

# Advanced Taxation (P6)

## Malta (MLA)

### June & December 2016

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.

#### THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

##### Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

##### Overall aim of the syllabus

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

##### Main capabilities

This paper's aim 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, tuition providers and publishers 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 Knowledge module, the Skills module and the Professional level 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 the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and 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 recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized 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 EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

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

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations are all paper based three-hour papers. The structure of papers varies from ten questions in the *Corporate and Business Law* (F4) paper to four 25 mark questions in *Financial Management* (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

## GUIDE TO EXAMINATION ASSESSMENT

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 tax papers, ACCA will publish *examinable documents*, or tax rates and allowances tables, once a year to indicate exactly what legislation could potentially be assessed within identified examination sessions. These should be read in conjunction with the information below.

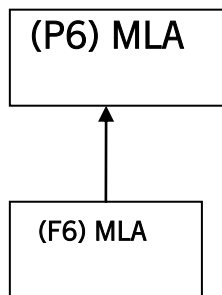
For **MLA** tax papers examinations June and December will be based on legislation passed before the previous 30 September. I.e. June and December 2016 papers will be based on legislation passed by 30 September 2015.

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.

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

# Syllabus



## AIM

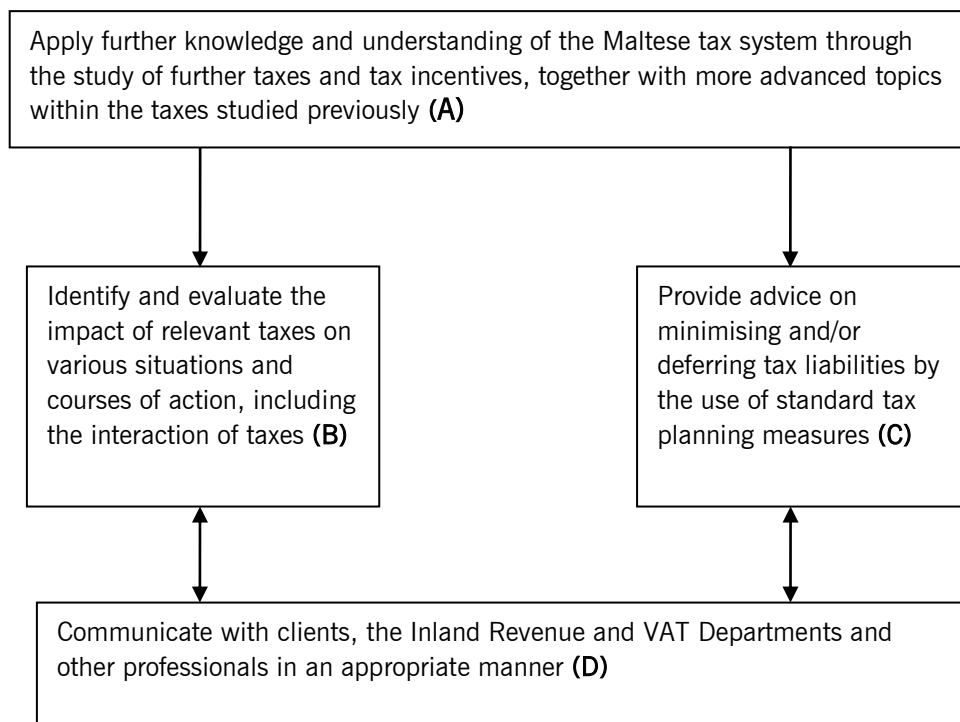
To apply relevant knowledge, skills and exercise professional judgement in providing relevant information and advice to individuals and businesses on the impact of the major taxes on financial decisions and situations

## MAIN CAPABILITIES

After completing this examination paper students should be able to:

- A** Apply further knowledge and understanding of the Maltese tax system through the study of further taxes and tax incentives, together with more advanced topics within the taxes studied previously
- B** Identify and evaluate the impact of relevant taxes on various situations and courses of action, including the interaction of taxes
- C** Provide advice on minimising and/or deferring tax liabilities by the use of standard tax planning measures
- D** Communicate with clients, the Inland Revenue and VAT Departments and other professionals in an appropriate manner.

