

EXAMINABLE DOCUMENTS – Exams in June 2020 to March 2021

Taxation – United Kingdom (TX-UK) and Advanced Taxation – United Kingdom (ATX-UK)

The following notes refer to Taxation – United Kingdom (TX-UK) and Advanced Taxation – United Kingdom (ATX-UK) only. Guidance for other variant exams – where available – is published on the ACCA website.

Examinations falling within the period 1 June to 31 March generally examine the Finance Act which was passed in the previous July. 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 TX-UK and ATX-UK in examinations falling within the period 1 June 2020 to 31 March 2021 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.

Articles

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

TX-UK:

- Finance Act 2019
- Examiner's approach to Taxation – United Kingdom (TX-UK)
- Adjustment of profit questions
- Objective test questions
- Higher skills
- TX-UK – A guide to using the examiner's reports
- TX-UK – A guide to reflection for retake students

The following articles are updated each year for changes in the Finance Act

- Inheritance tax (Parts 1 & 2)
- Chargeable gains (Parts 1 & 2)
- Value added tax (Parts 1 & 2)
- Groups
- Benefits
- Motor cars

ATX-UK:

- Finance Act 2019
- Examiner's approach to Advanced Taxation – United Kingdom (ATX-UK)
- Stepping up from TX-UK to ATX-UK
- Passing the ATX-UK exam
- Guidance on answering Section A questions for ATX-UK
- Improving your performance in ATX-UK – in 5 parts
- Exam technique and fundamental technical issues for ATX-UK
- ATX-UK – A guide to using the examiner's reports
- ATX-UK – A guide to reflection for retake students

The following articles are updated each year for changes in the Finance Act

- Trusts and tax for ATX-UK – in 4 parts
- Inheritance tax and capital gains tax for ATX-UK – in 4 parts
- International aspects of personal taxation for ATX-UK – in 4 parts
- Corporation tax for ATX-UK – in 4 parts

- Corporation tax– group relief for ATX-UK – in 4 parts
- Corporation tax – groups and chargeable gains for ATX-UK – in 4 parts
- Taxation of the unincorporated business – the new business – in 4 parts
- Taxation of the unincorporated business – the existing business – in 4 parts

Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam in examinations in the period 1 June 2020 to 31 March 2021. The tick (✓) indicates whether this information is included, and therefore examinable, in TX-UK and ATX-UK. In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

SUPPLEMENTARY INSTRUCTIONS				TX-UK	ATX-UK	
1.	You should assume that the tax rates and allowances for the tax year 2019/20 and for the financial year to 31 March 2020 will continue to apply for the foreseeable future unless you are instructed otherwise.				✓	
2.	Calculations and workings need only be made to the nearest £.			✓	✓	
3.	All apportionments should be made to the nearest month.			✓	✓	
4.	All workings should be shown in Section C.			✓		
5.	All workings should be shown.				✓	
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		

Car benefit percentage			
The relevant base level of CO ₂ emissions is 95 grams per kilometre.		✓	✓
The percentage rates applying to petrol cars (and diesel cars meeting the RDE2 standard) with CO ₂ 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.		✓	✓
Individual savings accounts (ISAs)			
The overall investment limit is £20,000.		✓	✓
Property income			
Basic rate restriction applies to 75% of finance costs relating to residential properties.		✓	✓
Pension scheme limits			
Annual allowance	£40,000	✓	✓
Minimum allowance	£10,000	✓	✓
Threshold income limit	£110,000	✓	✓
Income limit	£150,000	✓	✓
Lifetime allowance	£1,055,000		✓
The maximum contribution which 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			
New cars with CO ₂ emissions up to 50 grams per kilometre	100%		
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		
Cash basis accounting			
Revenue limit	£150,000	✓	✓
Cap on income tax reliefs			
Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.		✓	✓
Corporation tax			
Rate of tax – Financial year 2019	19%	✓	✓
- Financial year 2018	19%		
- Financial year 2017	19%		
Profit threshold	£1,500,000		
Value added tax (VAT)			
Standard rate	20%	✓	✓
Registration limit	£85,000		
Deregistration limit	£83,000		

Inheritance tax: tax rates				
Nil rate band	£325,000		✓	
Residence nil rate band	£150,000			
Rate of tax on excess – Lifetime rate	20%			
– Death rate	40%			
Inheritance tax: nil rate bands and tax rates				
Nil rate band	£			✓
6 April 2019 to 5 April 2020	325,000			
6 April 2018 to 5 April 2019	325,000			
6 April 2017 to 5 April 2018	325,000			
6 April 2016 to 5 April 2017	325,000			
6 April 2015 to 5 April 2016	325,000			
6 April 2014 to 5 April 2015	325,000			
6 April 2013 to 5 April 2014	325,000			
6 April 2012 to 5 April 2013	325,000			
6 April 2011 to 5 April 2012	325,000			
6 April 2010 to 5 April 2011	325,000			
6 April 2009 to 5 April 2010	325,000			
6 April 2008 to 5 April 2009	312,000			
6 April 2007 to 5 April 2008	300,000			
6 April 2006 to 5 April 2007	285,000			
6 April 2005 to 5 April 2006	275,000			
Residence nil rate band	150,000			
Rate of tax on excess over nil rate band – Lifetime rate	20%			
– Death rate	40%			
Inheritance tax: taper relief				
Years before death:	Percentage reduction		✓	✓
More than 3 but less than 4 years	20%			
More than 4 but less than 5 years	40%			
More than 5 but less than 6 years	60%			
More than 6 but less than 7 years	80%			
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 and investors' 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%		

Rates of interest (assumed)					
Official rate of interest		2.50%		✓	✓
Rate of interest on underpaid tax		3.25%			
Rate of interest on overpaid tax		0.50%			
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%		
Stamp duty land tax					
Non-residential properties					✓
Up to £150,000			0%		
£150,001 – £250,000			2%		
£250,001 and above			5%		
Stamp duty					
Shares			0.5%		✓