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FOCUS ON PER

PO 20: ASSIST WITH TAX PLANNING

LINKED TO ACCA QUALIFICATION PAPERS F6 AND P6

UNDERSTANDING HOW TAX IMPACTS DECISIONS
 REQUIRES A DETAILED UNDERSTANDING OF A
 RANGE OF TAXES, SO THAT YOU CAN ADVISE ON THE
 EFFICIENT MINIMISATION OF TAX LIABILITIES.

To be a fully rounded finance professional, you need to be able not only to calculate and communicate tax liabilities but also apply your know-how, skill and professional judgment to advise individuals and organisations on how tax impacts on the decisions they take.

This requires a more detailed understanding of a range of taxes, so that you can advise on the efficient management and minimisation of tax liabilities.

In practice, this will involve effective provision of information about tax liabilities and payments (verbally and/or in writing), discussion of any changes or developments which may have tax implications, forecasts of future tax payable and the cashflow effects, provision of support to clients or your employer's management to ensure the best possible future tax position, and an awareness of the potential impact of all taxes.

To effectively demonstrate your competency, you might:

- ▣ Inform clients or management of their tax liabilities and any issues arising.
- ▣ Provide reminders of due dates for submission of tax returns/payment of tax liabilities.
- ▣ Review the implication of changes in tax rates for individuals or companies.

- ▣ Evaluate the tax implications for the future plans of individuals or companies.

The next step is to answer the challenge questions for this objective in the trainee development matrix (TDM):

- ▣ Outline your responsibilities in assisting with tax planning
 - Detail from start to finish your role in the planning process, from listening to the needs of your client or employer and carrying out relevant research, through to evaluating the tax implications of different decisions or courses of action, and communicating your findings to relevant stakeholders.
 - If your work involves tax planning for individuals, such as company directors, landowners or other high-net-worth individuals, detail the factors you may have had to take into account, such as distribution of domestic and overseas property, family circumstances, investment portfolios and ownership of businesses.
 - If the organisation was implementing a redundancy programme, detail your planning work to help management weigh up the tax implications – for the organisation and staff involved – of the available options.

- ▣ How could some of the work you have done contribute to providing advice in other situations?
 - Perhaps the research you carried out into different jurisdictions – for the purposes of advising employers on optimum tax arrangements for expatriate employees – may subsequently have been used when the organisation was faced with a decision to relocate of its head office overseas for tax purposes.
 - Consider how work you carried out to help a client implement a new employee remuneration scheme might have helped your firm position itself to advise other clients, of similar size or circumstances.
- ▣ How did your work improve the financial position of the company?
 - Think about how the advice you gave may have helped a client or your employer to make the right decision regarding a new business opportunity, such as a relocation, acquisition or opening up of new branches.
 - Perhaps the organisation being advised was considering a programme to raise cash through the disposal of land, property or subsidiaries – show how your work helped to realise best value while minimising capital taxes.

Performance objective 20 is linked to Paper F6, *Taxation*, and Paper P6, *Advanced Taxation*