



Think Ahead **ACCA**

14 September 2017

**F6 (MLA)
Taxation
Examiner
presentation**

Outline of presentation

- Syllabus overview
- Examinable legislation
- Exam format
- Learning materials and exam preparation
- Feedback based on past exams
- Advice for those new to teaching F6 (MLA)

This presentation will start with an overview of the F6 (MLA) Taxation syllabus, as well as of the examinable legislation and details of the exam format.

In the second part of the presentation, I will discuss some areas where candidates typically do well/struggle based on my experience of candidates' performance in this paper.

Syllabus overview

Objective of the F6 (MLA) Taxation exam

- To develop knowledge and skills relating to the Maltese tax system as applicable to individuals, single companies and groups of companies

Syllabus

- Candidates are introduced to the operation and scope of the Maltese tax system
- Syllabus covers the main taxes within the Maltese tax system

The purpose of the F6 (MLA) Taxation syllabus is to introduce candidates to the Maltese tax system and to cover the core areas of the main taxes in Malta as they affect both individuals and companies.

The F6 (MLA) Taxation syllabus and study guide can be found on the ACCA website at the following link:

<http://www.accaglobal.com/uk/en/student/exam-support-resources/fundamentals-exams-study-resources/f6/syllabus-study-guide/f6-syllabus-study-guide-malta-mla.html#>

Syllabus overview

Syllabus areas

- The Maltese tax system and its administration
- Individual income tax liabilities
- Corporate income tax liabilities
- Tax liabilities on the disposal of capital assets
- Social security contributions
- Value added tax

More specifically, the key areas of the F6 (MLA) Taxation syllabus are the following:

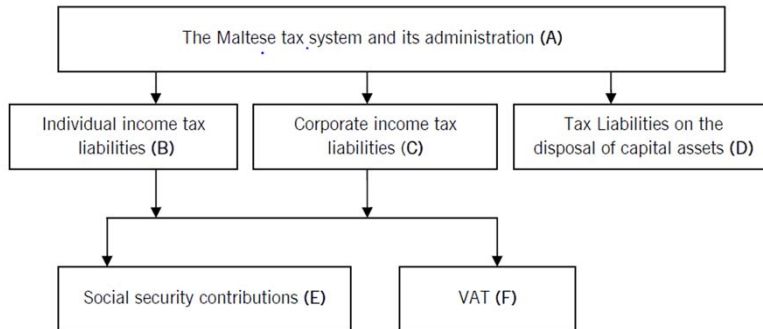
- The Maltese tax system and its administration
- Individual income tax
- Corporate income tax
- Tax liabilities on the disposal of capital assets
- Social security contributions
- Value added tax

While the exam will always touch upon each of these areas to some degree, and therefore none of these areas ought to be overlooked, it is of course immediately apparent from past papers that certain areas of the syllabus carry more weight than others. For instance, income tax as it applies to individuals and companies invariably features far more prominently than social security contributions.

Syllabus overview

Syllabus areas

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



This diagram is reproduced from the F6 (MLA) Taxation syllabus and study guide, and illustrates in diagrammatical form the key syllabus areas covered by the paper.

Examinable legislation

- ACCA publishes tax rates and allowances tables once a year for F6 (MLA) Taxation
- Reproduced at the front of each exam paper and available to candidates during the examination
- Includes:
 - Income tax rates (resident [single/parent/married] and non-resident)
 - Capital allowances table
 - Capital gains inflation index
 - Car fringe benefit rates

The tax rates and allowances tables provide the tax rates which candidates are to use in a given exam sitting.

The 2016 tax rates and allowances tables to be used for F6 (MLA) Taxation exams in June and December 2017 are published on the ACCA global website at the following link:-

<http://www.accaglobal.com/content/dam/acca/global/PDF-students/acca/f6/examdocs/f6-mla-examdocs-2017.pdf>

Examinable legislation

- June and December examination sessions are based on legislation passed before the previous 30 September
- June and December 2017 exams are based on legislation passed by 30 September 2016
- 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 / enacted

As an example of the application of the cut-off rules, on 8 August 2017 legal notice 205 of 2017 was published, whereby a number of updates were effected to the Fringe Benefit Rules. As these amendments were passed before 30 September 2017, they will become examinable as from the June and December 2018 papers. Anything enacted after 30 September 2017 will not be examinable until the 2019 papers.

