

EXAMINABLE DOCUMENTS - JUNE AND DECEMBER 2012

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

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

Legislation which received Royal Assent on or before 30 September annually will be assessed in the examination sessions being held in the following calendar year. Therefore, examinations in June and December 2012 will be assessed on legislation which received Royal Assent on or before 30 September 2011.

Finance Act

The latest Finance Act which will be examined in Papers F6 (UK) and P6 (UK) at the June and December 2012 sessions is the Finance Act 2011.

With regard to prospective legislation when, for example, provisions included in the Finance Act 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 2011 – September 2011
- Adjustment of profit questions – November 2009
- Examiner's approach to Paper F6 (UK) – January 2007

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
- Overseas aspects of Corporation Tax

P6 (UK):

- Finance Act 2011 – September 2011
- Relevant prior Finance Act articles since sitting F6 (UK)
- Examiner's approach to Paper P6 (UK) – June/July 2007
- Examiner's approach to section A questions

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

- International travellers for P6 (UK)
- Unincorporated businesses for P6 (UK) (Parts 1&2)
- Capital gains tax and inheritance tax for P6 (UK)
- Trusts and tax for P6 (UK)
- Corporation tax for P6 (UK)
- Corporation tax for groups for P6 (UK)

Upcoming article

- Examination fundamentals for P6 (UK)

Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the exam paper in the June and December 2012 exams. The tick (✓) indicates whether this information is included, and therefore examinable, in Paper F6 (UK) and Paper 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 2011/12 and for the financial year to 31 March 2012 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.			✓	✓
Income tax					
		Normal rates	Dividend rates	✓	✓
		%	%		
Basic rate	£1 – £35,000	20	10		
Higher rate	£35,001 to £150,000	40	32.5		
Additional rate	£150,001 and over	50	42.5		
A starting rate of 10% applies to savings income where it falls within the first £2,560 of taxable income.					
Personal allowances					
			£	✓	✓
Personal allowance	Standard		7,475		
	65 – 74		9,490		
	75 and over		10,090		
Income limit for age related allowances			24,000		
Income limit for standard personal allowance			100,000		
Car benefit percentage					
The base level of CO ₂ emissions is 125 grams per kilometre.				✓	✓
A rate of 5% applies to petrol cars with CO ₂ emissions of 75 grams per kilometre or less, and a rate of 10% applies where emissions are between 76 and 120 grams per kilometre.					
Car fuel benefit					
The base figure for calculating the car fuel benefit is £18,800.				✓	✓
Individual savings accounts (ISAs)					
The overall investment limit is £10,680, of which £5,340 can be invested in a cash ISA.				✓	✓
Pension scheme limits					
Annual allowance			£50,000	✓	✓
Lifetime allowance			£1,800,000		✓
The maximum contribution that can qualify for tax relief without evidence of earnings			£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			20		
Special rate pool			10		
Motor cars (purchases since 6 April 2009 (1 April 2009 for limited companies))					
CO ₂ emissions up to 110 grams per kilometre			100		
CO ₂ emissions between 111 and 160 grams per kilometre			20		
CO ₂ emissions over 160 grams per kilometre			10		
Annual investment allowance					
First £100,000 of expenditure			100		

Corporation tax					
Financial year	2009	2010	2011	✓	✓
Small companies rate	21%	21%	20%		
Main rate	28%	28%	26%		
	£	£	£		
Lower limit	300,000	300,000	300,000		
Upper limit	1,500,000	1,500,000	1,500,000		
Standard fraction	7/400	7/400	3/200		
Marginal relief					
Standard fraction x (U – A) x N/A				✓	✓
Value added tax					
Standard rate			20%	✓	✓
Registration limit			£73,000		
Deregistration limit			£71,000		
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 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		
6 April 2001 to 5 April 2002			242,000		
6 April 2000 to 5 April 2001			234,000		
6 April 1999 to 5 April 2000			231,000		
6 April 1998 to 5 April 1999			223,000		
6 April 1997 to 5 April 1998			215,000		
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					
			%	✓	✓
Rates of tax – Lower rate			18		
– Higher rate			28		
Annual exemption			£10,600		
Entrepreneurs' relief – Lifetime limit			£10,000,000		
– Rate of tax			10%		
National insurance contributions (not contracted out rates)					
			%	✓	✓
Class 1 Employee	£1 – £7,225 per year		Nil		
	£7,226 – £42,475 per year		12.0		
	£42,476 and above per year		2.0		
Class 1 Employer	£1 – £7,072 per year		Nil		
	£7,073 and above per year		13.8		
Class 1A			13.8		

Class 2	£2.50 per week Small earnings exception limit – £5,315		
Class 4	£1 – £7,225 per year £7,226 – £42,475 per year £42,476 and above per year	Nil 9.0 2.0	
Rates of interest (assumed)			
Official rate of interest		4.0%	✓
Rate of interest on underpaid tax		3.0%	✓
Rate of interest on overpaid tax		0.5%	
Stamp duty land tax			
£150,000 or less (1)		% Nil	✓
£150,001 – £250,000 (2)		1	
£250,001 – £500,000		3	
£500,001 - £1,000,000		4	
£1,000,001 or more (3)		5	
(1) For residential property, the nil rate is restricted to £125,000.			
(2) From 25 March 2010 to 24 March 2012 there is an exemption for first time buyers purchasing residential properties for no more than £250,000.			
(3) The 5% rate applies to residential properties only.			
Stamp duty			
Shares		0.5%	✓