

# Examiner's report

F6 Taxation (CHN)

December 2011



## General Comments

The overall performance of most candidates was satisfactory. The examination consisted of five compulsory questions. Most candidates attempted all five questions. The most well answered questions were question 1(a) and question 2. The most poorly answered was question 5.

## Specific Comments

### Question One

In part (a)(i) it was very disappointing that most candidates did not know that refurbishing expense cannot be expensed one off. The concept is a fundamental one. Also the provision for union expenses was not allowed as the union had not been setup yet. Also some students mixed up the treatment between the donation to charity and the unrelated scientific research center.

In part (c) many candidates did not know the tax treatment for the related party transaction regarding the loan between related parties.

### Question Two

The question was fairly answered.

### Question Three

In part (a) some candidates did not know how to calculate the VAT excluded price.

In part (b) VAT implications for a small-scale VAT taxpayer were tested. The results were disappointing. Candidates should be expected to deal with this area both in the examination and their daily professional life.

Parts (c) and (d) were generally answered well.

### Question Four

The question was fairly answered except the part regarding the tax treatment for the repairing services performed overseas.

### Question Five

The whole question was poorly answered and most candidates were only able to point out the general daily 0.05% penalty while they did not specially point out the correct penalty for each case. This shows that candidates did not study this area in enough depth. This area is considered to be fundamental to this paper.