## RELATIONAL DIAGRAM OF MAIN CAPABILITIES



## RATIONALE

The Advanced Taxation syllabus further develops the key aspects of taxation introduced in the compulsory Taxation syllabus within the Skills module and extends the candidates' knowledge of the tax system, together with their ability to apply that knowledge to the issues commonly encountered by individuals and companies; such that successful candidates should have the ability to interpret and analyse the information provided and communicate the outcomes in a manner appropriate to the intended audience.

The syllabus builds on the basic knowledge of core taxes from the earlier taxation paper and introduces candidates to additional capital taxes (like duty on documents and transfers) and tax incentives (like those contemplated under the Business Promotion Act and the Malta Enterprise Act). As this is an optional paper, aimed at those requiring/desiring more than basic tax knowledge for their future professional lives, the syllabus also extends the knowledge of income tax to encompass further international aspects of taxation.

Candidates are not expected to concentrate on the computational aspects of taxation. Instead this paper seeks to develop candidates' skills of analysis, interpretation and communication. Candidates are expected to be able to use established tax planning methods and consider current issues in taxation.

## DETAILED SYLLABUS

### **A Apply further knowledge and understanding of the Maltese tax system through the knowledge of further taxes and incentives, together with more advanced topics within the taxes studied previously**

1. Income and income tax liabilities applicable to individuals in situations involving further international aspects, the application of additional exemptions and reliefs and special regimes of tax.
2. Income and income tax liabilities in relation to companies in situations involving further international and group aspects, and the application of additional exemptions and reliefs and special regimes of tax

3. Chargeable gains and liabilities on capital gains in situations involving further international and group aspects and the application of additional exemptions and reliefs
4. Income tax incentives to companies qualifying under the Business Promotion Act, and the Malta Enterprise Act, Regulations and guidelines.
5. Duty on documents and transfers
6. Social security, value added tax and tax administration

### **B Identify and evaluate the impact of relevant taxes on various situations and courses of action, including the interaction of taxes**

1. Taxes applicable to a given situation or course of action and their impact
2. Alternative ways of achieving personal or business outcomes may lead to different tax consequences
3. Taxation effects of the financial decisions made by businesses (corporate and unincorporated) and by individuals.
4. Tax advantages and/or disadvantages of alternative courses of action
5. Statutory obligations imposed in a given situation, including any time limits for action and the implications of non-compliance

### **C Minimising and/or deferring tax liabilities by the use of standard tax planning measures**

1. Types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business
2. Legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated
3. The appropriateness of such investment, expenditure or measures, given a particular taxpayers circumstances or stated objectives

4. The mitigation of tax in the manner recommended, by reference to numerical analysis and/or reasoned argument
5. Ethical and professional issues arising from the giving of tax planning advice
6. Current issues in taxation

**D Communicating with clients, the Inland Revenue and VAT departments and other professionals**

1. Communication of advice, recommendations and information in the required format.
2. Presentation of written information, in language appropriate to the purpose of the communication and the intended recipient
3. Conclusions reached, together, where necessary, with relevant supporting computations
4. Assumptions made or limitations in the analysis provided; together with any inadequacies in the information available and/or additional information required to provide a fuller analysis
5. Other non-tax factors that should be considered

## **APPROACH TO EXAMINING THE SYLLABUS**

The paper consists of two sections:

Section A consists of two compulsory questions. Question 1 has 35 marks, including 4 professional marks, and question 2 has 25 marks

Section B consists of three 20-mark questions, two of which must be answered.

Questions will be scenario based and will normally involve consideration of more than one tax together with some elements of planning and the interaction of taxes. Computations will normally only be required in support of explanations or advice and not in isolation.

The examination is a three hour paper, with 15 minutes additional reading and planning time.

Tax rates, allowances and information on certain reliefs will be given in the examination paper.

# Study Guide

## A APPLY FURTHER KNOWLEDGE AND UNDERSTANDING OF THE MALTESE TAX SYSTEM THROUGH THE STUDY OF FURTHER TAXES AND INCENTIVES, TOGETHER WITH MORE ADVANCED TOPICS WITHIN THE TAXES STUDIED PREVIOUSLY

### 1. Income and income tax liabilities applicable to individuals in specific situations involving the application of additional exemptions and reliefs and special regimes of tax including income tax incentives applicable to individuals which are administered by the Malta Enterprise Act.

