

# Advanced Taxation (P6) Zimbabwe (ZWE) December 2009

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 where any 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)

### Reading lists

ACCA examiners will recommend study texts and text books where these are available, which students may read as part of their preparation for the exam. 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

The ACCA qualification does not prescribe or recommend any particular number of learning hours because increasingly study and learning patterns and styles vary greatly between people and organisations and in different personal, professional and educational circumstances.

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 in those particular papers.

## 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 *Performance Management* (F5) and *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 each of the Options papers contains 50-70 compulsory marks from two questions, each attracting between 25 and 40 marks. Section B will offer a choice of two from three questions totalling 30-50 marks, with each question attracting between 15 and 25 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 financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation **issued** or legislation **passed** on or before 30<sup>th</sup> September annually, will be assessed from June 1<sup>st</sup> of the following year to May 31<sup>st</sup> of the year after. Therefore, paper based examinations in June 2009, December 2009 (and March 2010 where applicable) will be assessed on regulations issued and legislation passed on or before 30 September 2008.

Regulation issued or legislation passed in accordance with the above dates may be examinable even if the **effective** date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

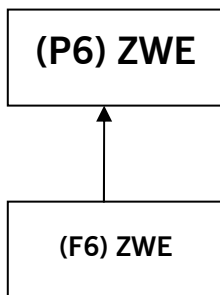
The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

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

Zimbabwe is one of the exceptions to this rule. Whilst the situation of hyper-inflation prevails in Zimbabwe, the old six month rule will remain. Therefore, knowledge of new examinable regulations will not be assessed until at least six calendar months after the last day of the month in which documents are issued or legislation is passed. The relevant cut-off date for the June examinations is 30 November of the previous year, and for the December examinations, it is 31 May of the same year.

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

# Syllabus



## AIM

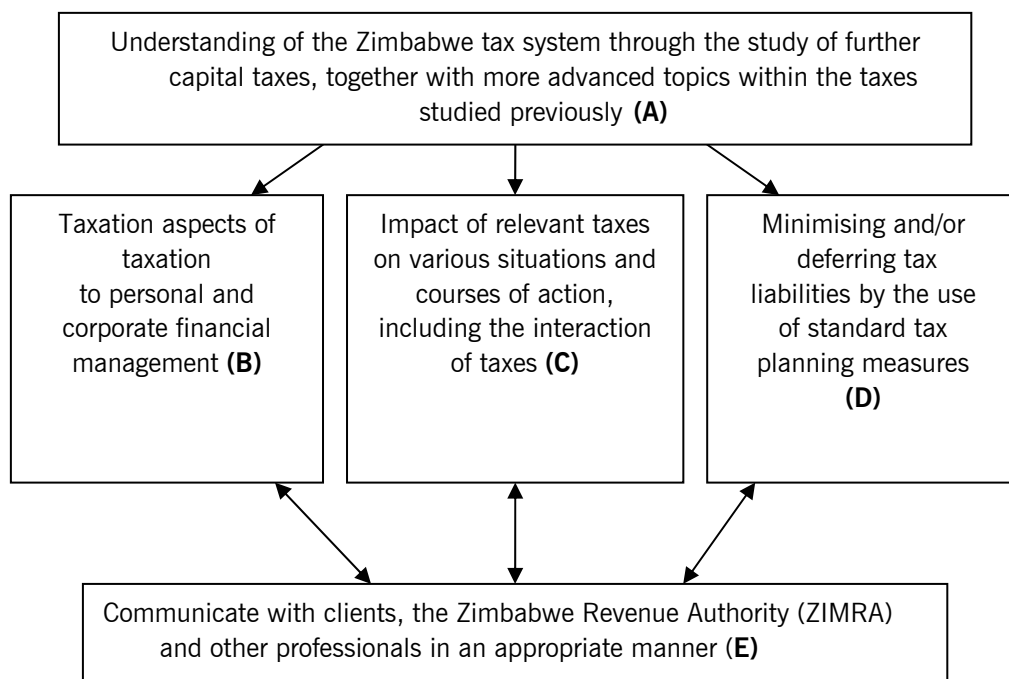
To apply relevant knowledge, skills and exercise professional judgement in providing relevant information and advice to individuals and businesses on the impact of the major taxes on financial decisions and situations

## MAIN CAPABILITIES

After completing this examination paper students should be able to:

