

## EXAMINABLE DOCUMENTS – Exams in June 2019 to March 2020

### Taxation – United Kingdom (TX-UK) and Advanced Taxation – United Kingdom (ATX-UK)

From the September 2018 session, a new naming convention was introduced for all of the exams in the ACCA Qualification, so from that session, the name of the exams is Taxation – United Kingdom (TX-UK) and Advanced Taxation – United Kingdom (ATX-UK).

The following notes refer to Taxation – United Kingdom (TX-UK) and Advanced Taxation – United Kingdom (ATX-UK) only. Guidance for other variant exams – where available – is published on the ACCA website.

Examinations falling within the period 1 June to 31 March generally examine the Finance Act which was passed in the previous July. Exams falling in the period 1 June 2019 to 31 March 2020 will examine the Finance Act 2018 (which received Royal Assent on 15 March 2018).

### Finance Acts

The latest Finance Act which will be examined in TX-UK and ATX-UK in examinations falling within the period 1 June 2019 to 31 March 2020 is the Finance Act 2018.

With regard to prospective legislation where, for example, provisions included in the Finance Acts will only take effect at some date in the future, such legislation will not normally be examined until such time as it actually takes effect. The same rule applies to the effective date of the provisions of an Act introduced by statutory instrument.

### Articles

The following relevant articles have been published in *Student Accountant* and are also available on the ACCA website:

#### TX-UK:

- Finance Act 2018
- Examiner's approach to Taxation – United Kingdom (TX-UK)
- Adjustment of profit questions
- Multiple-choice questions
- Higher skills
- TX-UK – A guide to using the examiner's reports
- TX-UK – A guide to reflection for retake students

The following articles are updated each year for changes in the Finance Act

- Inheritance tax (Parts 1 & 2)
- Chargeable gains (Parts 1 & 2)
- Value added tax (Parts 1 & 2)
- Groups
- Benefits
- Motor cars

#### ATX-UK:

- Finance Act 2018
- Examiner's approach to Advanced Taxation – United Kingdom (ATX-UK)
- Stepping up from TX-UK to ATX-UK
- Passing the ATX-UK exam
- Guidance on answering Section A questions for ATX-UK
- Improving your performance in ATX-UK – in 5 parts
- Exam technique and fundamental technical issues for ATX-UK
- ATX-UK – A guide to using the examiner's reports
- ATX-UK – A guide to reflection for retake students

The following articles are updated each year for changes in the Finance Act

- Trusts and tax for ATX-UK – in 4 parts
- Inheritance tax and capital gains tax for ATX-UK – in 4 parts
- International aspects of personal taxation for ATX-UK – in 4 parts
- Corporation tax for ATX-UK – in 4 parts
- Corporation tax– group relief for ATX-UK – in 4 parts
- Corporation tax – groups and chargeable gains for ATX-UK – in 4 parts
- Taxation of the unincorporated business – the new business – in 4 parts
- Taxation of the unincorporated business – the existing business – in 4 parts

### Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam in examinations in the period 1 June 2019 to 31 March 2020. The tick (✓) indicates whether this information is included, and therefore examinable, in TX-UK and ATX-UK. In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

SUPPLEMENTARY INSTRUCTIONS				TX-UK	ATX-UK
1.	You should assume that the tax rates and allowances for the tax year 2018/19 and for the financial year to 31 March 2019 will continue to apply for the foreseeable future unless you are instructed otherwise.				✓
2.	Calculations and workings need only be made to the nearest £.			✓	✓
3.	All apportionments should be made to the nearest month.			✓	✓
4.	All workings should be shown in Section C.			✓	
5.	All workings should be shown.				✓
<b>Income tax</b>					
		Normal rates	Dividend rates	✓	✓
Basic rate	£1 – £34,500	20%	7.5%		
Higher rate	£34,501 to £150,000	40%	32.5%		
Additional rate	£150,001 and over	45%	38.1%		
Savings income nil rate band – Basic rate taxpayers			£1,000		
- Higher rate taxpayers			£500		
Dividend nil rate band			£2,000		
A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.					
<b>Personal allowance</b>					
Personal allowance			£11,850	✓	✓
Transferable amount			1,190		
Income limit			100,000		
Where adjusted net income is £123,700 or more, the personal allowance is reduced to zero.					
<b>Residence status</b>					
<b>Days in UK</b>	<b>Previously resident</b>	<b>Not previously resident</b>		✓	✓
Less than 16	Automatically not resident	Automatically not resident			
16 to 45	Resident if 4 UK ties (or more)	Automatically not resident			
46 to 90	Resident if 3 UK ties (or more)	Resident if 4 UK ties			
91 to 120	Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)			
121 to 182	Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)			
183 or more	Automatically resident	Automatically resident			
<b>Remittance basis charge</b>					
<b>UK resident for:</b>	<b>Charge</b>				✓
7 out of the last 9 years	£30,000				
12 out of the last 14 years	£60,000				

