

EXAMINABLE DOCUMENTS – JUNE AND DECEMBER 2020

FTX (UK) Foundations in Taxation

The following notes refer to FTX (UK) only. Guidance for other variant exams – where available – is published on the ACCA website.

Examinations falling within the year 1 June to 31 March will generally examine the Finance Act which was passed in the previous March. Exams falling in the period 1 June 2020 to 31 March 2021 will examine the Finance Act 2019 (which received Royal Assent on 12 February 2019).

Finance Acts

The latest Finance Act which will be examined in FTX (UK) at the June and December 2020 sessions is the Finance Act 2019.

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.

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

Articles

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

FTX (UK):

- Finance Act 2019
- Corporation tax
- How to answer multiple choice questions

Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam in the June and December 2020 exams. In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

SUPPLEMENTARY INSTRUCTIONS

- | | |
|----|---|
| 1. | Calculations and workings need only be made to the nearest £. |
| 2. | All apportionments should be made to the nearest month. |
| 3. | All workings should be shown when answering section B. |

Income tax

		Normal rates	Dividend rates
Basic rate	£1 – £37,500	20%	7.5%
Higher rate	£37,501 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.

Personal allowance	
--------------------	--

	£
Personal allowance	12,500
Income limit	100,000

Where adjusted net income is £125,000 or more, the personal allowance is reduced to zero.

Car benefit percentage

The relevant base level of CO₂ emissions is 95 grams per kilometre.

The percentage rates applying to petrol cars (and diesel cars meeting the RDE2 standard) with CO₂ emissions up to this level are:

50 grams per kilometre or less	16%
51 grams to 75 grams per kilometre	19%
76 grams to 94 grams per kilometre	22%
95 grams per kilometre	23%

Car fuel benefit

The base figure for calculating the car fuel benefit is £24,100.

Company van benefits

The company van benefit scale charge is £3,430, and the van fuel benefit is £655.

Pension scheme limits

Annual allowance	£40,000
The maximum contribution that can qualify for tax relief without any earnings is £3,600	

Approved mileage allowances: cars

Up to 10,000 miles	45p
Over 10,000 miles	25p

Capital allowances: rates of allowance

Plant and machinery	
---------------------	--

Main pool	18%
Special rate pool	6%

Motor cars

CO ₂ emissions between 51 and 110 grams per kilometre	18%
CO ₂ emissions over 110 grams per kilometre	6%

Annual investment allowance

Rate of allowance	100%
Expenditure limit	£1,000,000

Corporation tax			
Rate of tax		19%	
Profit threshold		£1,500,000	
Value added tax (VAT)			
Standard rate		20%	
Registration limit		£85,000	
Deregistration limit		£83,000	
Capital gains tax			
		Normal rates	Residential property
Rates of tax – Lower rate		10%	18%
– Higher rate		20%	28%
Annual exempt amount		£12,000	
Entrepreneurs’ relief – Lifetime limit		£10,000,000	
– Rate of tax		10%	
National insurance contributions			
Class 1 Employee	£1 – £8,632 per year	Nil	
	£8,633 – £50,000 per year	12%	
	£50,001 and above per year	2%	
Class 1 Employer	£1 – £8,632 per year	Nil	
	£8,633 and above per year	13.8%	
	Employment allowance	£3,000	
Class 1A		13.8%	
Class 2	£3.00 per week		
	Small profits threshold	£6,365	
Class 4	£1 – £8,632 per year	Nil	
	£8,633 – £50,000 per year	9%	
	£50,001 and above per year	2%	
Where weekly or monthly calculations are required the Class 1 limits shown above should be divided by 52 (weekly) or 12 (monthly) as applicable.			
Official rate of interest (assumed)		2.5%	
Standard penalties for errors			
Taxpayer behaviour	Maximum penalty	Minimum penalty - unprompted disclosure	Minimum penalty - prompted disclosure
Deliberate and concealed	100%	30%	50%
Deliberate but not concealed	70%	20%	35%
Careless	30%	0%	15%