

EXAMINABLE DOCUMENTS – Exams in the year 1 April 2017 to 31 March 2018

F6 (UK) Taxation and P6 (UK) Advanced Taxation

The following notes refer to F6 (UK) and P6 (UK) only. Guidance for other variant exams – where available – is published on the ACCA website.

Examinations falling within the year 1 April to 31 March generally examine the Finance Act which was passed in the previous July. Therefore, exams falling in the year 1 April 2017 to 31 March 2018 will examine the Finance Act 2016.

Finance Acts

The latest Finance Act which will be examined in F6 (UK) and P6 (UK) in examinations falling within the year 1 April 2017 to 31 March 2018 is the Finance Act 2016.

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:

F6 (UK):

- Finance Act 2016
- Examiner's approach to F6 (UK)
- Adjustment of profit questions
- Multiple-choice questions
- Higher skills
- F6 (UK) – A guide to using the examiner's reports
- F6 (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

P6 (UK):

- Finance Act 2016
- Examiner's approach to P6 (UK)
- Stepping up from F6 to P6
- Guidance on answering Section A questions in P6 (UK)
- Improving your performance in P6 (UK) – in 5 parts
- Exam technique and fundamental technical issues for P6 (UK)
- P6 (UK) – A guide to using the examiner's reports
- P6 (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 P6 (UK) – in 4 parts
- Inheritance tax and capital gains tax for P6 (UK) – in 4 parts
- International aspects of personal taxation for P6 (UK) – in 4 parts
- Corporation tax for P6 (UK) – in 4 parts

- Corporation tax– group relief for P6 (UK) – in 4 parts
- Corporation tax – groups and chargeable gains for P6 (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 year 1 April 2017 to 31 March 2018. The tick (✓) indicates whether this information is included, and therefore examinable, in F6 (UK) and P6 (UK). In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

SUPPLEMENTARY INSTRUCTIONS				F6	P6
1.	You should assume that the tax rates and allowances for the tax year 2016/17 and for the financial year to 31 March 2017 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.			✓	✓
Income tax					
		Normal rates	Dividend rates	✓	✓
Basic rate	£1 – £32,000	20%	7.5%		
Higher rate	£32,001 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			£5,000		
A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.					
Personal allowance					
Personal allowance			£11,000	✓	✓
Transferable amount			1,100		
Income limit			100,000		
Residence status					
Days in UK	Previously resident	Not previously resident		✓	✓
Less than 16	Automatically not resident	Automatically not resident			
16 to 45	Resident if 4 UK ties (or more)	Automatically not resident			
46 to 90	Resident if 3 UK ties (or more)	Resident if 4 UK ties			
91 to 120	Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)			
121 to 182	Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)			
183 or more	Automatically resident	Automatically resident			
Remittance basis charge					
UK resident for:	Charge				✓
7 out of the last 9 years	£30,000				
12 out of the last 14 years	£60,000				
17 out of the last 20 years	£90,000				
Child benefit income tax charge					
Where income is between £50,000 and £60,000, the charge is 1% of the amount of child benefit received for every £100 of income over £50,000				✓	✓

Car benefit percentage				
The relevant base level of CO ₂ emissions is 95 grams per kilometre.			✓	✓
The percentage rates applying to petrol cars with CO ₂ emissions up to this level are:				
50 grams per kilometre or less		7%		
51 grams to 75 grams per kilometre		11%		
76 grams to 94 grams per kilometre		15%		
95 grams per kilometre		16%		
Car fuel benefit				
The base figure for calculating the car fuel benefit is £22,200.			✓	✓
Individual savings accounts (ISAs)				
The overall investment limit is £15,240.			✓	✓
Pension scheme limits				
Annual allowance	-2014/15 to 2016/17	£40,000	✓	✓
	-2013/14	£50,000	✓	✓
Minimum allowance		£10,000	✓	✓
Threshold income limit		£110,000	✓	✓
Income limit		£150,000	✓	✓
Lifetime allowance		£1,000,000		✓
The maximum contribution that can qualify for tax relief without any earnings is £3,600			✓	✓
Authorised 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		8%		
Motor cars				
New cars with CO ₂ emissions up to 75 grams per kilometre		100%		
CO ₂ emissions between 76 and 130 grams per kilometre		18%		
CO ₂ emissions over 130 grams per kilometre		8%		
Annual investment allowance				
Rate of allowance		100%		
Expenditure limit		£200,000		
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		20%	✓	✓
Profit threshold		£1,500,000		
Patent box – deduction from net patent profit				
Net patent profit x ((main rate – 10%)/main rate)				✓
Value added tax (VAT)				
Standard rate		20%	✓	✓
Registration limit		£83,000		
Deregistration limit		£81,000		
Inheritance tax: tax rates				
£1 – £325,000		Nil	✓	
Excess	– Death rate	40%		
	– Lifetime rate	20%		

Inheritance tax: nil rate bands and tax rates				
		£		✓
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		
6 April 2004 to 5 April 2005		263,000		
6 April 2003 to 5 April 2004		255,000		
6 April 2002 to 5 April 2003		250,000		
Rate of tax on excess over nil rate band	– Lifetime rate	20%		
	– Death rate	40%		
Inheritance tax: taper relief				
Years before death:		Percentage reduction	✓	✓
Over 3 but less than 4 years		20%		
Over 4 but less than 5 years		40%		
Over 5 but less than 6 years		60%		
Over 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		£11,100		
Entrepreneurs' relief – Lifetime limit		£10,000,000		
– Rate of tax		10%		
National insurance contributions				
Class 1 Employee	£1 – £8,060 per year	Nil	✓	✓
	£8,061 – £43,000 per year	12%		
	£43,001 and above per year	2%		
Class 1 Employer	£1 – £8,112 per year	Nil		
	£8,113 and above per year	13.8%		
	Employment allowance	£3,000		
Class 1A		13.8%		
Class 2	£2.80 per week			
	Small profits threshold	£5,965		
Class 4	£1 – £8,060 per year	Nil		
	£8,061 – £43,000 per year	9%		
	£43,001 and above per year	2%		
Rates of interest (assumed)				
Official rate of interest		3%	✓	✓
Rate of interest on underpaid tax		3%		
Rate of interest on overpaid tax		0.50%		

Stamp duty land tax			
Non-residential properties			✓
£150,000 or less	0%		
£150,001 – £250,000	2%		
£250,001 and above	5%		
Residential properties (note)			
£125,000 or less	0%		
£125,001 - £250,000	2%		
£250,001 - £925,000	5%		
£925,001 - £1,500,000	10%		
£1,500,001 and above	12%		
Note: These rates are increased by 3% in certain circumstances.			
Stamp duty			
Shares	0.5%		✓