

Advanced Taxation Singapore (SGP) (P6) June & December 2014

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).

Learning Materials

ACCA's Approved Learning Partner - content (ALP-c) is the programme through which ACCA approves learning materials from high quality content providers designed to support study towards ACCA's qualifications.

ACCA has one Platinum Approved Learning Partner content which is BPP Learning Media. In addition, there are a number of Gold Approved Learning

Partners - content.

For information about ACCA's Approved Learning Partners - content, please go to ACCA's Content Provider Directory.

The Directory also lists materials by Subscribers, these materials have not been quality assured by ACCA but may be helpful if used in conjunction with approved learning materials. You will also find details of Examiner suggested Additional Reading which may be a useful supplement to approved learning materials.

ACCA's Content Provider Directory can be found here–
http://www.accaglobal.com/learningproviders/alpc/content_provider_directory/search/.

Relevant articles will also be published in Student Accountant.

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 are all paper based

three-hour papers. The structure of papers varies from ten questions in the *Corporate and Business Law* (F4) paper to four 25 mark questions in *Financial Management* (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

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 2014 to 31 March 2015 will examine the Finance Act 2013.

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 2014 to 31 March 2015 will be based on legislation passed by 30 September 2013.

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 2014 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 2013.

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

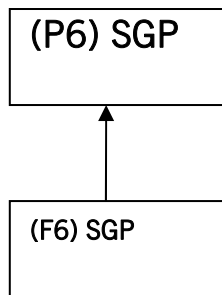
December 2014 papers will be based on legislation passed by 31 December 2013.

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 2014 papers will be based on legislation passed by 30 September 2013.

Syllabus



AIM

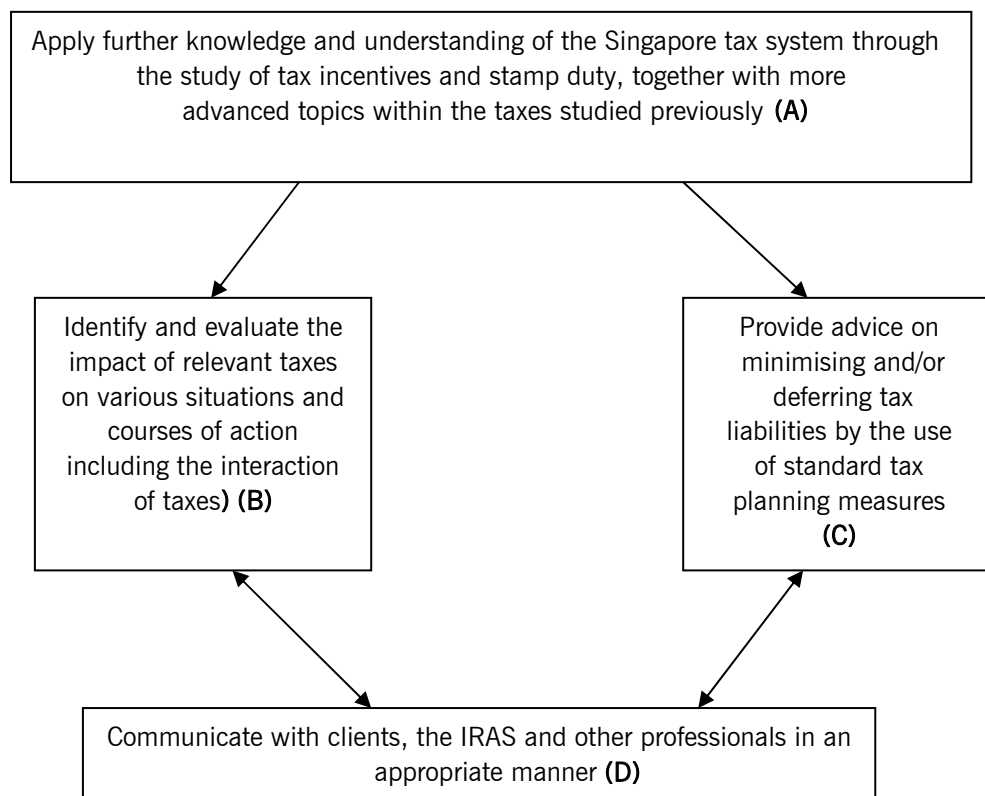
To apply relevant knowledge, skills and exercise professional judgement in providing relevant information and advice to individuals and businesses on the impact of the major taxes on financial decisions and situations