<b>Child benefit income tax charge</b>			
Where income is between £50,000 and £60,000, the charge is 1% of the amount of child benefit received for every £100 of income over £50,000		✓	
<b>Car benefit percentage</b>			
The relevant base level of CO <sub>2</sub> emissions is 95 grams per kilometre.		✓	✓
The percentage rates applying to petrol cars with CO <sub>2</sub> emissions up to this level are:			
50 grams per kilometre or less	13%		
51 grams to 75 grams per kilometre	16%		
76 grams to 94 grams per kilometre	19%		
95 grams per kilometre	20%		
<b>Car fuel benefit</b>			
The base figure for calculating the car fuel benefit is £23,400.		✓	✓
<b>Individual savings accounts (ISAs)</b>			
The overall investment limit is £20,000.		✓	✓
<b>Property income</b>			
Basic rate restriction applies to 50% of finance costs relating to residential properties.		✓	✓
<b>Pension scheme limits</b>			
Annual allowance	£40,000	✓	✓
Minimum allowance	£10,000	✓	✓
Threshold income limit	£110,000	✓	✓
Income limit	£150,000	✓	✓
Lifetime allowance	£1,030,000		✓
The maximum contribution that can qualify for tax relief without any earnings is £3,600		✓	✓
<b>Approved mileage allowances: cars</b>			
Up to 10,000 miles	45p	✓	✓
Over 10,000 miles	25p		
<b>Capital allowances: rates of allowance</b>			
<b>Plant and machinery</b>		✓	✓
Main pool	18%		
Special rate pool	8%		
<b>Motor cars</b>			
New cars with CO <sub>2</sub> emissions up to 50 grams per kilometre	100%		
CO <sub>2</sub> emissions between 51 and 110 grams per kilometre	18%		
CO <sub>2</sub> emissions over 110 grams per kilometre	8%		
<b>Annual investment allowance</b>			
Rate of allowance	100%		
Expenditure limit	£200,000		
<b>Cash basis accounting</b>			
Revenue limit	£150,000	✓	✓
<b>Cap on income tax reliefs</b>			
Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.		✓	✓
<b>Corporation tax</b>			
Rate of tax – Financial year 2018	19%	✓	✓
- Financial year 2017	19%		
- Financial year 2016	20%		
Profit threshold	£1,500,000		
<b>Value added tax (VAT)</b>			
Standard rate	20%	✓	✓
Registration limit	£85,000		
Deregistration limit	£83,000		

<b>Inheritance tax: tax rates</b>				
Nil rate band		£325,000	✓	
Residence nil rate band		£125,000		
Rate of tax on excess – Lifetime rate		20%		
– Death rate		40%		
<b>Inheritance tax: nil rate bands and tax rates</b>				
<b>Nil rate band</b>		£		✓
6 April 2018 to 5 April 2019		325,000		
6 April 2017 to 5 April 2018		325,000		
6 April 2016 to 5 April 2017		325,000		
6 April 2015 to 5 April 2016		325,000		
6 April 2014 to 5 April 2015		325,000		
6 April 2013 to 5 April 2014		325,000		
6 April 2012 to 5 April 2013		325,000		
6 April 2011 to 5 April 2012		325,000		
6 April 2010 to 5 April 2011		325,000		
6 April 2009 to 5 April 2010		325,000		
6 April 2008 to 5 April 2009		312,000		
6 April 2007 to 5 April 2008		300,000		
6 April 2006 to 5 April 2007		285,000		
6 April 2005 to 5 April 2006		275,000		
6 April 2004 to 5 April 2005		263,000		
Residence nil rate band		125,000		
Rate of tax on excess over nil rate band	– Lifetime rate	20%		
	– Death rate	40%		
<b>Inheritance tax: taper relief</b>				
Years before death:		Percentage reduction	✓	✓
Over 3 but less than 4 years		20%		
Over 4 but less than 5 years		40%		
Over 5 but less than 6 years		60%		
Over 6 but less than 7 years		80%		
<b>Capital gains tax</b>				
	<b>Normal rates</b>	<b>Residential property</b>	✓	✓
Rates of tax – Lower rate	10%	18%		
– Higher rate	20%	28%		
Annual exempt amount		£11,700		
Entrepreneurs' relief and investors' relief:				
– Lifetime limit		£10,000,000		
– Rate of tax		10%		
<b>National insurance contributions</b>				
Class 1 Employee	£1 – £8,424 per year	Nil	✓	✓
	£8,425 – £46,350 per year	12%		
	£46,351 and above per year	2%		
Class 1 Employer	£1 – £8,424 per year	Nil		
	£8,425 and above per year	13.8%		
	Employment allowance	£3,000		
Class 1A		13.8%		
Class 2	£2.95 per week			
	Small profits threshold	£6,205		
Class 4	£1 – £8,424 per year	Nil		
	£8,425 – £46,350 per year	9%		
	£46,351 and above per year	2%		

<b>Rates of interest (assumed)</b>					
Official rate of interest		2.50%		✓	✓
Rate of interest on underpaid tax		3.00%			
Rate of interest on overpaid tax		0.50%			
<b>Standard penalties for errors</b>					
<b>Taxpayer behaviour</b>	<b>Maximum penalty</b>	<b>Minimum penalty - unprompted disclosure</b>	<b>Minimum penalty - prompted disclosure</b>	✓	✓
Deliberate and concealed	100%	30%	50%		
Deliberate but not concealed	70%	20%	35%		
Careless	30%	0%	15%		
<b>Stamp duty land tax</b>					
<b>Non-residential properties</b>					✓
Up to £150,000			0%		
£150,001 – £250,000			2%		
£250,001 and above			5%		
<b>Stamp duty</b>					
Shares			0.5%		✓