross taxable income less than €70,000, and the 5-year rule, and on a change in ownership of a company
- d) The comprehensive calculation of tax liability^[3]:

- i) Assess the impact of double tax treaty provisions on corporation tax
- ii) Evaluate the meaning and implications of a permanent establishment including the treatment of losses
- iii) Identify and advise on the tax implications of controlled foreign companies
- iv) Advise on the tax position of overseas companies trading in Cyprus
- v) Calculate and advise on the double taxation relief available to companies
- vi) Advise on the tax treatment of interest on loans used to acquire shares
- vii) Advise on the implications over the deductibility of the salaries, of unlawfully not paying SIC and other contributions

Excluded topics

The scope of corporation tax:

- *Detailed knowledge of anti-avoidance provisions (except as stated in the Study Guide)*
- *Public corporate bodies*
- *Taxes on certain types of income from lottery and lucky games*
- *Restrictions of the carrying forward of losses in the case where an entity was subjected to the bank restructuring provisions*

The comprehensive calculation of the corporation tax liability:

- *Detailed knowledge of specific double taxation agreements*
- *Detailed knowledge of the OECD model double tax treaty*
- *Migration of a Cyprus resident company.*

3. Capital gains and capital gains tax liabilities in situations involving further overseas aspects and in relation to closely related persons and trusts.

- a) The contents of the Paper F6 study guide for capital gains tax under headings:
 - E1.The scope of the taxation of capital gains
 - E2.The basic principles of computing gains and losses.
 - E3.Gains and losses on the disposal of immovable property
 - E4.Gains and losses on the disposal of shares

- E5.The computation of the capital gains tax payable by individuals and companies
- E6.The use of exemptions and deductions in deferring and minimising capital gains tax liabilities.

The following additional material is also examinable:

- b) The scope of the taxation of capital gains: ^[3]
 - i) Advise on the treatment of gifts made to and from a company
 - ii) Advise on the treatment of transfers of property into and out of a trust.
- c) The basic principles of computing gains and losses:^[3]
 - 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 and conditional contracts
 - iii) Recognise the alternative methods available for the determination of market value
 - iv) Understand the treatment of losses where capital allowances have been claimed.
- d) Gains and losses on the disposal of immovable property:^[3]
 - i) Advise on the tax implications of a part disposal of immovable property.
- e) Gains and losses on the disposal of shares ^[3]
 - i) Apply the rules relating to reorganisations of companies whose assets include immovable property and advise on the most tax efficient options available in given circumstances

Excluded topics

The scope of the taxation of capital gains:

- *Inaccessible areas*
- *The grant of a lease or sub-lease out of either a freehold, long lease or short lease and disposal of a lease*
- *Exchange or disposal of property under the Agricultural Land (Consolidation) Laws*

The basic principles of computing gains and losses:

- *Election for value 14/7/1974*
- *The estate duty credit*

4. Immovable property and immovable property tax involving further aspects of development of immovable property^[3]

- a) The scope of immovable property tax
 - i) Describe the scope of immovable property tax
- b) The principles of computing immovable property tax
 - i) Understand the basis on which property is valued
 - ii) Calculate the liability to immovable property tax
- c) The system by which immovable property tax is administered
 - i) Describe the system for the self-assessment and payment of immovable property tax
 - ii) Explain the circumstances in which the Department of Taxation can revise the returned value and the consequences of such a revision
 - iii) Calculate interest on the late payment of tax.

5. Stamp duty and transfer fees imposed by the Land Registry Office:^[2]

- a) The scope of stamp duty and transfer fees^[2]
 - i) Understand the concept of duty on documents.
- b) The liability arising on transfers of immovable property
 - i) Advise on the liabilities to stamp duty payable on documented transfers
 - ii) Advise on the liability to transfer fees payable on transfers of immovable property.
- c) The use of exemptions and reliefs in minimising stamp duties and land transfer fees:
 - i) Identify transfers involving no consideration
 - ii) Advise on group transactions and the re-organisation of companies.
- d) Understand and explain the systems by which stamp duty and land transfer fees are administered.
 - i) Identify the persons liable to pay stamp duty and the time limits for stamping documents.

- ii) Describe the system for the assessment, payment and refund of transfer fees.

Excluded topics

- *Detailed computation of stamp duty*
- *Penalties and extra charges on stamp duty*
- *Exemptions of certain properties from land transfer fees given during 2012*

6. Other aspects of the paper F6 study guide included within this syllabus:

- a) The contents of the Paper F6 study guide for social insurance under headings:
 - F1. The scope of social insurance contributions
 - F2. Social insurance contributions for employed persons, made by employees and employers and for self-employed persons
 - F3. Social cohesion fund contributions

Excluded topics

- *The special contribution by private sector employees for the tax years 2012-2013*

- b) The contents of the Paper F6 study guide for value added tax (VAT) under headings:
 - G1. The scope of value added tax (VAT)
 - G2. The VAT registration requirements.

Additional subjects included in P6^[3]:

- i) Advise on the impact of group registration and divisional registration
- ii) Advise on the impact of the registration of partnerships and the appointment of VAT representatives
- iii) Advise on the registration position of agents and appointed tax representatives.
- iv) Advise on the circumstances when deregistration is possible or obligatory

G3. The computation of VAT liabilities:

Additional subjects included in P6:^[3]

- i) Advise on the VAT implications of the supply of land and buildings (including leases) in Cyprus, including application of the reduced rate on new residences used by qualifying persons as their main and permanent residence.