MAIN CAPABILITIES

After completing this examination paper students should be able to:

- A** Apply further knowledge and understanding of the Singapore tax system through the study of tax incentives and stamp duty, 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 Inland Revenue Authority of Singapore (IRAS) and other professionals in an appropriate manner.

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 tax incentives and stamp duty. 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 and corporation 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 Singapore tax system through the study of tax incentives and stamp duty together with more advanced topics within the taxes studied previously.

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. Corporate income 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
3. Tax incentives provided for under the Income Tax Act and Economic Expansion Incentives (Relief from Income Tax) Act

4. Stamp duty
5. Goods and services 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, including local tax cases

D Communicating with clients, the Inland Revenue Authority of Singapore (IRAS) 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 significant 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. 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.

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.

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 SINGAPORE TAX SYSTEM THROUGH THE STUDY OF TAX INCENTIVES AND STAMP DUTY, TOGETHER WITH MORE ADVANCED TOPICS WITHIN THE TAXES STUDIED PREVIOUSLY

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 Paper F6 SGP study guide for income tax, under headings:
- 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 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:^[3]
- i) Explain and apply the concepts of residence, and advise on the relevance to income tax
 - ii) Advise on the tax position of individuals coming to and leaving Singapore
 - iii) Determine the income tax treatment of overseas income
 - iv) Understand the relevance of the OECD model double tax treaty to given situations
- c) Income from employment:^[3]
- i) Advise on the tax treatment of equity based remuneration schemes
 - ii) Advise on the tax treatment of lump sum receipts
 - iii) Identify service companies and advise on the tax consequences of being a service company
 - iv) Explain and apply the not-ordinarily resident (NOR) scheme
- d) Income from self employment:

- i) Recognise the basis of assessment for self-employment income in the case of a change of accounting date ^[2]
 - ii) Establish the relief available on the transfer of a business to a company ^[3]
 - iii) Recognise the tax treatment of the income of a partnership ^[2]
 - iv) Understand the tax implications of a transition from a partnership to a limited liability partnership or a limited partnership and vice versa ^[3]
 - v) Compute enhanced deductions and enhanced capital allowances under the productivity and innovation credit (PIC) incentive for qualifying expenditure incurred in all PIC activities. ^[3]
- e) Property and investment income: ^[3]
- i) Advise on the tax implications of jointly held assets
 - ii) 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:^[3]
- i) Determine the taxability of the income of minor children

- g) The use of exemptions and reliefs in deferring and minimising income tax liabilities: ^[3]
- i) Understand and apply the rules relating to both the Central Provident Fund (CPF) and the Supplementary retirement Scheme (SRS) for employed persons and self-employed persons

Excluded topics

None

2. Corporate income 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 Paper F6 SGP study guide, for corporate income tax, under headings:
- C1 The scope of corporate income tax
 - C2 Profits chargeable to corporate income tax
 - C3 The comprehensive computation of corporate income tax liability

- C4 The effect of a group structure for corporate income tax purposes
- C5 The use of exemptions and reliefs in deferring and minimising corporate income tax liabilities

The following additional material is also examinable:

- b) The scope of corporate income tax: ^[3]
 - i) Identify and calculate corporate income tax for companies with investment business
 - ii) Identify and evaluate the significance of accounting periods on administration or winding up
- c) Profits chargeable to corporation tax: ^[3]
 - i) Advise on the impact of the transfer pricing rules
- d) The comprehensive calculation of tax liability: ^[3]
 - 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) Advise on the tax position of overseas companies trading in Singapore
 - iv) Claim foreign tax credit, including foreign - tax credit pooling, if applicable.
- e) The effect of a group structure for corporate income tax purposes: ^[3]
 - i) Advise on the tax consequences of a transfer of assets and business, including eligibility to claim relief under the mergers and acquisitions (M&A) scheme
 - ii) Determine the effects of the anti-avoidance provisions.
 - iii) Advise on the effects of a corporation becoming a member of a group for only part of a year
 - iv) Understand the position where a member of a group enjoys a concessionary rate of tax

Excluded topics

- *Detailed knowledge of anti-avoidance provisions (except as stated in the Study Guide).*

- *Detailed knowledge of specific double taxation agreements.*

3. Tax incentives provided for under the Income Tax Act and Economic Expansion Incentives (Relief from Income Tax) Act.

- a) Advise on the availability of incentives available for relevant trading activities and business situations. ^[3]

4. Stamp duty

- a) The scope of stamp duty ^[2]
 - i) Advise on the duties payable on transfers of shares and securities
 - ii) Advise on the duties payable on transfers of immovable properties
- b) The use of exemptions and reliefs in deferring and minimising stamp duties: ^[3]
 - i) Identify transfers involving no consideration
 - ii) Advise on group transactions
 - iii) Advise on stamp duty relief under the M&A scheme
- c) Understand and explain the systems by which stamp duties are administered. ^[2]

Excluded topics

- *The systems by which stamp duties are administered.*
- *Detailed rules on interest and penalties*

5. Goods and services tax and tax administration

- a) The contents of the Paper F6 SGP study guide for goods and services tax (GST) under headings:

- D1 The scope of GST

Additional subject included in P6 SGP:

- i) Advise on the impact of the transfer of a business for GST purposes. ^[3]

- D2 The GST registration requirements:

Additional subject included in P6 SGP:

- i) Advise on the impact of group registration and divisional registration.^[3]

- D3 The computation of GST liabilities:

Additional subjects included in P6 SGP: ^[3]

- i) Advise on the GST implications of the supply of land and buildings in Singapore
- ii) Advise on the GST implications of imports and exports, including the major exporter scheme
- iii) Advise on the GST implications of partial exemption
- b) The contents of the Paper F6 SGP study guide for the obligations of taxpayers and/or their agents under headings:

- E1 The time limits for the submission of information, claims and payment of tax
- E2 The procedures relating to enquiries, appeals and disputes
- E3 Penalties for non-compliance

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 advise on the implications of non-compliance.^[3]

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.^[3]
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]
3. Advise on the appropriateness of such investment, expenditure or measures given a particular taxpayer's circumstances or stated objectives.^[3]
4. Advise on the mitigation of tax in the manner recommended by reference to numerical analysis and/or reasoned argument.^[3]
5. Be aware of the ethical and professional issues arising from the giving of tax planning advice.^[3]
6. Be aware of and give advice on current issues in taxation, including the effect of decisions in recent major tax cases on the interpretation of existing legislation^[3]

D COMMUNICATE WITH CLIENTS, THE IRAS AND OTHER PROFESSIONALS IN AN APPROPRIATE MANNER

1. **Communicate advice, recommendations and information in the required format.^[3]**

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.^[3]**
3. **Communicate conclusions reached, together, where necessary with relevant supporting computations.^[3]**
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.^[3]**
5. **Identify and explain other, significant non-tax, factors that should be considered.^[3]**

SUMMARY OF CHANGES TO P6 (SGP)

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 or clarified in the syllabus are shown in Table 1 below:

Table 1 – Amendments to P6 (SGP)

Section and subject area	Syllabus content
A1d)i) Income from self-employment	New part i) added on change of accounting date added, moved up from F6 SGP.
A1d)v) Income from self employment	Extended to include enhanced deductions and enhanced capital allowances under the productivity and innovation credit (PIC) incentive for qualifying expenditure in all PIC activities