

June and
December
2018

Taxation – Zimbabwe (TX- ZWE) (F6)

Syllabus and study guide

Guide to structure of the syllabus and study guide

Overall aim of the syllabus

This explains briefly the overall objective of the syllabus and indicates in the broadest sense the capabilities to be developed within the exam.

Relational diagram linking Taxation – Zimbabwe (TX-ZWE) (F6) with other ACCA exams

This diagram shows direct and indirect links between this exam and other exams preceding or following it. It indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Main capabilities

The aim of the syllabus is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, education and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Intellectual Levels

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

| | |
|----------|-----------------------------|
| Level 1: | Knowledge and comprehension |
| Level 2: | Application and analysis |
| Level 3: | Synthesis and evaluation |

Very broadly, these intellectual levels relate to the three cognitive levels at which the Applied Knowledge, the Applied Skills and the Strategic Professional exams are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with Applied Knowledge, level 2 equates to Applied Skills and level 3 to Strategic Professional, some lower level skills can continue to be assessed as the student progresses through each level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

Learning Hours and Education Recognition

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down.

Guide to ACCA Examination Structure

The structure of examinations varies within and between levels.

The Applied Knowledge examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Applied Knowledge exams are assessed by equivalent two-hour computer based and paper based examinations.

The *Corporate and Business Law* exam is a two- hour computer based objective test examination also available as a paper based version.

The other Applied Skills examinations contain a mix of objective and longer type questions with a duration of three hours for 100 marks; these questions directly contribute towards the candidate result. These exams are available in computer-based and paper-based formats. Prior to the start of each exam there will be time allocated for students to be informed of the exam instructions.

Computer-based exams

For the Applied Skills computer-based exams candidates will be delivered an extra 10 marks of objective test content (either five single OT questions or five OT questions based around a single scenario), for which candidates are given an extra 20 minutes. These questions are included to ensure fairness, reliability and security of exams. These questions do not directly contribute towards the candidate's score. Candidates will not be able to differentiate between the questions that contribute to the result and those that do not. All questions have been subject to

ACCA's regulatory approved quality assurance process.

The total exam time is therefore 3 hours and 20 minutes. Prior to the start of the exam candidates are given an extra 10 minutes to read the exam instructions.

Paper-based exams

For paper-based exams 15 minutes are added to the three hours to reflect the manual effort required as compared to computer-based exams. All paper-based and computer-based questions have been subject to the same quality assurance process. There will be time awarded by the invigilator to read the exam instructions.

Strategic Business Leader is ACCA's case study examination at the Strategic Professional level and is examined as a closed book exam of four hours, including reading, planning and reflection time which can be used flexibly within the examination. There is no pre-seen information and all exam related material, including case information and exhibits are available within the examination. Strategic Business leader is an exam based on one main business scenario which involves candidates completing several tasks within which additional material may be introduced. All questions are compulsory and each examination will contain a total of 80 technical marks and 20 Professional Skills marks. The detail of the structure of this exam is described in the Strategic Business Leader syllabus and study guide document.

The other Strategic Professional exams are all of three hours and 15 minutes duration. All contain two Sections and all questions are compulsory. These exams all contain four professional marks. The detail of

the structure of each of these exams is described in the individual syllabus and study guide documents.

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.

The pass mark for all ACCA Qualification examinations is 50%.

Guide to ACCA Examination Assessment

This syllabus and study guide is valid for exams in June and December 2018. From September 2018, a new naming convention is being introduced for all of the exams in the ACCA Qualification, so from the December 2018 session, the name of the exam will be Taxation – Zimbabwe (TX-ZWE). June 2018 is the first session of a new exam year for tax, when the exam name continues to be F6 Taxation (ZWE). Since this name change takes place during the validity of this syllabus, both the old and new names have been used. For clarity, both names have been used for any exams referred to in this syllabus.

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified. For the financial accounting, audit and assurance, law and tax exams except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions.

For most examinations (not tax), regulations **issued** or legislation **passed** on or before 31 August annually, will be examinable from 1 September of the following year to 31 August of the year after that. Please refer to the examinable documents for the exam (where relevant) for further information.

For the **ZWE** variant, tax examinations in June and December will be based on

legislation passed before the previous 30 September i.e. June and December 2018 papers will be based on legislation passed by 30 September 2017.