- a) The contents of the Paper F6 study guide for income tax, under headings:
- B1 The scope of income tax
  - B2 Income from employment
  - B3 Income from self employment
  - B4 Property, investment and other income
  - B5 The comprehensive computation of taxable income and the income tax liability
  - B6 The use of exemptions and reliefs in deferring and minimising income tax liabilities

The following additional material is also examinable:

- b) The scope of income tax: <sup>[3]</sup>
- i) Explain and apply the concepts of residence, ordinary residence, domicile, non-residence and advise on their relevance to Malta's jurisdiction to tax
  - ii) Advise on the tax position of individuals coming to and leaving Malta
  - iii) Determine the special rules applicable to returned migrants, investment services and insurance expatriates, highly qualified persons, and persons benefitting from the residence programme rules, the global residence programme rules and Malta retirement programme rules.
  - iv) Determine the special rules applicable to non-residents deriving income from entertainment activities in Malta

- v) Determine the income tax treatment of overseas income
- vi) Understand the relevance of the OECD model double tax treaty to given situations
- vii) Advise and compute the double taxation relief available to individuals

- c) Income from employment: <sup>[3]</sup>
- i) Advise on the tax treatment of share option and share incentive schemes
- d) Income from self-employment: <sup>[3]</sup>
- i) Establish the relief available on the transfer of a business from certain partnerships to a company
  - ii) Establish the relief available on the transfer of business property when this is being replaced
  - iii) Evaluate the tax treatment of expenditure on scientific research, expenditure on patent or patent rights and expenditure on market research
  - iv) Evaluate the tax treatment of expenditure of a capital nature on intellectual property rights
  - v) Advise on the investment based tax credits provided under concessionary tax regimes in the Income Tax Act

- e) Property, investment and other income: <sup>[3]</sup>
- i) Determine the existence of trading vs rental income
  - ii) Understand the credit available for tax paid at corporate level under the imputation system
  - iii) Determine the implications on recipients of distributions from the different tax accounts in terms of the applicable withholding taxes and refunds available to recipients of distributions
  - iv) Determine the implications on recipients of distributions upon liquidations
- f) The comprehensive computation of taxable income and the income tax liability: <sup>[3]</sup>



- i) Establish the applicability of tax benefits to spouses returning to work
- ii) Advise on the income tax position of minor children <sup>[3]</sup>

### ***Excluded topics***

#### *The scope of income tax:*

- *Clubs*
- *Ecclesiastical and allied income*
- *Non-resident ship owners, air transport and cable and wireless undertakings*
- *Taxation of petroleum profits*
- *Special rules relating to permanent residents*
- *Qualifying employment in innovation and creativity rules*
- *Repatriation of persons established in a field of excellence rules*
- *Get qualified incentive scheme*
- *Cooperation with other jurisdictions on tax matters*

#### *Income from employment:*

- *The operation of the FSS system*
- *The calculation of a car benefit where applicable rates are not available*

#### *Income from self-employment:*

- *The tax treatment of 'vendors' on the sale of agricultural products, as defined in the relevant rules*

#### *Property, investment and other income:*

- *The treatment of income from trusts*
- *The Seed Investment Programme*

#### *The comprehensive computation of taxable income and income tax liability:*

- *Commonwealth relief for double taxation*

## **2. Income and income tax liabilities in relation to companies in situations involving further international and group aspects, and the application of additional exemptions and reliefs and special regimes of tax**

- a) The contents of the Paper F6 study guide, for corporate income tax, under headings:

- C1 The scope of corporate income tax
- C2 Profits chargeable to corporate income tax
- C3 The comprehensive computation of corporate income tax liability and tax accounting
- C4 The effect of a group structure for corporate income tax purposes
- C5 The use of exemptions and reliefs in deferring and minimising corporate income tax liabilities

The following additional material is also examinable:

- b) The scope of corporate income tax: <sup>[3]</sup>
  - i) Distinguish receipts of a capital nature from those of an income nature
  - ii) Determine the tax implications of a resident company which is not incorporated in Malta
  - iii) Determine the tax liability of persons deriving income from aircrafts / aircraft engines used for international transport of passengers or goods
  - iv) Establish the tax implications of companies in liquidation and companies participating in reorganisations
  - v) Determine the treatment of income from prescribed and non-prescribed collective investment funds, including on the reclassification of a fund
  - vi) Determine the implications of general and specific anti-avoidance provisions in Malta and abroad
  - vii) Determine the tax implications arising as a result of charges between related persons
  - viii) Establish the tax implications of conversion of commercial partnerships
  - ix) Determine the tax implications of interest paid to non-residents on loans related to immovable property situated in Malta
  - x) Determine the tax implications of a person transferring his residence or domicile to Malta
- c) Profits chargeable to corporate income tax: <sup>[3]</sup>
  - i) Evaluate the tax treatment of expenditure on scientific research, expenditure on

