



Examiner's approach

Paper P6 (UK)

The aim of Paper P6, Advanced Taxation (UK) is to ensure that candidates can provide clients - both individuals and businesses - with the information and advice they require regarding the impact that the major UK taxes may have on their financial decisions and situations. The emphasis will be on the practical application of tax rules to client scenarios, and the production of professional documents incorporating helpful, clear advice. It should be noted that the ability to communicate with clients, HM Revenue & Customs, and with other professionals, is one of the five main capabilities required of candidates sitting Paper P6.

Candidates will be expected to be able to identify issues, as well as demonstrate detailed knowledge of the tax system. In line with this emphasis on practicality, questions may require candidates to address 'the UK tax consequences' of a given situation without indicating which particular taxes to consider. It will be up to candidates to identify the relevant taxes, and the issues in respect of those taxes, before beginning their answers.

This approach is illustrated in Question 4 of the Pilot Paper.

Candidates will also be expected to identify standard tax planning measures in order to minimise and/or defer tax liabilities. Such advice may be as simple as changing advanced taxation examiner's approach to Paper P6 (UK) the timing of a transaction, as in Question 5(a) of the Pilot Paper.

Calculations will normally only be required in support of explanations and advice, and not in isolation. Again, it will be up to candidates to decide which calculations to produce in order to do this in the most efficient manner. Advice on how to approach a given problem may be provided in the question (for an example, see Question 2 of the Pilot Paper).

The syllabus

Paper P6 is directly underpinned by Paper F6, Taxation. Knowledge and understanding of the technical content of Paper F6 is therefore vital if candidates are to be successful at Paper P6. It is quite possible that the technical content of a Paper P6 question could be drawn almost wholly from the Paper F6 syllabus. However, such a question will require the analysis of information provided, and the application of technical knowledge to the situation in order to solve the problem.

The Paper P6 syllabus extends the coverage of income tax, corporation tax, and capital gains tax, as well as introducing three new taxes: inheritance tax, stamp duty land tax, and stamp duty. The syllabus is very wide, as befits an optional paper at this level. New technical content is clearly identified in the Study Guide and will be examined regularly.

While no part of the syllabus is more important than any other, it should be recognised from the above that knowledge of the new areas introduced in Paper P6 will not, on its own, be sufficient to pass the exam. Paper P6 builds on Paper F6 and therefore candidates must have a sound understanding of the technical content of Paper F6 in order to be successful.

The technical areas included within the syllabus are set out in the Study Guide. The commands used in the Study Guide (for example 'identify', 'advise', 'determine') are indicative of the broad intellectual level at which a particular area may be examined, and should not be regarded as being in any way exclusive.

Every Paper P6 exam will include an ethical component for approximately five marks. Questions on ethics will be confined to the following areas: prospective clients, conflicts of interest, disclosure of information to HM Revenue & Customs, money laundering, tax irregularities, tax avoidance, and tax evasion.

The structure of the paper

The paper will consist of two sections, A and B. The whole of the syllabus is examinable in either section. Questions 1 and 2 in Section A are compulsory, and worth a total of between 50 and 70 marks. They will require the analysis of information provided and the use of any guidance given to help address the requirements. Both questions will address a number of different taxes and are likely to require a report or letter as part of the answer. Marks will be available for the format and style of answers.

Because Section A questions will be relatively large, careful time management will be important, and candidates are advised to use the number of marks allocated to each requirement to determine how much time to spend on each part. Note that the requirement in Question 1(b) of the Pilot Paper divides the report into three sections, enabling candidates to focus their efforts as efficiently as possible.

There will be four to six marks available in Section A in respect of professional skills. These marks will be awarded to students who demonstrate that they have planned their answers in order to provide logical, coherent advice and who have prepared the documents requested in the correct format with the appropriate introductory and concluding paragraphs.

Questions 3, 4, and 5 in Section B will each have the same number of marks, ranging from 15 to 25.

Candidates will be required to answer two of these questions only. These questions will contain concise structured information, including sub-headings, to make them easier to assimilate and navigate. This will enable candidates to read them quickly when choosing which two to answer or, perhaps more likely, which one not to answer. The ethical component of the exam could appear in either Section A or Section B.

The Pilot Paper

The Pilot Paper gives a clear indication of the type of questions that will be set, and the difference in style between the questions in the two sections. However, the Pilot Paper should not be seen as an indication of the more important areas of the syllabus. Similarly, those technical areas which are not included in the Pilot Paper should not be regarded as unimportant in any way. For example, although there is nothing in the Pilot Paper on pensions or trusts (due to recent technical developments), these areas will definitely feature in future exams.

Candidates' approach in the exam

It will be important that candidates think before they start to write an answer in order to identify the relevant issues, and the calculations necessary, to support their advice. In addition, they should consider whether the necessary calculations could be carried out in a particularly efficient way. For example, it may be that the client will be a higher rate taxpayer regardless of the particular strategy chosen such that the income tax implications can be computed at the margin without the need to prepare full income tax computations. Similarly, candidates should try to avoid producing detailed pro forma calculations (for example, of capital allowances), when a simpler working will provide the figure required.

Section A questions may include a large number of individual requirements, as shown in Question 1(b) of the Pilot Paper where each sub-requirement is broken down into further requirements. Candidates must try to ensure that all the individual requirements are addressed, rather than just a few in great detail.

While writing an answer, candidates must always remember who the document is for - for example a client or a firm's files - and try to make the answer concise, practical, relevant, and helpful.



Finance Act

Candidates sitting Paper P6 at the December 2007 exam session should read the Finance Act 2006 article, which is available on the ACCA website in the Paper P6 section, together with any other relevant technical articles published in student accountant in 2007.

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