- ii) Advise on the VAT implications of partial exemption
- iii) Advise on the application of the reverse charge for intercommunity acquisition of goods, in the construction industry, for services received from abroad and for gas and electricity received from a person outside the Republic, including the determination of the place of supply.
- iv) Advise on the provision of VAT legislation regarding VAT warehouses
- v) Advise on the special VAT regime of services provided electronically
- vi) Advise on the VAT implications of the transfer of a business as a going concern, including the transfer of rights and obligations
- vii) Understanding the rules that determine the place of supply, especially for services, and how these differ for *business-to-business* (B2B) and *business-to-consumer* (B2C) transactions.

c) The contents of the Paper F6 study guide for the obligations of taxpayers and/or their agents under headings:

- A5. The systems for self and temporary assessment and the making of returns
- A6. The time limits for the submission of returns, information, objections, claims and payment of tax
- A7. The procedures relating to enquiries, objections and appeals
- A8. Penalties for non-compliance.

Excluded topics

Value added tax:

- *Administration of VAT, including details of the VAT return and VAT periods*
- *The contents of a valid VAT invoice*
- *Capital goods scheme*
- *Second hand goods scheme*
- *Retailers' schemes*
- *Schemes for farmers*
- *Tour operators margin scheme*
- *Public authorities*
- *Offences and penalties, apart from the default surcharge and default interest*
- *Definition of qualifying person as well as pre-requisites for application of the reduced rate of 5% on new residences*

- *Measures include placing memo on immovable property of taxable person, and blocking funds in bank accounts up to the amount of VAT payable, which must exceed €3,000.*

Interest and penalties:

- *Details of the amnesty given on interest and penalties in 2012*
- *Measures include placing memo on immovable property of taxable person, and blocking funds in bank accounts or ceasing tangible movable property (except for immovable property) up to the amount of tax payable, which must exceed €3,000.*

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.**^[3]
2. **Identify and understand that the alternative ways of achieving personal or business outcomes may lead to different tax consequences.**^[3]
 - 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.^[3]
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.^[3]
 - b) Understand and explain the tax implications of the raising of equity and loan finance.^[3]
 - c) Explain the tax differences between decisions to lease, use hire purchase or purchase outright.^[3]
 - d) Understand and explain the impact of taxation on the cash flows of a business.^[3]

4. Assess the tax advantages and disadvantages of alternative courses of action.^[3]
5. Understand the statutory obligations imposed in a given situation, including any time limits for action and advising on the implications of non-compliance.^[2]

C MINIMISE AND/OR DEFER TAX LIABILITIES BY THE USE OF STANDARD TAX PLANNING MEASURES ^[3]

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.
2. Advise on legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated.
3. Advise on the appropriateness of such investment, expenditure or measures given a particular taxpayer's circumstances or stated objectives.
4. Advise on the mitigation of tax in the manner recommended by reference to numerical analysis and/or reasoned argument.
5. Be aware of the ethical and professional issues arising from the giving of tax planning advice.
6. Be aware of and give advice on current issues in taxation.

D COMMUNICATE WITH CLIENTS, THE DEPARTMENT OF TAXATION AND OTHER PROFESSIONALS IN AN APPROPRIATE MANNER

[2]

1. Communicate advice, recommendations and information in the required format:

For example the use of:

- Reports
- Letters
- Memoranda
- Briefing notes

2. Present written information, in language appropriate to the purpose of the communication and the intended recipient.
3. Communicate conclusions reached, together, where necessary with relevant supporting computations.
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.
5. Identify and explain other, non-tax, factors that should be considered.

SUMMARY OF CHANGES TO P6 (CYP)

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.

The main areas that have been amended in the syllabus are shown in Table 1 below:

Table 1 – Amendments to P6 (CYP)

Section and subject area	Amendment
A1 (b) – The scope of income tax and special defence contribution	A1 (b) (vi) on the tax treatment for an individual who maintains a debit balance with a company in which he/she is a director or a shareholder deleted. This remains examinable but is now included within the F6 level.
A1 (c) – Income from employment	A1 (c) (iii) on the exemptions for first time employment of persons who were previously non Cyprus tax residents deleted. This remains examinable but is now included within the F6 level.
A1 (e) – Property and investment income	A1 (e) (i) on the tax implications of jointly held assets deleted. This remains examinable but is now included within the F6 level.
A2 (b) – The scope of income tax and special defence contribution	A2 (b) (v) added regarding innovative business. Candidates should be able to define these, and understand the deductions allowed for research and development expenses made by such businesses, as well as for the cost of investment in the shares of such businesses.
A2(c) – Profits chargeable to corporation tax	Included wording 'including of innovative businesses' in A2(c)(i).
A(6) – Other aspects of the paper F6 study guide included within this syllabus	New excluded topic in A6 (c) as follows: For VAT: <i>Measures include placing memo on immovable property of taxable person, and blocking funds in bank accounts up to the amount of VAT payable, which must exceed €3,000.</i> For interest and penalties: <i>Measures include placing memo on immovable property of taxable person, and blocking funds in bank accounts or ceasing tangible movable property (except for immovable property) up to the amount of tax payable, which must exceed €3,000.</i>
D - Title	Reference now made to the Department of Taxation, following the merge of the Inland Revenue Department and the VAT Authorities.