- A** Apply further knowledge and understanding of the Zimbabwe tax system through the study of further capital taxes, together with more advanced topics within the taxes studied previously
- B** Evaluate and explain the importance of taxation to personal and corporate financial management
- C** Identify and evaluate the impact of relevant taxes on various situations and courses of action, including the interaction of taxes
- D** Provide advice on minimising and/or deferring tax liabilities by the use of standard tax planning measures
- E** Communicate with clients, the Zimbabwe Revenue Authority (ZIMRA) 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 additional capital taxes in the form of estate duty 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, corporation tax 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 Zimbabwe tax system through the study of further capital taxes, together with more advanced topics within the taxes studied previously

1. Income and income tax liabilities in situations involving further overseas or international cross border aspects and in relation to trusts, and the application of additional exemptions and reliefs
2. Corporation tax liabilities in situations involving further overseas or international cross border and group aspects and in relation to special types of company, and the application of additional exemptions and reliefs

3. Capital gains tax liabilities in situations involving further overseas or international cross border aspects and in relation to closely related persons and trusts, and the application of additional exemptions and reliefs
4. Estate duty and deceased estates tax
5. Stamp duty on immovable assets and marketable securities
6. Value added tax, national social security and pension/benefit fund contributions and tax administration

### B The importance of taxation to personal and corporate financial management

1. The principles underlying personal financial management
2. How an individual's personal financial objectives may differ depending on their circumstances and expectations
3. The applicability of the common forms of personal finance, investment and/or protection products in a given set of circumstances, including any ethical considerations
4. How a business' financial objectives may differ depending on its circumstances and the business environment
5. How taxation can affect the financial decisions made by businesses (corporate and unincorporated) and by individuals
6. Other considerations, personal and commercial, which might affect a financial decision

### C 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. Tax advantages and/or disadvantages of alternative courses of action
4. Statutory obligations imposed in a given situation, including any time limits for action and the implications of non-compliance

**D 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

**E Communicating with clients, the Zimbabwe Revenue Authority (ZIMRA) 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 between 50 and 70 marks. Marks may not be allocated evenly between the two questions

Section B consists of three questions, two of which must be answered. Each question will have the same number of marks, ranging from 15 marks each to 25 marks each

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 ZIMBABWE TAX SYSTEM THROUGH THE STUDY OF FURTHER CAPITAL TAXES, TOGETHER WITH MORE ADVANCED TOPICS WITHIN THE TAXES STUDIED PREVIOUSLY**

### **1. Income and income tax liabilities in situations involving further overseas or international cross border aspects and in relation to trusts, and the application of exemptions and reliefs**

- a) The contents of the Paper F6 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 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: <sup>[3]</sup>
- Explain and apply the concepts of residence, ordinary residence and domicile and advise on the relevance to income tax
  - Advise on the tax position of individuals coming to and leaving Zimbabwe
  - Determine the income tax treatment of overseas income
  - Understand the relevance of the OECD model double tax treaty to given situations
  - Calculate and advise on the double taxation relief available to individuals
- c) Income from employment: <sup>[3]</sup>
- Advise on the tax treatment of share option and share incentive schemes
  - Advise on the tax treatment of lump sum receipts, for example termination payments
  - Advise on the overseas aspects of income from employment, including travelling and subsistence expenses

- Income from self employment:
  - Recognise the tax treatment of overseas trade travelling expenses <sup>[3]</sup>
  - Evaluate the tax treatment of research and development expenditure <sup>[3]</sup>
  - Establish the relief available on the transfer of a business to a company <sup>[3]</sup>
  - Establish the relief for capital losses on shares in unquoted trading companies <sup>[3]</sup>
  - Understand the tax consequences of the disposal of an industrial building after a period of non-industrial use <sup>[2]</sup>
  - Recognise the tax treatment of the investment income and charges of a partnership <sup>[2]</sup>
- Property and investment income: <sup>[3]</sup>
  - Assess the tax implications of pre-owned assets
  - Advise on the tax implications of jointly held assets
  - Income from trusts and settlements: Understand the income tax position of trust beneficiaries
- The comprehensive computation of taxable income and the income tax liability: <sup>[3]</sup>
  - Determine the taxability of the income of minor children
- The use of exemptions and reliefs in deferring and minimising income tax liabilities: <sup>[3]</sup>
  - Understand and apply the rules relating to investments in venture capital trusts
  - Explain the conditions that need to be satisfied for pension schemes to be approved by ZIMRA <sup>[2]</sup>

### **Excluded topics**

#### *Income from employment:*

- *Explanation of the PAYE system*

#### *Income from self employment:*

- *Details of specific anti-avoidance provisions, except as stated in the study guide.*

#### *Income from trusts and settlements:*

- *The computation of income tax payable by trustees.*
- *Overseas aspects.*

*The comprehensive computation of taxable income and income tax liability:*

- *Maintenance payments*
- *Social security benefits apart from the State Retirement Pension.*

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

- *Pension scheme rules applicable in 2005-06 and earlier tax years.*

**2. Corporation tax liabilities in situations involving further overseas or international cross border 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 study guide, for corporation tax, 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 structure for corporation tax purposes
  - C5 The use of exemptions and reliefs in deferring and minimising corporation tax liabilities.

