Specimen Exam

Exam Name: Taxation Advisory Professional (STA SGP)
Time Allowed: 3 hours 15 minutes
Pass Mark: 50%

This examination contains 2 sections:

Section A:
1 question, worth 50 marks

Section B:
2 questions, each worth 25 marks

Total 100 marks

Note: This specimen examination has been prepared based on legislation passed by 30 September 2025 (to be updated).

© ACCA 2027-2028 All rights reserved.

Section A

Question 1

You should assume that today's date is 1 November 2026.

You are an ACCA student working for a firm of accountants. Your tax manager has had a meeting with James, the financial controller of Sem Train Pte Ltd (Sem Train), an existing client. Your manager has asked for your assistance in drafting a memorandum to deal with the issues raised in the meeting.

The following **exhibits** provide information relevant to the question:

1. Memorandum dated 30 October 2026 - memorandum extract from your tax manager regarding Sem Train's brought forward losses including a historical error and a change in the focus of Sem Train's main trade towards the sale of training materials.
2. James' email dated 30 October 2026 – email from James to your tax manager about the treatment of a number of transactions made by Sem Train in the year ended 31 December 2026 and the termination of a lease
3. Work to be carried out – email from your tax manager on the work to be carried out

1 Memorandum dated 30 October 2026

Sem Train Pte Ltd (Sem Train) is an existing client which has been incorporated, goods and services tax (GST) registered, and tax resident in Singapore since 1 January 2021. Its principal activity has been the hosting of seminars in Singapore and abroad. Upon incorporation, Sem Train was owned equally by Joseph and his son, Alex, both Singaporeans. When Joseph turned 70 on 1 January 2023, he transferred 40% of his shareholding in Sem Train to Alex who thereafter owned 90% of the company.

Sem Train incurred a tax adjusted trade loss of $189,000 in its first year ended 31 December 2021 but due to a transposition error, the Comptroller had instead agreed on an incorrect tax adjusted loss of $819,000 for the year of assessment (YA) 2022 when finalising Sem Train's tax affairs for YA 2025 on 1 August 2026. James, the financial controller, is of the view that Sem Train has no obligation to bring the error to the attention of the Comptroller and moreover, by 1 January 2027, the Comptroller will be time-barred from raising any additional assessment for YA 2022.

For each of the years ended 31 December 2022, 2023, and 2024, Sem Train's seminar business remained weak, and it incurred adjusted trade losses of $10,000, $20,000 and $30,000 for each of these years respectively. These losses were all agreed by the Comptroller on 1 August 2026. Meanwhile, Sem Train had deferred the claim for capital allowances for office equipment and furniture acquired for each of the YAs from YA

© ACCA 2027-2028 All rights reserved.

2022 to YA 2025 approximating to $4,900 per year.

From 1 July 2025, Alex decided to substantially reduce Sem Train's seminar activities and began selling digital training materials. This was extremely successful and resulted in an adjusted trade profit (before capital allowances) of $420,000 for the year ended 31 December 2025 on a revenue of $1.05 million.

2 James' email dated 30 October 2026

Hi,

I need your advice on some of the transactions that have taken place so far this year, please. I'm not quite sure of all the corporate income tax and withholding implications but Sem Train Pte Ltd (Sem Train) does not have any withholding tax elections in place.

(1) We paid an honorarium of $100,000 and air fare of $10,000 to Jessica, a visiting professor from a foreign university, for conducting a course in Singapore for a period of five months from May to September 2026. Payment only became due upon her completion of the whole course. Jessica is a citizen of and tax resident in Farland, a country with which Singapore does not have a tax treaty in place, as you will know.

(2) We made another payment of semi-annual royalties for $200,000 on 20 October 2026 to Neil, who is also a Farland tax resident citizen, and who owns the copyright of a number of the digital training materials. Neil, however, is not the author of these training materials.

(3) We had also made a lump sum payment of $1 million on 1 October 2026 to Neil to acquire the copyrights of some training materials.

I also wanted to get some advice regarding the termination of the lease of a commercial property that Sem Train bought in July 2024 for $2 million. We decided to terminate the lease because the tenant defaulted on its rent payments for three months from April to June 2026 and subsequently filed for bankruptcy in September 2026. Sem Train intends to sell the property but is considering deregistering from goods and services tax (GST) before trying to market the sale of the property, thinking that the estimated sales price (without GST) of about $2·5 million will appeal better to potential individual buyers. Our estimates going forward are that our future annual turnover will likely be around $950,000.