Usually, questions in F6 (MLA) Taxation will refer to the current year. However, even if an earlier and/or later year is tested, candidates should apply the same legislation.

Exam format

- The paper is predominantly computational
- All questions are compulsory
- Two sections:-
 - Section A of the exam comprises 15 multiple choice questions of 2 marks each (30%)
 - Section B of the exam comprises four 10 mark (40%) questions and two 15 mark questions (30%)
- The two 15 mark questions will focus on individual income tax (syllabus area B) and company income tax (syllabus area C)
- Section A and the other questions in section B can cover any areas of the syllabus

The F6 (MLA) Taxation exam is predominantly computational. However, there will still be narrative elements where candidates will be required to explain or discuss tax issues.

No changes are envisaged to the “new” exam format that has come into effect as from the 2015 papers, which will remain as 15 x 2 mark multiple-choice questions, 4 x 10 mark questions and 2 x 15 mark questions in line with what is published in the study guide.

Exam format

- Time available – 3 hours and 15 minutes
- ACCA has removed the restriction relating to the 15 additional minutes of reading time
- As regards Section A, candidates must use the grid provided on page two of the Candidate Answer Booklet to record their answers to each multiple choice question
 - Answers to Section A should not be on the lined pages of the answer booklet
 - Marking of Section A is done separately and is automated – any workings shown in the lined pages in relation to Section A will inevitably be disregarded
- All workings should be shown in relation to Section B

ACCA has removed the restriction relating to the 15 additional minutes of reading time, so that while the time considered necessary to complete these exams remains at 3 hours, candidates may use the additional 15 minutes as they choose. ACCA encourages students to take time to read questions carefully and to plan answers but once the exam time has started, there are no additional restrictions as to when candidates may start writing in their answer books.

Time should be taken to ensure that all the information and exam requirements are properly read and understood.

Proper time management is of course essential, and candidates are advised not to spend disproportionate amounts of time on any single question. Having said that, it is my personal view as examiner that the F6 (MLA) Taxation paper is not unduly time pressured.

Exam format

Multiple choice questions

- Each question is worth two marks
- Four possible answers
- Only one answer is correct
- The incorrect (distractor) answers are plausible and not entirely obviously incorrect
- No negative marking
- No partial marks (all or nothing)

The multiple choice questions (MCQs) should be given due attention and treated as mini-questions in their own right. They account for 30% of the overall mark and therefore typically make a key contribution to the candidate's overall exam success or failure.

Exam format

Multiple choice questions

- Useful article on the ACCA global website in relation to Multiple choice questions

<http://www.accaglobal.com/uk/en/student/exam-support-resources/fundamentals-exams-study-resources/f4/technical-articles/mcq-dec14.html>

There is a useful article on the ACCA global website in relation to Multiple choice questions, which is available at the following link:

<http://www.accaglobal.com/uk/en/student/exam-support-resources/fundamentals-exams-study-resources/f4/technical-articles/mcq-dec14.html>

This gives candidates important generic information on answering multiple choice questions (Section A of this paper), so they should be encouraged to read it.

Learning materials

- ACCA has no approved learning materials for F6 (MLA) Taxation
- It is very important that tuition providers use study materials that are properly updated, and it is recommended that these can be used by candidates for both:
 - The taught phase of their studies (covering the core knowledge required for the exam); and
 - The revision phase of their studies (including exam-standard questions based on past papers and guidance on exam technique)

It is of course very important that candidates use up-to-date learning materials applicable to the exam session that they are preparing for.

Therefore, an annual revision / update exercise to the learning materials ought to be conducted. It is important to note that although the syllabus and study guide document might indicate that there have been no updates to the syllabus, the actual content of the syllabus areas will likely be subject to changes at least to some degree e.g. new / updated tax rates and computational rules.