Regulations 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.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

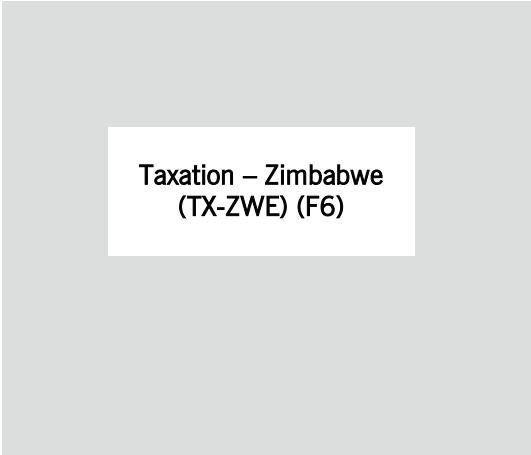
The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Taxation – Zimbabwe (TX-ZWE) (F6) syllabus and study guide

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

Aim

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

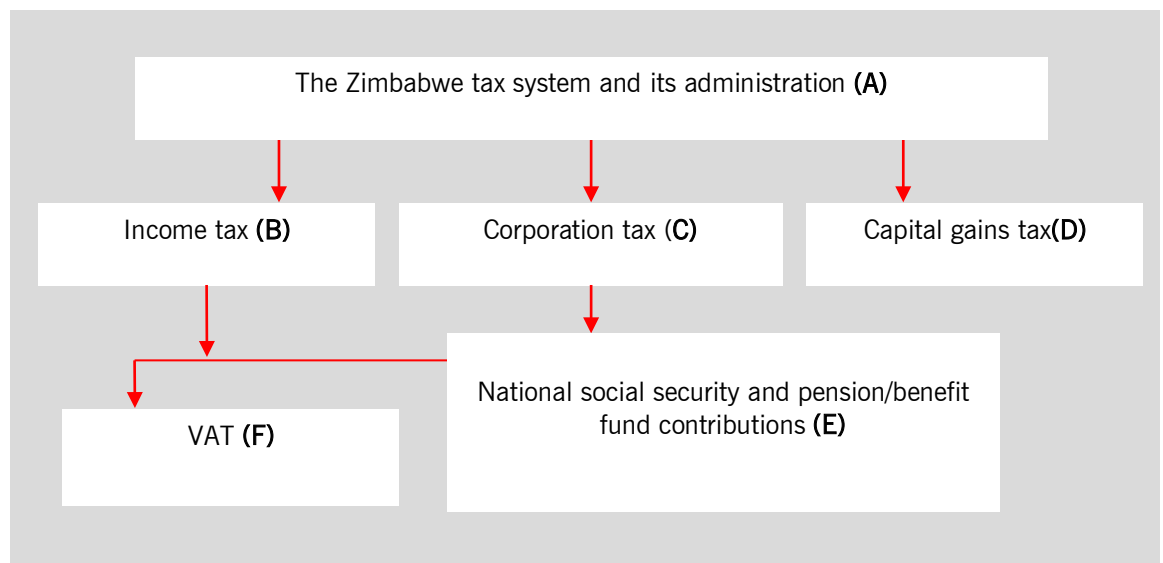


**Taxation – Zimbabwe
(TX-ZWE) (F6)**

Main capabilities

On successful completion of this exam, candidates should be able to:

- A** Explain the operation and scope of the Zimbabwe tax system and its administration
- B** Explain and compute the income tax liabilities of individuals
- C** Explain and compute the corporation tax liabilities of individual companies and groups of companies
- D** Explain and compute the capital gains tax liabilities of individuals and companies
- E** Explain and compute the effect of national social security (NSSA) and pension/benefit fund contributions on employees, employers and the self employed
- F** Explain and compute the effects of value added tax on incorporated and unincorporated businesses



This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Rationale

This syllabus introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of taxation, as they affect the activities of individuals and businesses.

In this syllabus, candidates are introduced to the rationale behind and the functions of the tax system. The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as income tax from self employment, employment and investments; the corporation tax liability of individual companies and groups of companies; the national social security and pension/benefit fund contribution liabilities of both employed and self employed persons; the value added tax liability of businesses; and the capital gains tax liabilities of both individuals and companies

Having covered the core areas of the basic taxes, the candidate should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

Detailed syllabus

A The Zimbabwe tax system and its administration

1. The overall function and purpose of taxation in a modern economy
2. Principal sources of revenue law and practice
3. The systems for self-assessment and the making of returns
4. The time limits for the submission of information, claims and payment of tax, including payments on account
5. The procedures relating to enquiries, appeals/ objections and disputes
6. Penalties for non-compliance

B Income tax liabilities

1. The scope of income tax
2. Income from employment
3. Income from self-employment
4. Property and investment income
5. The comprehensive computation of taxable income and income tax liability
6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

C Corporation tax liabilities

1. The scope of corporation tax
2. Profits chargeable to corporation tax

3. The comprehensive computation of corporation tax liability
4. The effect of a group corporate structure for corporation tax purposes
5. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities

D Capital gains tax liabilities

1. The scope of the taxation of capital gains
2. The basic principles of computing gains and losses
3. Gains and losses on the disposal of immovable property and marketable securities
4. The computation of the capital gains tax payable by individuals and companies
5. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of specified assets for capital gains tax purposes

E National social security and pension/benefit fund contributions

1. The scope of national social security and pension/benefit fund contributions
2. The computation of national social security, pension/benefit fund contributions
3. Computation of allowable national social security and pension/benefit fund contributions for personal

pension schemes and occupational
pension schemes

F Value added tax

1. The scope of value added tax (VAT)
2. The VAT registration requirements
3. The computation of VAT liabilities

Approach to examining the syllabus

The syllabus is assessed by a three-hour 15 minutes paper based examination.

The paper will be predominantly computational and all questions are compulsory.

Section A of the exam comprises 15 multiple choice questions of 2 marks each.

Section B of the exam comprises four 10 mark questions and two 15 mark questions.

The two 15 mark questions will focus on income tax (syllabus area B) and corporation tax (syllabus area C).

The section A questions and the other questions in section B can cover any areas of the syllabus.

Study Guide

A The Zimbabwe tax system and its administration

1. The overall function and purpose of taxation in a modern economy

- a) Describe the purpose (economic, social etc) of taxation in a modern economy.^[2]
- b) Identify the different types of capital and revenue tax.^[1]
- c) Explain the difference between direct and indirect taxation.^[2]

2. Principal sources of revenue law and practice

- a) Describe the overall structure of the Zimbabwe tax system.^[1]
- b) State the different sources of revenue law.^[1]
- c) Appreciate the interaction of the Zimbabwe tax system with that of other tax jurisdictions.^[2]
- d) Explain the difference between tax avoidance and tax evasion.^[1]
- e) Explain the need for an ethical and professional approach.^[2]

Excluded topics

- *Specific anti-avoidance legislation*
- *Assurance/insurance tax legislation*

3. The systems for assessment and the making of returns

- a) Explain and apply the features of the assessment system as it applies to individuals and companies.^[2]
- b) Explain the quarterly payment date system (QPD's) as it applies to

companies and self-employed individuals.^[2]

4. The time limits for the submission of information, claims and payment of tax, including payments on account

- a) Recognise the time limits that apply to the filing of returns and the making of claims.^[2]
- b) Recognise the due dates for the payment of tax under the assessment system.^[2]
- c) Compute provisional and quarterly payments of tax.^[2]
- d) List the information and records that taxpayers need to retain for tax purposes.^[1]

5. The procedures relating to enquiries, appeals/objections and disputes

- a) Explain the circumstances in which ZIMRA can enquire into an assessment tax return.^[2]
- b) Explain the procedures for dealing with appeals/objections and disputes.^[1]

6. Penalties for non-compliance

- a) Calculate interest on overdue tax.^[2]
- b) State the penalties that can be charged.^[2]

B Income tax liabilities

1. The scope of income tax

- a) Explain how the residence of an individual is determined.^[1]

Excluded topics

- *Income from trusts and settlements.*

2. Income from employment

- a) Recognise the factors that determine whether an engagement is treated as employment or self-employment.^[2]
- b) Recognise the basis of assessment for employment income.^[2]
- c) Compute the taxable income.^[2]
- d) Recognise the exemptions and allowable deductions.^[2]
- e) Compute the value of taxable benefits.^[2]
- f) Explain the PAYE system.^[1]

Excluded topics

- *Share and share option incentive schemes for employees.*
- *Termination payments*

3 Income from self-employment

- a) Recognise the basis of assessment for self-employment income.^[2]
- b) Recognise the expenditure that is allowable in calculating the tax-adjusted trading profit.^[2]
- c) Recognise the relief that can be obtained for pre-trading expenditure.^[2]
- d) Compute the taxable income on commencement and on cessation.^[2]
- e) Change of accounting date
 - i) Recognise the factors that will influence the choice of accounting date.^[2]
 - ii) State the conditions that must be met for a change of accounting date to be valid.^[1]
 - iii) Compute the taxable income on a change of accounting date.^[2]

f) Capital allowances

- i) Define plant and machinery for capital allowances purposes.^[1]
- ii) Compute annual wear and tear (reducing balance method) allowances and special initial allowances.^[2]
- iii) Compute capital allowances for commercial and passenger motor vehicles.^[2]
- iv) Compute the recoupment of capital allowances on an asset's disposal.^[2]
- v) Define an industrial building and a commercial building for capital allowance purposes.^[1]
- vi) Compute industrial building allowance and commercial buildings allowance for new and second-hand buildings.^[2]

g) Incentive allowances**h) Relief for trading losses**

- i) Understand how trading losses can be carried forward.^[2]
- ii) Explain how trading losses can be carried forward following the incorporation of a business.^[2]
- iii) Understand how trading losses can be claimed against total trading income.^[2]
- iv) Explain the relief for trading losses in the early years of a trade.^[1]

i) Farmers.^[2]