The following additional material is also examinable:

- b) The scope of corporation tax: <sup>[3]</sup>
- Identify and calculate corporation tax for companies with investment business.
  - Identify and evaluate the significance of accounting periods on administration or winding up
  - Conclude on the tax treatment of returns to shareholders after winding up has commenced
  - Advise on the tax implications of a purchase by a company of its own shares.
- c) Profits chargeable to corporation tax: <sup>[3]</sup>
- Identify qualifying research and development expenditure and determine the amount of relief by reference to the size of the individual company/group
  - Advise on the impact of the transfer pricing and thin capitalisation rules on companies

- Advise on the restriction on the use of losses on a change in ownership of a company
- Advise on the taxation of companies in the special economic sectors of banking, financial institutions and mining.

- d) The comprehensive calculation of corporation tax liability: <sup>[3]</sup>
- Assess the impact of the OECD model double tax treaty on corporation tax
  - Evaluate the meaning and implications of a permanent establishment
  - Identify and advise on the tax implications of controlled foreign companies
  - Advise on the tax position of overseas /international companies trading in the Zimbabwe.
- e) The effect of a group structure for corporation tax purposes: <sup>[3]</sup>
- Advise on the tax consequences of a transfer of intangible assets (goodwill)
  - Advise on the tax consequences of a transfer of a trade and assets where there is common control
  - Determine the effects of the anti-avoidance provisions, where arrangements exist for a company to leave a group
  - Advise on the relief for trading losses incurred by an overseas subsidiary.

**Excluded topics**

*The scope of corporation tax:*

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

*The comprehensive calculation of the corporation tax liability:*

- *Corporation tax rates for companies in the process of winding up*
- *Relief for overseas tax as an expense.*
- *Detailed knowledge of specific double taxation agreements*
- *Migration of a Zimbabwe resident company*
- *Quarterly accounting for income tax.*

**3. Capital gains tax liabilities in situations involving further overseas or international cross border aspects and in relation to closely related persons and trusts together with the application of additional exemptions and reliefs**

- a) The contents of the Paper F6 study guide for capital gains under headings:
- D1 The scope of the taxation of capital gains
  - D2 The basic principles of computing gains and losses
  - D3 Gains and losses on the disposal of immovable property and marketable securities
  - D4 The computation of the capital gains tax payable by individuals and companies
  - D6 The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of specified assets

The following additional material is also examinable:

- b) The scope of the taxation of capital gains: <sup>[3]</sup>
- Determine the tax implications of independent taxation and transfers between spouses
  - Identify the concepts of residence, ordinary residence and domicile and determine their relevance to capital gains tax
  - Determine the Zimbabwe taxation on foreign gains, including double taxation relief
  - Conclude on the capital gains tax position of individuals coming to and leaving Zimbabwe
  - Identify the occasions when a capital gain would arise on the individual partners in a partnership
  - Capital gains tax and trusts:  
Advise on the capital gains tax implications of transfers of property into trust.
- c) The basic principles of computing gains and losses: <sup>[3]</sup>
- Identify connected persons for capital gains tax purposes and advise on the tax implications of transfers between connected persons

- Advise on the impact of dates of disposal and conditional contracts
  - Evaluate the use of assessed capital losses in the year of death.
- d) Gains and losses on the disposal of immovable property and marketable securities: <sup>[3]</sup>
- Advise on the tax implications of a part disposal, including small part disposals of land
  - Determine the capital gain on the disposal of wasting assets
  - Establish the tax effect of appropriations to and from trading stock
  - Establish the tax effect of capital sums received in respect of the loss, damage or destruction of an asset
  - Advise on the tax effect of making negligible value claims
  - Determine when capital gains tax can be paid by instalments and evaluate when this would be advantageous to taxpayers
  - Extend the explanation of the treatment of rights issues to include the small part disposal rules applicable to rights issues
  - Apply the rules relating to reorganisations, reconstructions and amalgamations and advise on the most tax efficient options available in given circumstances.
- f) The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of specified assets: <sup>[3]</sup>
- Understand and apply enterprise investment scheme reinvestment relief
  - Understand the capital gains tax implications of the variation of wills.

