



Examiner's approach

Paper P6 (ZAF)

The aim of Paper P6, Advanced Taxation (ZAF) is to ensure that candidates can 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.

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, the South African Revenue Services and other professionals in an appropriate manner 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 SA 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. 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 the timing of a transaction or to merely make an election.

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 and if so this must be followed.

The syllabus

Paper P6 is directly underpinned by Paper F6, Taxation (ZAF). 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 new taxes such as: Estate Duty and Donations Tax, Stamp duty, Transfer Duty and the more recent Retirement Fund Tax. Tax on retirement lumpsums is not new to the income tax system but the method of taxation has changed in that a separate table of tax rates is now applicable. The syllabus is very wide, as befits an optional paper at this level. New technical content, such as the taxation of trusts, controlled foreign companies, thin capitalisation etc, 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 sitting of Paper P6 will also include an ethical component for up to five marks.

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. It is vital that a reasonable attempt is made at these questions in order to secure a pass.

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

The ethical component of the exam could appear in either Section A or Section B. If it is in section B it will appear in all three questions for selection.

Currently secondary tax on companies (STC) can still be examined as there is no date set yet for the change to a dividend withholding tax.

Candidates' approach in the exam

Candidates should spend a few minutes reading the required part of the question, before they read the question and start to write an answer, in order to identify the relevant issues, and the calculations necessary, to support their advice. This is helpful in ensuring that the answer is what the examiner intended. In addition, they should consider whether the necessary calculations could be carried out in a particularly efficient way. Candidates should try to avoid producing detailed pro forma calculations (for example, of capital allowances), when all that is required is to state the type of deduction (for example an accelerated write off).

Section A questions may include a large number of individual requirements. Candidates must try to ensure that all the individual requirements are addressed and that they are not merged where separate answers must be given for each part. Candidates must keep to the time allocation for each part in order not to lose valuable marks.

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.

Income Tax Act

Candidates sitting Paper P6 at the June 2009 exam session should be up to date with the Taxation laws amendment Act 2008. The Revenue laws Amendment Act 2007 (only promulgated in January 2008) was not



examinable in December 2008 because of its lateness. It will however be examinable in June 2009. All legislation can be downloaded from the www.sars.gov.za site, under legislation.

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