- i) Apply standard values to the valuation of stock
- ii) Recognise the special deductions available to farmers
- iii) Compute farming taxable income

- iv) Understand how relief for farming losses is given.
- j) Partnerships
 - i) Explain how a partnership is assessed to tax.^[2]
 - ii) Compute the taxable income for each partner following a change in the profit sharing ratio.^[2]
 - iii) Compute the taxable income for each partner following a change in the membership of the partnership.^[2]
- iv) Describe the loss relief claims that are available to partners.^[2]
- k) Explain the obligation to withhold tax at source when making payments to both residents and non-residents.^[2]

4. Property and investment income

- a) Compute property business taxable income.^[2]
- b) Compute the taxation of premiums receivable/payable in conjunction to a lease.^[2]
- c) Distinguish between exempt and taxable interest income.^[2]
- d) Compute the tax payable on savings income.^[2]
- e) Compute the tax payable on dividend income.^[2]
- f) Understand how property and investment business losses can be carried forward.^[2]

5 The comprehensive computation of taxable income and income tax liability

- a) Prepare a basic income tax computation involving different types of income.^[2]

- b) Calculate the amount of personal allowance available to people aged 55 and above.^[2]
- c) Compute the amount of income tax payable (including AIDS levy).^[2]
- d) Compute the amount of applicable tax credits.^[2]
- e) Explain the treatment of donations.^[1]
- f) Explain the treatment of income received from property owned jointly by a married couple.^[1]

Excluded topics

- *Maintenance payments.*
- *The income of minor children.*

6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

- a) Explain and compute the relief given for contributions to personal pension schemes.^[2]
- b) Describe the relief given for contributions to occupational pension schemes.^[1]
- c) Explain and apply the exemptions from and reductions in tax payable available to taxpayers in industrial parks, and under BOOT arrangements.^[2]

Excluded topics

- *The conditions that must be met in order for a pension scheme to obtain approval from the Zimbabwe Revenue Authority (ZIMRA)*

C Corporation tax liabilities

1. The scope of corporation tax

- a) Define the terms 'period of account', 'accounting period', and 'year of assessment'.^[1]
- b) Recognise when an accounting period starts and when an accounting period finishes.^[1]
- c) Explain how the residence of a company is determined.^[2]

Excluded topics

- *Companies in the special economic sectors of assurance/insurance, banking and financial institutions and mining*
- *Investment companies.*
- *Close companies.*
- *Companies in receivership or liquidation.*
- *Reorganisations.*
- *The purchase by a company of its own shares.*
- *Personal service companies.*
- *Taxation of venture capital companies.*

2. Profits chargeable to corporation tax

- a) Recognise gross income.^[2]
- b) Recognise the expenditure that is allowable in calculating taxable business income.^[2]
- c) Explain how relief can be obtained for pre-trading expenditure.^[1]
- d) Compute capital allowances (as for individual/personal income tax).^[2]

- e) Compute investment incentives (as for individual/personal income tax).^[2]
- f) Compute property business taxable income.^[2]
- g) Explain the treatment of interest paid and received.^[1]
- h) Explain the treatment of donations.^[2]
- i) Understand how assessed trading losses can be carried forward.^[2]
- j) Understand how assessed trading losses can be claimed against income of the current accounting periods.^[2]
- k) Recognise the factors that will influence the choice of assessed loss relief claim.^[2]
- l) Explain how relief for a property business assessed loss is given.^[1]
- m) Compute the taxable income chargeable to corporation tax.^[2]

Excluded topics

- *Relief for intangible assets.*

3. The comprehensive computation of corporation tax liability

- a) Compute the corporation tax liability (including AIDS levy).^[2]
- b) Explain and apply the exemptions from and reductions in tax payable available to taxpayers in industrial parks, and under BOOT arrangements.^[2]
- c) Explain the obligation to withhold tax at source when making payments to both residents and non-residents.^[2]

4. The effect of a group corporate structure for corporation tax purposes

- a) Explain and apply the relief available for transfers of assets between companies under common control.^[2]
- b) Calculate double taxation relief for withholding tax and underlying tax.^[2]
- c) Explain the basic principles of the transfer pricing rules.^[2]