patent or patent rights and expenditure on market research

- ii) Evaluate the tax treatment of expenditure of a capital nature on intellectual property rights
  - iii) Evaluate the possibility of relief for amortisation of intangible assets
  - iv) Advise on the investment based tax credits provided under concessionary tax regimes in the Income Tax Act
  - v) Advise on the tax consequences of a transfer of assets where there is common control
  - vi) Evaluate property and investment income under income and income tax liabilities applicable to individuals.
- d) The comprehensive computation of corporate income tax liability and tax accounting: <sup>[3]</sup>
- i) Establish the difference between 'trading in' and 'trading with' Malta
  - ii) Assess the impact of the OECD model double tax treaty on corporate income tax
  - iii) Evaluate the meaning and implications of a permanent establishment
  - iv) Evaluate the meaning of the term property company and the implications arising as a result of a company being considered to be a property company
  - v) Assess the applicability of EU Parent-Subsidiary Directive and the EU Interest and Royalty Directive on corporate income tax.
  - vi) Determine the implications of income derived from participating holdings
  - vii) Determine the implications of income falling to be allocated to the various tax accounts and distributions therefrom including the tax accounting implications affecting related companies and transactions between related companies
  - viii) Determine the availability of refunds to shareholders upon receipt of dividends from Maltese resident companies
  - ix) Determine the implications of income subject to tax at a reduced rate of tax in terms of a double taxation agreement and the availability of refunds to shareholders upon receipt of dividends distributed from such income subject to tax at a reduced rate.

### ***Excluded topics***

*The scope of corporate income tax:*

- *Investment service companies*
- *Insurance companies and insurance managers*
- *Non-resident ship-owners and cable and wireless undertakings*
- *Taxation of petroleum profits*
- *Securitisation vehicles*
- *Detailed knowledge of specific double tax agreements*
- *Cooperation with other jurisdictions on tax matters*

*The comprehensive calculation of the corporate income tax liability and tax accounting:*

- *Tax accounting implications of banking groups*
- *Commonwealth relief for double taxation*
- *The implications of claiming refunds of tax paid by companies on distributed profits to resident shareholders*

### **3. Chargeable gains and liabilities on capital gains in situations involving further international and group aspects and the application of additional exemptions and reliefs**

- a) The contents of the Paper F6 study guide for chargeable gains under headings:
- D1 The scope of the taxation of capital asset disposals
  - D2 The basic principles of computing gains and losses
  - D3 Gains and losses on the disposal of movable and immovable property
  - D4 Gains and losses on the disposal of shares and securities
  - D5 The computation of the tax payable by individuals and companies
  - D6 The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

The following additional material is also examinable:

- b) The scope of the taxation of capital gains: <sup>[3]</sup>
- i) Determine the Malta taxation of foreign gains, including double taxation relief

- ii) Understand the property transfer rules including those which apply to the transfer of properties forming part of a project
- c) The basic principles of computing gains and losses: <sup>[3]</sup>
  - i) Determine the tax implications on capital gains where assets have been acquired in causa mortis
  - iii) Determine the gains arising in the case of a part disposal
  - iv) Determine the tax implications arising as a result of a company ceasing to be a member of a group.
- d) Gains and losses on the disposal of shares and securities and on the transfer of value: <sup>[3]</sup>
  - i) Determine the tax implications of a reduction in share capital
  - ii) Determine the tax implications of a transfer of value arising as a result of a change in the issued share capital or voting rights
  - iii) Determine the tax implications of a transfer of shares listed on a recognised stock exchange
  - iv) Understand the degrouping charge provisions
  - v) Understand the application of the value shifting provisions
- e) The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets and the relevant specific anti-avoidance provisions: <sup>[3]</sup>
  - i) Evaluate the applicability of the exemption on gains arising from restructuring involving the exchange of shares in a reorganisation, merger or division.
  - ii) Evaluate the applicability of the exemption on gains from the disposal of participating holdings
  - iii) Evaluate the meaning of the term property company and the implications arising as a result of a company being considered to be a property company.
  - iv) Evaluate the applicability of the exemption from tax on the transfer of immovable property by a company in the course of winding up.