To link back to the previous example of the new legal notice amending the Fringe Benefit Rules, the syllabus and study guide for 2018 will most likely not show any changes for 2018 in this respect (because what is examinable i.e. the application of the Fringe Benefit Rules in this case, has not itself changed) – however the learning materials must of course be updated to take into account the rules as amended.

Exam preparation

- It is important that candidates devote sufficient time to prepare for the F6 (MLA) Taxation exam – both in terms of time to learn the new knowledge and time to practice exam-standard questions
- It should be emphasised to candidates that attendance at a tuition course alone is not enough to pass the exam – the message should be that exam question practice and revision at home is crucial

Candidates that attend courses at tuition providers certainly do have the advantage of covering the exam material from expert tutors. It is not enough, however, to participate in such a course. Self-study and regular practice are of key importance.

Candidates should be reminded that, in order to maximise one's success in the exam, study and question practice time at home are necessary and indeed indispensable.

Feedback based on past exams

Typical areas of strength

- Standard individual income tax, corporate income tax and VAT computations

Typical areas of weakness

- Non-standard VAT computations (e.g. partial exemption in J17) and other non-typical questions (e.g. roll-over relief in J16)
- Participation exemption
- Controlling share interests

While transfers of controlling share interests have been an area of weakness in several exam sessions, a marked improvement was noted in the last exam session (June 2017).

Feedback based on past exams

Key weaknesses and areas for improvement

- Not reading the question requirement (including verbs) carefully
- Poor layout of answers, workings that are difficult to follow and illegible handwriting (Section B)
- Lack of technical knowledge or poor application in certain areas of the syllabus

Failing to read the requirement can result in some candidates wasting valuable time providing calculations for things the requirement specifically said to ignore (such as inflation allowance for capital gains computations).

Likewise, in section B, if for example the requirement verb is “state”, candidates should just provide a very succinct answer (typically no more than one sentence) rather than wasting time by writing more, for which no marks will be awarded.

Candidates should also refer to the mark allocation as an indicative guide as to how much they should write in their answer.

Also for section B, some candidates fail to present organised answers with workings clearly shown. Candidates should be reminded that the answer to each question in Section B should be started on a new page, with workings properly numbered so that it is clear to which question part they relate. Also, candidates should be advised to give careful thought to the layout and organisation of their answers during the examination. Sometimes, candidates have illegible handwriting which makes their

answers difficult to mark.

Advice for those new to teaching F6 (MLA)

- Use resources on ACCA website, in particular:
 - Syllabus and study guide
 - Examinable documents
 - Specimen questions
 - Past exams
 - Examiner's reports
- Use up to date learning materials covering both taught phase and revision phase, and ensure there is sufficient time scheduled for both
- Familiarise yourself with the current exam format (June 2015 paper to date)
- Do not underestimate multiple-choice questions or overlook any area of the syllabus
- Tutors should reiterate the message that course attendance alone is not enough – exam question practice and revision at home is crucial to success

Finally, this slide sets out some basic advice for those who are new to teaching F6.

First of all, I would encourage tutors to make the most of the resources available on the ACCA website.

You should be guided by the syllabus and study guide in particular to make sure that you are using up to date learning materials. As previously mentioned, learning materials should cover both the taught phase (namely the core knowledge) as well as the revision phase (including exam-standard questions based on past papers and guidance on exam technique). As tutors, you should also ensure that the course you are running again provides for sufficient time for candidates to learn the core knowledge as well as to practice exam-standard questions.

As regards exam-standard questions, a particularly useful resource is the past exams with suggested answers and marking scheme that are available on the ACCA website. It is particularly important that you familiarise yourself with the current exam format, which has been in place since the June 2015 paper.

I would also advise you not to underestimate Section A of the exam, consisting of multiple choice questions, as this represents 30% of the overall mark and can make all the difference between a pass and a fail.

Finally, I reiterate the point made earlier that as tutors you should reinforce the message that attending the course alone is not enough for success. Candidates need to revise at home and make time to practice exam-standard questions in order to be successful.

Thank you
Questions?

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Q&A time