Excluded topics

- *Relief for trading losses incurred by an overseas subsidiary.*
- *The anti-avoidance provisions where arrangements exist for a company to leave a group.*
- *Foreign companies trading in Zimbabwe.*
- *Expense relief in respect of overseas tax.*
- *Transfer pricing transactions not involving an overseas company.*

5. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities (The use of such exemptions and reliefs is implicit within all of the above sections 1 to 4 of part C of the syllabus, concerning corporation tax)

D Capital gains

1. The scope of the taxation of capital gains

- a) Describe the scope of capital gains tax.^[2]
- b) List those assets which are exempt.^[1]
- c) List those persons which are exempt.^[1]

Excluded topics

- *Partnership capital gains.*

2. The basic principles of computing gains and losses.

- a) Compute capital gains on specified assets for both individuals and companies.^[2]
- b) Recognise deductible expenditure, including adjustment for inflation.^[2]
- c) Explain the treatment of capital losses for both individuals and companies.^[1]
- d) Explain the treatment of transfers between a husband and wife.^[2]
- e) Compute the amount of allowable expenditure for a part disposal.^[2]
- f) Explain the treatment where an asset is damaged, lost or destroyed, and the implications of receiving insurance proceeds and reinvesting such proceeds.^[2]

Excluded topics

- *Assets held at 31 July 1981.*
- *Assessed losses in the year of death.*
- *Negligible value claims.*

3. Gains and losses on the disposal of immovable property and marketable securities

- a) Compute the relief available when a principal private residence is disposed of between related parties.^[2]
- b) Calculate the capital gain when a principal private residence has been used for business purposes.^[2]
- c) Calculate the value of quoted shares where they are disposed of by way of a gift.^[2]

- d) Explain the treatment of bonus issues, rights issues, takeovers and reorganisations.^[2]

Excluded topics

- *The disposal of leases and the creation of sub-leases.*

4. The computation of the capital gains tax payable by individuals and companies

- a) Compute the amount of capital gains tax payable.^[2]
- b) Understand the application of capital gains withholding tax.^[2]

5. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of specified assets

- a) Explain and apply rollover relief as it applies to individuals and companies.^[2]
- b) Explain and apply the relief that is available upon the transfer of assets by an individual to a company which he controls.^[2]
- c) Explain and apply the relief available for transfers of assets between companies under common control.^[2]
- d) Explain and apply the relief available where the purchase price is paid by instalments.^[2]

Excluded topics

- *Reinvestment relief.*

E National social security and pension/benefit fund contributions

1. The scope of the national social security system

- a) Describe the scope of pension/benefit fund and national social security contributions.^[1]

2. The computation of national social security and pension/benefit fund contributions

- a) Compute the contributions payable by employed persons.^[2]
- b) Compute the contributions payable by self-employed persons.^[2]

3. Computation of allowable national social security and pension/benefit fund contributions for personal pension schemes and occupational pension schemes.^[2]

F Value added tax

1. The scope of value added tax (VAT)

- a) Describe the scope of VAT.^[2]
- b) List the principal zero-rated and exempt supplies.^[1]

2. The VAT registration requirements

- a) Recognise the circumstances in which a person must register for VAT.^[2]
- b) Explain the advantages of voluntary VAT registration.^[2]
- c) Explain the circumstances in which pre-registration input VAT can be recovered.^[2]
- d) Explain how and when a person can deregister for VAT.^[1]
- e) Explain the four categories of tax period.^[1]

Excluded topics

- *Group registration.*

3. The computation of VAT liabilities

- a) Explain how VAT is accounted for and administered.^[2]
- b) Recognise the tax point when goods or services are supplied.^[2]
- c) List the information that must be given on a VAT invoice.^[1]
- d) Explain and apply the principles regarding the valuation of supplies.^[2]
- e) Recognise the circumstances in which input VAT is non-deductible.^[2]
- f) Compute the relief that is available for impairment losses on trade debts.^[2]
- g) Explain the circumstances in which the default penalty, interest and fine will be applied.^[1]

Excluded topics

- *Imports and exports.*

Reading list

Candidates preparing for The Taxation – Zimbabwe (TX – ZWE) (F6) examination are also encouraged to refer to the additional support material available on the ACCA global website at

<http://www.accaglobal.com/content/dam/acca/global/PDF-students/acca/f6/examdocs/zwe-pilot-project-2018.pdf>

Summary of changes to Taxation – Zimbabwe (TX-ZWE) (F6)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There have been no changes to the Taxation – Zimbabwe (TX-ZWE) (F6) syllabus in 2018.