**Excluded topics**

*The scope of the taxation of capital gains:*

- *Capital gains tax and trusts:*
- *Overseas/international aspects of capital gains tax and trusts*

*The basic principles of computing gains and losses:*

- *Assets held at 31 July 1981.*

#### 4. Estate duty and deceased estates tax

- a) The scope of estate duty and deceased estates tax:<sup>[2]</sup>
  - i) Identify and explain the persons chargeable
  - ii) Explain the concepts of domicile (tax residency) and understand the application of these concepts to deceased estates tax
  - iii) Identify and advise on the tax implications of the location of assets.
- b) The liabilities arising on the death of individuals:<sup>[3]</sup>
  - i) Define property and deemed property
  - ii) Identify exempt and excluded property
  - iii) Understand the tax implications of transfers within five years of death
  - iv) Compute the dutiable amount of a deceased's estate
  - v) Compute the estate duty payable, net of any applicable rebates
  - vi) Advise on the operation of double tax relief for estate duty and deceased's estate tax
  - vii) Advise on the deceased estate tax effects and advantages of the variation of wills.
- c) The liabilities arising as a result of changes of interest in and capital distributions from trusts:
  - i) Define a trust<sup>[2]</sup>
  - ii) Distinguish between an interest in possession trust and a discretionary trust<sup>[3]</sup>
  - iii) Advise on the deceased estate tax implications of transfers of property into trust.<sup>[3]</sup>
- d) The use of exemptions and reliefs in deferring and minimising estate duty and deceased estate tax liabilities:<sup>[3]</sup>
  - i) Advise on the use of reliefs and exemptions to minimise estate duty and deceased estate tax liabilities, as mentioned in the sections above.
- e) The system by which estate duty and deceased estate tax is administered,
  - i) Identify those responsible for the payment of estate duty and deceased estate tax.<sup>[2]</sup>
  - ii) Advise on the due dates, interest and penalties for estate duty and deceased estate tax purposes.<sup>[3]</sup>

#### *Excluded topics*

- *Valuation of an annuity or an interest in possession where the trust interest is subject to an annuity*

#### 5. Stamp duty on immovable assets and marketable securities

- a) The scope of stamp duty<sup>[3]</sup>
  - i) Identify the property in respect of which stamp duty is payable.
- b) Identify and advise on the liabilities arising on documented transfers.<sup>[3]</sup>
  - i) Advise on the stamp duty payable on transfers of shares and securities
  - ii) Advise on the stamp duty payable on transfers of immovable assets.
- c) Understand and explain the systems by which stamp duties are administered.<sup>[2]</sup>

#### *Excluded topics*

*The scope of stamp duty:*

- *Leases*

*The systems by which stamp duties are administered:*

- *Detailed rules on interest and penalties*

#### 6. Value added tax, national social security and pension/benefit fund contributions and tax administration

- a) The contents of the Paper F6 study guide for national insurance under headings:  
E1 The scope of the national social security system  
E2 The computation of national social security and pension/benefit fund contributions  
E3 Computation of allowable national social security and pension/benefit fund contributions for personal pension schemes and occupational pension schemes
- b) The contents of the Paper F6 study guide for value added tax (VAT) under headings:
  - F1 The scope of value added tax (VAT)

Additional subject included in P6:

- i) Advise on the impact of the disaggregation of business activities for VAT purposes <sup>[3]</sup>

- F2 The VAT registration requirements:  
Additional subject included in P6:

- i) Advise on the impact of group registration and divisional registration. <sup>[3]</sup>

- F3 The computation of VAT liabilities:  
Additional subjects included in P6: <sup>[3]</sup>

- i) Advise on the VAT implications of the supply of land and buildings in Zimbabwe
- ii) Advise on the VAT implications of imports and exports
- iii) Advise on the VAT implications of acquisitions and supplies.
- iv) Advise on the VAT implications of partial exemption
- v) Advise on the application of the capital goods scheme

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

- G1 The systems for self assessment and the making of returns
- G2 The time limits for the submission of information, claims and payment of tax, including payments on account
- G3 The procedures relating to enquiries appeals/objections and disputes
- G4 Penalties for non-compliance

### **Excluded topics**

*Value added tax:*

- *Accounting for VAT, including the VAT return and VAT periods*
- *The determination of the tax point*
- *The contents of a valid VAT invoice*
- *Second hand goods scheme*
- *Retailers' schemes*
- *Schemes for farmers*