### ***Excluded topics***

#### *The scope of the taxation of capital gains:*

- *Transfer of interest in a partnership and deemed transfer of interest in a partnership*
- *Establishing the implications of settling property into a trust and transfers out of trusts*
- *Capital gains arising on contracts of partition*
- *The transitory provisions relating to the changes in law affecting the tax treatment of transfers of property*

The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets and the relevant specific anti-avoidance provisions

- *The special exemption on the transfer of immovable property by companies which have issued bonds on the Malta Stock Exchange*

### **4. Income tax incentives to companies qualifying under the Business Promotion Act (BPA) and the Malta Enterprise Act (MEA).**

- a) Understand the purpose, scope and relationship between BPA and MEA incentives and the Investment Aid Regulations, the Assistance for Research and Development and Innovation Regulations and guidelines, qualifying companies, small and medium sized enterprises and the guarantee of incentives. <sup>[3]</sup>
- b) Determine the concept of “qualifying expenditure” and the maximum benefit for an investment project. <sup>[3]</sup>
- c) Determine the application of investment tax credits. <sup>[3]</sup>
- d) Determine the application of investment allowances and inflated deductions. <sup>[3]</sup>
- e) Advise on the applicability of reduced rates of tax under articles 6 and 24 BPA and allocation to the special reserve. <sup>[3]</sup>

- f) Determine the applicability of limitations to incentives.<sup>[3]</sup>
- g) Understand the concept of tax free dividends and the reduced rate of tax on non-distributed dividends.<sup>[3]</sup>
- h) Determine the administrative provisions relative to tax matters.<sup>[3]</sup>

#### ***Excluded topics***

- *Aid intensity calculations involving non-tax incentives*
- *Incentives for job creation including the calculation of investment tax credits based on incentives for job creation*
- *MicroInvest incentive*

### **5. Duty on documents and transfers**

- a) The scope of duty on documents and transfers (DDT).<sup>[3]</sup>
  - i) Identify the property in respect of which DDT is payable
- b) The liabilities arising on documented transfers.<sup>[3]</sup>
  - i) Advise on the DDT payable on transfers of shares and securities and on a transfer of value arising as a result of a change in the issued share capital or voting rights
  - ii) Advise on the DDT payable on transfers of movable and immovable property, including rights to property.
- c) The use of exemptions and reliefs in minimising DDT:<sup>[3]</sup>
  - i) List the exemptions from DDT available in respect of transactions in securities
  - ii) Recognise the exemptions available in relation to transfers of immovable property by individuals, both inter vivos and causa mortis
  - iii) Recognise the exemptions available in relation to intra-group transfers of immovable property

- iv) Recognise the exemptions available in relation to the restructuring of companies and groups of companies
- v) Recognise the exemption available in relation to the transfer of immovable property by a company in the course of winding up.
- vi) Evaluate the meaning of the term property company and the implications arising as a result of a company being considered to be a property company.

- d) The system by which DDT is administered <sup>[3]</sup>

- i) Describe the system by which DDT is paid and administered

#### ***Excluded topics***

- *Duty on insurance policies*
- *Detailed rules on interest and penalties*

### **6. Social security, value added tax and tax administration:**

- a) The contents of the Paper F6 study guide for social security contributions under headings:
  - E1 The scope of social security
  - E2 Class 1 contributions for employed persons
  - E3 Class 2 contributions for self-employed persons
- b) The contents of the Paper F6 study guide for value added tax (VAT) under headings:
  - F1 The scope of value added tax (VAT)
  - F2 The VAT registration requirements:
  - F3 The computation of VAT liabilities:

Additional subjects included in P6: <sup>[3]</sup>

- i) Advise on the VAT implications of partial attribution
  - F4 The effect of special schemes.