Best wishes,

James

 © ACCA 2027-2028 All rights reserved.

3 Work to be carried out

Email from tax manager

To: Tax assistant

From: Tax manager

Subject: Sem Train Pte Ltd (Sem Train) – work to be carried out

Date: 1 November 2026

Please prepare a memorandum for the client file consisting of the work set out below:

(a) In relation to Sem Train's trade losses:

- **Recommend, with reference to the fundamental principles of ethics, the actions which we, as the tax adviser to Sem Train, should take and any matters of which Sem Train should be aware to handle the transposition error by the Comptroller; and**

- **Advise Sem Train as to whether it can use all or some of its prior years' unabsorbed trade losses, as well as claim capital allowances for assets acquired in past years, by setting them off against its assessable income for the year ended 31 December 2025.**

(12 marks)

(b) Tax implications of payments to Jessica and Neil

(i) Evaluate the Singapore corporate income tax and, where relevant, withholding tax implications applicable to Sem Train arising from the honorarium payment to Jessica and the royalty and lump sum payments to Neil made in the year ending 31 December 2026; and

(15 marks)

(ii) Evaluate the personal income tax implications for Jessica and Neil in relation to the payments referred to in (b)(i).

(8 marks)

Note: There are 4 marks available for the implications for Jessica and 4 marks available for the implications for Neil.

(c) Commercial property

Advise Sem Train on the Singapore goods and services tax (GST) arising from the holding of the commercial property and arising on the future sale of the property and recommend whether it should try and reduce any applicable GST on sale by deregistering from GST before making the sale.

(5 marks)

© ACCA 2027-2028 All rights reserved.

Requirements:

You should assume that today's date is 1 November 2026.

Respond to the instructions in the email from your tax manager.

Note: The split of the mark allocation is shown in Exhibit 3 – Work to be carried out.

(40 marks)

Professional marks will be awarded for the demonstration of skill in communication, analysis and evaluation, scepticism and commercial acumen in your answer.

(10 marks)

(50 marks)

© ACCA 2027-2028 All rights reserved.

Section B

Question 2

You should assume that today's date is 1 April 2026.

Your manager has just met up with Avril, the finance director of Priority Client Services Pte Ltd (Priority), a Singapore-incorporated company. She is seeking advice in respect of her personal income tax liability for the year of assessment (YA) 2026. Since she is also considering expanding her Hong Kong property investment business into Singapore, she is also seeking advice on her potential personal income tax and stamp duty liability arising from that, together with any tax planning advice you can provide to help mitigate any future liability.

The following **exhibit** provide information relevant to the question:

1. Avril's background – details of her total income including employment benefits, and information relating to her evolving property investment business

1 Avril's background

Avril, aged 52, is a Hong Kong citizen who was posted to work in Singapore as the finance director for Priority Client Services Pte Ltd (Priority) from 1 January 2024. In July 2024, she married her boss Graham, a Singapore citizen, who is two years younger than her.

A review of Avril's remuneration package with Priority for the year ended 31 December 2025, showed the following:

- A monthly basic salary of $12,500.
- A sign-on bonus worth four months' salary which was announced on 31 December 2025. This amount was credited on the first working day of 2026.
- Use of a car, registered in the company's name, any time during and after office hours. The cost of the car was $200,000 with a preferential additional registration fee (PARF) rebate of $40,000 upon deregistration. The total running costs of the car in the year amounted to $12,000, out of which half were borne by the company, subject to a cap of $5,000. Avril has chosen the use of the company car instead of a monthly transport allowance of $1,000, although she is unsure whether this decision was tax beneficial to her.
- An employee share option plan granted to purchase 100,000 shares of the company at $2 per share on 1 April 2025. At that time, the market price was $2·50 per share. Seven months later, she exercised the option for half of her entitlement at a time when the market price was $4 per share.

© ACCA 2027-2028 All rights reserved.

- A supplementary retirement scheme (SRS) contribution of $8,000 from the company in December 2025. She also contributed a similar sum on her own account in the same month.

