

EXAMINABLE DOCUMENTS – DECEMBER 2016

FTX (UK) Foundations in Taxation

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

Examinations falling within the year 1 April to 31 March will generally examine the Finance Act which was passed in the previous July. The December 2016 sitting will examine the Finance Act 2015 and Finance (No.2) Act 2015.

Finance Acts

The latest Finance Acts which will be examined in FTX (UK) at the December 2016 session are the Finance Act 2015 and Finance (No.2) Act 2015.

With regard to prospective legislation where, for example, provisions included in the Finance Acts 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 2015
- 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 in the December 2016 exam. 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 – £31,785	20%	10%
Higher rate	£31,786 to £150,000	40%	32.5%
Additional rate	£150,001 and over	45%	37.5%
A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.			
Personal allowance			
			£
Personal allowance			10,600
Income limit			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:			
50 grams per kilometre or less			5%
51 grams to 75 grams per kilometre			9%
76 grams to 94 grams per kilometre			13%
95 grams per kilometre			14%
Car fuel benefit			
The base figure for calculating the car fuel benefit is £22,100.			
Pension scheme limits			
Annual allowance			£40,000
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 76 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			
Rate of tax			20%
Profit threshold			£1,500,000
Value added tax (VAT)			
Standard rate			20%
Registration limit			£82,000
Deregistration limit			£80,000
Capital gains tax			
Rates of tax – Lower rate			18%
– Higher rate			28%

Annual exempt amount		£11,100
Entrepreneurs' relief – Lifetime limit		£10,000,000
– Rate of tax		10%
National insurance contributions (not contracted out rates)		
Class 1 Employee	£1 – £8,060 per year	Nil
	£8,061 – £42,385 per year	12%
	£42,386 and above per year	2%
Class 1 Employer	£1 – £8,112 per year	Nil
	£8,113 and above per year	13.8%
	Employment allowance	£2,000
Class 1A		13.8%
Class 2	£2.80 per week	
	Small profits threshold	£5,965
Class 4	£1 – £8,060 per year	Nil
	£8,061 – £42,385 per year	9%
	£42,386 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%