## **B THE IMPORTANCE OF TAXATION TO PERSONAL AND CORPORATE FINANCIAL MANAGEMENT**

### **1. The principles underlying personal financial management**

- 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. <sup>[3]</sup>

### **2. How an individual's personal financial objectives may differ depending on their circumstances and expectations**

- a) Understand and apply the effect of age, family commitments, aspirations and the economy on personal financial objectives. <sup>[3]</sup>

### **3. The applicability of the common forms of personal finance and investment products in a given set of circumstances**

- a) Understand and be able to compare and contrast the tax treatment of the sources of finance available to individuals. <sup>[3]</sup>

- b) Understand and be able to compare and contrast the tax treatment of investment products. <sup>[3]</sup>

- i) Deposit based investments

- ii) Fixed interest securities

- iii) Packaged investments

- iv) Collective investments

- v) Equities

### **4. How a business' financial objectives may differ depending on its circumstances and the business environment**

- a) Understand and be able to explain the effect of profitability, future plans, actions of competitors and the economy on a business' financial objectives. <sup>[3]</sup>

### **5. How taxation can affect the financial decisions made by businesses (corporate and unincorporated) and by individuals**

- a) Understand and explain the effect of the raising of equity and loan finance on tax. <sup>[3]</sup>

- b) Explain the tax differences between decisions to lease, use hire purchase or purchase outright. <sup>[3]</sup>

- c) Understand and explain the impact of taxation on the cash flows of a business. <sup>[3]</sup>

6. Other considerations, personal and commercial, which might affect a financial decision.<sup>[3]</sup>

#### **C THE IMPACT OF RELEVANT TAXES ON VARIOUS SITUATIONS AND COURSES OF ACTION, INCLUDING THE INTERACTION OF TAXES**

1. Identifying and advising on the taxes applicable to a given course of action and their impact.<sup>[3]</sup>
2. Identifying and understanding that the alternative ways of achieving personal or business outcomes may lead to different tax consequences.<sup>[3]</sup>
3. Assessing the tax advantages and disadvantages of alternative courses of action.<sup>[3]</sup>
4. Understanding the statutory obligations imposed in a given situation, including any time limits for action and advising on the implications of non-compliance.<sup>[3]</sup>

#### **D MINIMISING AND/OR DEFERRING TAX LIABILITIES BY THE USE OF STANDARD TAX PLANNING MEASURES**

1. Identifying and advising on the types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business.<sup>[3]</sup>
2. Advising on legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated.<sup>[3]</sup>
3. Advising on the appropriateness of such investment, expenditure or measures given a particular taxpayer's circumstances or stated objectives.<sup>[3]</sup>
4. Advise on the mitigation of tax in the manner recommended by reference to numerical analysis and/or reasoned argument.<sup>[3]</sup>
5. Be aware of the ethical and professional issues arising from the giving of tax planning advice.<sup>[3]</sup>

6. Be aware of and give advice on current issues in taxation.<sup>[3]</sup>

#### **E COMMUNICATING WITH CLIENTS, ZIMRA AND OTHER PROFESSIONALS IN AN APPROPRIATE MANNER**

1. Communication of advice, recommendations and information in the required format:<sup>[3]</sup>

For example the use of:

- Reports
- Letters
- Memoranda
- Meeting notes

2. Presentation of written information, in language appropriate to the purpose of the communication and the intended recipient.<sup>[3]</sup>
3. Communicating conclusions reached, together, where necessary with relevant supporting computations.<sup>[3]</sup>
4. Stating and explaining 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.<sup>[3]</sup>
5. Identifying and explaining other, non-tax, factors that should be considered.<sup>[3]</sup>

## READING LIST

The study of relevant articles in ACCA's *student accountant* magazine is also recommended.

Jonathan Hore and Maxwell Mangoro, Student's Guide to Tax in Zimbabwe 2006 (Ernst and Young)  
Published by ZXNET (private) Ltd

Consolidated Income Tax Act (Chapter 23:06)

Capital Gains Tax Act (Chapter 23:01)

Value Added Tax Act (Chapter 23:12)

Extract from the Finance Act (Chapter 23:04)

Zimbabwe Tax Service by ZXNET

National Social Security Act (Chapter 17:04)

ZIMRA tax updates : available online at  
[www.zimra.co.zw](http://www.zimra.co.zw)

South African Tax Cases Reports: Juta & Company.