Other information

Avril has been a shrewd property investor and has profited from several investments in the Hong Kong real estate. She wants to emulate her performance in Hong Kong for real properties here in Singapore. Hence, she is thinking about engaging property agents to help her source Singapore properties with en-bloc potential (i.e. potential to sell all properties of a project at the same time in one block to fetch a higher price, rather than selling individually) within a two to five years' timeframe.

A resourceful property agent somehow came to know of Avril's plans and approached her with proposals to buy two properties – a commercial office priced at $1.5 million and a condominium priced at $2 million. Reliable sources indicate that the en-bloc exercise will likely be successful within the next one to two years with the value of each property doubling from the current prices. Avril plans to buy both properties soon in 2026. Neither Avril nor Graham currently owns any Singapore residential properties. Meanwhile, Avril has already applied to become a Singapore permanent resident, (SPR), and she is hopeful that her Singapore employment together with her marriage in Singapore will boost her chances of obtaining SPR status soon.

Requirements:

You should assume that today's date is 1 April 2026.

(a) Advise on the income tax implications of Avril's remuneration package for the year of assessment (YA) 2026.

(8 marks)

(b) Advise Avril on the potential personal income tax and stamp duty liabilities arising from the planned property purchases and subsequent sale transactions and recommend any measures she can take to minimise these liabilities.

(12 marks)

Professional marks will be awarded for the demonstration of skill in analysis and evaluation, and commercial acumen in your answer.

(5 marks)

(25 marks)

© ACCA 2027-2028 All rights reserved.

Question 3

You should assume that today's date is 1 June 2026.

Pamela is the chief financial officer of Global Goals Pte Ltd (Global).

Pamela requires advice on the corporate income tax and the goods and services tax (GST) implications in respect of Global's research and development (R&D) expenditure and the provision of training to head office employees from Australia.

The following **exhibit** provides information relevant to the question:

1. Global Goals Pte Ltd – background information of the company, details of its R&D activities and other relevant company information

1 Global Goals Pte Ltd

Background information

Global Goals Pte Ltd (Global) is a company incorporated and goods and services tax (GST) registered in Singapore.

With effect from 1 January 2022, Global was awarded the global trader programme (GTP) incentive with a concessionary tax rate of 10% for five years for qualifying income derived from trading consumer products. During the year ended 31 December 2025, Global generated an adjusted trade profit of $3 million from its GTP qualifying activities.

Research and development (R&D) expenditure

Additionally, Global carried on a separate business involving the manufacture and distribution of computers and computer accessories. In 2025, Global decided to embark on a new research project to design the thinnest gaming laptop which would run the latest range of games at high performance settings and which was not currently available in the market. After a few failed attempts at designing the laptop, the company decided to outsource the design to an R&D organisation for a fee of $900,000. The R&D activities were to be wholly conducted in Singapore and were unrelated to the company's existing trade. A government grant of $200,000 was received.

The R&D organisation incurred substantial R&D expenditure to carry out elaborate testing activities but was not able to provide a broad analysis of these expenditures. After a few setbacks, the result was a success with a new product, which was the first of its kind, created in Singapore by 31 December 2025.

Global bears the financial burden of carrying out all R&D activities, past and future, and holds the legal and economic ownership of all intellectual property created from the new technology. Global expects to manufacture and sell the new product by the end of 2026 and can decide exactly how many units to manufacture.

 © ACCA 2027-2028 All rights reserved.

Input tax

During the quarter ended 31 March 2026, Global incurred input tax in relation to the following expenses as a result of playing host and providing training to two employees from its head office in Australia for four days:

- Hotel accommodation for four nights.
- Hotel seminar room booking fees for four days for the purpose of the training.
- Two welcome gifts costing $220 each.

Global did not recover these expenses from its head office in Australia. It does, however, charge its head office a fee for conducting the training.

Requirements:

You should assume that today's date is 1 June 2026.

(a) Advise Global Goals Pte Ltd (Global) on its eligibility to claim any deductions under the special research and development (R&D) tax measures and calculate the amount of any deductions which it could claim against its concessionary income from global trader programme activities for the year of assessment (YA) 2026.

(12 marks)

(b) Assess the Singapore goods and services tax (GST) implications for Global arising from hosting and provision of training to the two head office employees from Australia.

(8 marks)

Professional marks will be awarded for the demonstration of skill in analysis and evaluation, and commercial acumen in your answer.

(5 marks)

(25 marks)

© ACCA 2027-2028 All rights reserved.