

## **EXAMINABLE DOCUMENTS – JUNE AND DECEMBER 2023**

### **Foundations in Taxation – United Kingdom (FTX-UK)**

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 year. Exams falling in the period 1 June 2023 to 31 March 2024 will examine the Finance Act 2022 (which received Royal Assent on 24 February 2022).

#### **Finance Acts**

The latest Finance Act which will be examined in FTX-UK at the June and December 2023 sessions is the Finance Act 2022.

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 are available on the ACCA website:

FTX-UK:

- Finance Act 2022
- Corporation tax
- How to answer multiple choice questions
- Computer-based exams
- Five steps to multiple-choice success

## 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 2023 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.		
TAX RATES AND ALLOWANCES			
The following tax rates and allowances are to be used in answering the questions			
Income tax			
		Normal rates	Dividend rates
Basic rate	£1 - £37,700	20%	8.75%
Higher rate	£37,701 - £150,000	40%	33.75%
Additional rate	£150,001 and over	45%	39.35%
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		12,570	
Income limit		100,000	
Where adjusted net income is £125,140 or more, the personal allowance is reduced to zero.			
Car benefit percentage			
The relevant base level of CO <sub>2</sub> emissions is 55 grams per kilometre.			
The percentage rates applying to petrol cars (and diesel cars meeting the RDE2 standard) with CO <sub>2</sub> emissions up to this level are:			
51 grams to 54 grams per kilometre		15%	
55 grams per kilometre		16%	
The percentage for electric cars with zero CO <sub>2</sub> emissions is 2%.			
For hybrid-electric cars with CO <sub>2</sub> emissions between 1 and 50 grams per kilometre, the electric range of the car is relevant:			

<b>Electric range</b>	
130 miles or more	2%
70 – 129 miles	5%
40 – 69 miles	8%
30 – 39 miles	12%
Less than 30 miles	14%
<b>Car fuel benefit</b>	
The base figure for calculating the car fuel benefit is £25,300.	
<b>Company van benefits</b>	
The company van benefit scale charge is £3,600, and the van fuel benefit is £688.	
<b>Pension scheme limits</b>	
Annual allowance	£40,000
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	6%
<b>Cars</b>	
New cars with zero CO <sub>2</sub> emissions	100%
CO <sub>2</sub> emissions between 1 and 50 grams per kilometre	18%
CO <sub>2</sub> emissions over 50 grams per kilometre	6%
<b>Annual investment allowance</b>	
Rate of allowance	100%
Expenditure limit	£1,000,000
<b>Enhanced capital allowances for companies</b>	
Main pool super deduction	130%
Special rate pool first year allowance	50%
<b>Structures and buildings allowance</b>	
Straight line allowance	3%
<b>Corporation tax</b>	
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	£12,300	
Business asset disposal relief		
Lifetime limit	£1,000,000	
Rate of tax	10%	
National insurance contributions		
Class 1 Employee	£1 - £12,570 per year	Nil
	£12,571 - £50,270 per year	13.25%
	£50,271 and above per year	3.25%
Class 1 Employer	£1 - £9,100 per year	Nil
	£9,101 and above per year	15.05%
	Employment allowance	£5,000
Class 1A		15.05%
Class 2	£3.15 per week	
	Lower profits limit	£12,570
Class 4	£1 - £12,570 per year	Nil
	£12,571 - £50,270 per year	10.25%
	£50,271 and above per year	3.25%
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%	

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%