Additional subjects included in P6: <sup>[3]</sup>

- i) Advise on the special schemes for retailers, civil, mechanical and electrical engineering contractors.

ii) Advise on the application of the capital goods scheme

c) The contents of the Paper F6 study guide for the Maltese tax system and its administration under headings:

- A1 The overall purpose and function of taxation in a modern economy
- A2 Principle sources of revenue law and practice
- A3 The systems for self assessment and the making of returns
- A4 The time limits for the submission of information, claims and payment of tax, including provisional tax payments and advance company income tax
- A5 The procedures relating to enquiries, appeals and disputes
- A6 Penalties for non-compliance

### ***Excluded topics***

#### *Value added tax:*

- *Transactions in new means of transport*
- *Excise goods scheme*
- *The special scheme for travel agents*
- *Second hand goods scheme*
- *Retailers' schemes*
- *Detailed knowledge of penalties*

### **B THE IMPACT OF RELEVANT TAXES ON VARIOUS SITUATIONS AND COURSES OF ACTION, INCLUDING THE INTERACTION OF TAXES**

1. Identifying and advising on the taxes applicable to a given course of action and their impact <sup>[3]</sup>
2. Identifying and understanding that the alternative ways of achieving personal or business outcomes may lead to different tax consequences <sup>[3]</sup>
3. Assessing the tax advantages and disadvantages of alternative courses of action <sup>[3]</sup>
4. Understanding the statutory obligations imposed in a given situation, including any

time limits for action and advising on the implications of non-compliance <sup>[3]</sup>

### **C MINIMISING AND/OR DEFERRING TAX LIABILITIES BY THE USE OF STANDARD TAX PLANNING MEASURES**

1. Identifying and advising on the types of investment and other expenditure that will result in a reduction in tax liabilities for an individual and/or a business <sup>[3]</sup>
2. Advising on legitimate tax planning measures, by which the tax liabilities arising from a particular situation or course of action can be mitigated <sup>[3]</sup>
3. Advising on the appropriateness of such investment, expenditure or measures given a particular taxpayer's circumstances or stated objectives <sup>[3]</sup>
4. Advise on the mitigation of tax in the manner recommended by reference to numerical analysis and/or reasoned argument <sup>[3]</sup>
5. Be aware of the ethical and professional issues arising from the giving of tax planning advice <sup>[3]</sup>
6. Be aware of and give advice on current issues in taxation <sup>[3]</sup>

### **D COMMUNICATING WITH CLIENTS, THE INLAND REVENUE, VAT DEPARTMENTS AND OTHER PROFESSIONALS**

1. Communication of advice, recommendations and information in the required format: <sup>[3]</sup>

For example the use of:

- Reports
  - Letters
  - Memoranda
  - Meeting notes
2. Presentation of written information, in language appropriate to the purpose of the communication and the intended recipient <sup>[3]</sup>
  3. Communicating conclusions reached, together, where necessary, with relevant supporting computations <sup>[3]</sup>

4. Stating and explaining assumptions made or limitations in the analysis provided; together with any inadequacies in the information available and/or additional information required to provide a fuller analysis <sup>[3]</sup>
5. Identifying and explaining other, non-tax, factors that should be considered <sup>[3]</sup>

## READING LIST

Candidates should be aware of all relevant legislation, including Acts of Parliament, legal notices, guidelines etc; the OECD Model Treaty and Commentaries and relevant EU Directives.

The study of articles relevant to P6 (MLA) available on ACCA global website is also recommended –

<http://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p6/technical-articles.html>

## SUMMARY OF CHANGES TO P6 (MLA)

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.

The main areas that have been added to the syllabus are shown in Table 1 below:

**Table 1 – Additions to P6 (MLA)**

Section and subject area	Amendment
A1 (e) Property, investment and other income – <i>Excluded topic</i>	<i>The Seed Investment Programme</i>
A3 (b) The scope of the taxation of capital gains	New syllabus objective A3 (b) (ii) on the property transfer rules including those which apply to the transfer of properties forming part of a project added (as the specific rules applying to the transfer of properties forming part of a project are not brought forward knowledge from F6 MLA)
A3 (b) The scope of the taxation of capital gains – <i>Excluded topic</i>	<i>The transitory provisions relating to the changes in law affecting the tax treatment of transfers of property</i>
A3 (d) Gains and losses on the disposal of shares and securities and on the transfer of value	New syllabus objective A3 (d) (iv) on the degrouping charge provisions added (as no longer brought-forward knowledge from F6 MLA)
A3 (d) Gains and losses on the disposal of shares and securities and on the transfer of value	New syllabus objective A3 (d) (v) on the application of the value shifting provisions added (as no longer brought forward knowledge from F6 MLA)
A3 (e) - The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets and the relevant specific anti-avoidance provisions - <i>Excluded topic</i>	<i>The special exemption on the transfer of immovable property by companies which have issued bonds on the Malta Stock Exchange</i>