

EXAMINABLE DOCUMENTS – JUNE AND DECEMBER 2015 AND JUNE 2016

Paper FTX (UK) Foundations in Taxation

The following notes refer to Paper FTX (UK) only. Guidance for other variant papers – where available – is published on the ACCA website.

Examinations falling within the exam year 1 April to 31 March will examine the Finance Act which was passed in the previous July. Therefore, exams falling in the period 1 April 2015 to 31 March 2016 will examine the Finance Act 2014. In addition, due to the uncertainty over the timing of the Finance Acts in 2015 as a result of the General Election, the June 2016 exam will also examine the Finance Act 2014.

Finance Act

The latest Finance Act which will be examined in Paper FTX (UK) at the June and December 2015 and the June 2016 sessions is the Finance Act 2014.

With regard to prospective legislation where, for example, provisions included in the Finance Act will only take effect at some date in the future, such legislation will not normally be examined until such time as it actually takes effect. The same rule applies to the effective date of the provisions of an Act introduced by statutory instrument.

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

Articles

The following relevant articles have been published in *Student Accountant* and are also available on the ACCA website:

FTX (UK):

- Finance Act 2014
- Corporation tax
- How to answer multiple choice questions

Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam paper in the June and December 2015 and June 2016 exams. In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

SUPPLEMENTARY INSTRUCTIONS			
1.	Calculations and workings need only be made to the nearest £.		
2.	All apportionments should be made to the nearest month.		
3.	All workings should be shown when answering section B.		
Income tax			
		Normal rates	Dividend rates
Basic rate	£1 – £31,865	20%	10%
Higher rate	£31,866 to £150,000	40%	32.5%
Additional rate	£150,001 and over	45%	37.5%
A starting rate of 10% applies to savings income where it falls within the first £2,880 of taxable income.			
Personal allowances			
Born on or after 6 April 1948			£10,000
Income limit for personal allowance			100,000
Car benefit percentage			
The relevant base level of CO ₂ emissions is 95 grams per kilometre.			
The percentage rates applying to petrol cars with CO ₂ emissions up to this level are:			
75 grams per kilometre or less			5%
76 grams to 94 grams per kilometre			11%
95 grams per kilometre			12%
Car fuel benefit			
The base figure for calculating the car fuel benefit is £21,700.			
Pension scheme limits			
Annual allowance	– 2014/15		£40,000
	– 2011/12 to 2013/14		£50,000
The maximum contribution that can qualify for tax relief without any earnings is £3,600			
Authorised mileage allowances: cars			
Up to 10,000 miles			45p
Over 10,000 miles			25p
Capital allowances: rates of allowance			
Plant and machinery			
Main pool			18%
Special rate pool			8%
Motor cars			
CO ₂ emissions between 96 and 130 grams per kilometre			18%
CO ₂ emissions over 130 grams per kilometre			8%
Annual investment allowance			
Rate of allowance			100%
Expenditure limit			£500,000
Corporation tax			
Financial year	2012	2013	2014
Small companies rate	20%	20%	20%
Main rate	24%	23%	21%
Lower limit	£300,000	£300,000	£300,000
Upper limit	£1,500,000	£1,500,000	£1,500,000
Standard fraction	1/100	3/400	1/400
Marginal relief			
Standard fraction x (U – A) x N/A			

Value added tax (VAT)		
Standard rate		20%
Registration limit		£81,000
Deregistration limit		£79,000
Capital gains tax		
Rates of tax – Lower rate		18%
– Higher rate		28%
Annual exempt amount		£11,000
Entrepreneurs' relief – Lifetime limit		£10,000,000
– Rate of tax		10%
National insurance contributions (not contracted out rates)		
Class 1 Employee	£1 – £7,956 per year	Nil
	£7,957 – £41,865 per year	12%
	£41,866 and above per year	2%
Class 1 Employer	£1 – £7,956 per year	Nil
	£7,957 and above per year	13.8%
	Employment allowance	£2,000
Class 1A		13.8%
Class 2	£2.75 per week	
	Small earnings exception limit	£5,885
Class 4	£1 – £7,956 per year	Nil
	£7,957 – £41,865 per year	9%
	£41,866 and above per year	2%
Where weekly or monthly calculations are required the Class 1 limits shown above should be divided by 52 (weekly) or 12 (monthly) as applicable.		
Official rate of interest (assumed)		3.25%