

*ACA Syllabus and  
Technical Knowledge Grids*

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*Professional Level  
Business Planning: Taxation*

FOR EXAMS IN 2021

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# ACA overview

The ICAEW chartered accountancy qualification, the ACA, is one of the most advanced learning and professional development programmes available. Its integrated components provide an in-depth understanding across accountancy, finance and business. Combined, these components help build the technical knowledge, professional skills and practical experience needed to become an ICAEW Chartered Accountant.

Each component is designed to complement each other, which means that students can put theory into practice and can understand and apply what they learn to their day-to-day work.

The components are:



ICAEW constantly reviews the content of the ACA qualification to reflect real life trends and advances in technology. We work closely with employers, tuition providers, academics and examiners to ensure that the updates equip the chartered accountants of the future with the skills and knowledge they need to be successful.

## THE ACA QUALIFICATION AND TECHNOLOGY

Rapid growth in technology has automated many compliance elements of accountancy. But, with technology also comes complexity and risk. Accountants need to adapt and develop new skills to manage these technological changes such as data analytics, automation and cyber security.

While there are many new technology capabilities that have broad application across the business and consumer environment, four trends have the greatest potential to transform the accountancy profession: artificial intelligence, blockchain, cyber security and data.

### ARTIFICIAL INTELLIGENCE

Artificial intelligence (AI) covers a range of technologies that aim to replicate human capabilities such as learning, knowing, sensing, reasoning, creating, achieving goals and generating and understanding language. Recent developments in AI have focused on machine learning techniques, which use algorithms to identify patterns in large data sets in order to

learn to classify, cluster or predict things.

In the short to medium term, AI brings many opportunities for accountants to improve their efficiency, provide more insight and deliver more value to businesses. In the longer term, AI raises opportunities for much more radical change, as systems increasingly take over decision-making tasks currently done by accountants.

## BLOCKCHAIN

Blockchain is the most successful and common implementation of a distributed ledger system. The name blockchain is inherently descriptive of how the technology works – new transactions are gathered together into a block and added to a chain of all previous transactions by a cryptographic process that is complex to perform, but which makes it easy to confirm that the history of all transactions is genuine.

Blockchain has the potential to increase the efficiency of accounting for transactions and assets. It creates a kind of ‘universal entry bookkeeping’, where a single entry is shared identically and permanently with every participant. This would create certainty over rights and obligations and provenance, which in turn would empower the accountancy profession to expand its scope to record more types of activity than before, and to better understand the economic reality underpinning the transactions recorded.

## CYBER SECURITY

Cyber security issues affect businesses of all sizes and across all sectors. Traditional approaches to information security focused on internal controls to achieve the confidentiality, integrity and availability of data. While these controls remain important, cyber security incorporates a wider range of threats and vulnerabilities. Potential threats now come from around the world and can involve organised criminals and corporate spies, as well as disaffected or careless employees. Security weaknesses can be found throughout a supply chain, not just within a single business.

The complex nature of cyber risk is a challenge to traditional accountancy approaches towards risk and control. Data breaches should be seen as inevitable, and businesses need to focus more on the detection of breaches, response to incidents and the resilience to keep operating in the face of attacks. Many organisations still conduct only an annual risk review, and this approach should evolve into more continuous activities, such as building intelligence about attackers, looking for real-time evidence of breaches and regularly reviewing how new innovations are impacting on cyber risk. In this sense, good cyber security is as much a way of thinking, and an organisational culture, as it is a series of effective controls.

## DATA

Accounting tasks are grounded in data. Therefore, improvements in the ability to capture, process, store, analyse, visualise and share data will have particular relevance to how accountants undertake their work. Recent advances in this area are driven by two key trends: big data and data analytics.

There is no single meaning for ‘big data’, but, broadly speaking, it is used to refer to data with the following characteristics:

- Volume – very large amounts of data;
- Variety – new sources of data, particularly unstructured data such as text and images; and
- Velocity – greater emphasis on speed and real-time data.

The term ‘data analytics’ covers the wide range of tools available to analyse data. As well as identifying correlations, outliers, trends and exceptions, these tools typically enable more focus on granular data analysis. They also facilitate more sophisticated modelling, prediction and visualisation. New capabilities in data enable the accountancy profession to radically improve decision making across organisations. Many decisions, in practice, are still based on assumptions, instinct, estimates and guesswork. These trends in data can provide hard evidence for decisions, and improve their quality. The discipline, structure and ethics-based approach of accountants also mean that the profession is well placed to help improve aspects of data governance, such as data standards and quality, across other business areas.

While ICAEW believe that the ABCD technologies have the potential to be the most transformative for the accountancy profession, many other areas of technology are also having a direct impact on accountants. Some key trends are highlighted below.

**Automation** refers to the use of a wide range of technologies to perform tasks which were previously done by humans. Automation can be driven by smarter software, by better integration between software and data sources, and by specific automation technologies. Robotic process automation (RPA) involves using general-purpose software – known as a ‘robot’ – programmed to perform rules-based, repetitive tasks previously carried out by

people interacting with a computer. Processes suitable for RPA are typically high volume, low complexity and labour-intensive.

**Cloud computing** is the term used for the provision of computing services, such as accounting applications, over the internet. It is based on a service model rather than on the purchase of computing assets, and it helps organisations increase efficiency by allowing resources to be shared between different users. Cloud computing is closely linked to the use of mobile technology, primarily smartphones and tablets, as it allows access to internet-based services on demand, at any time and from any location.

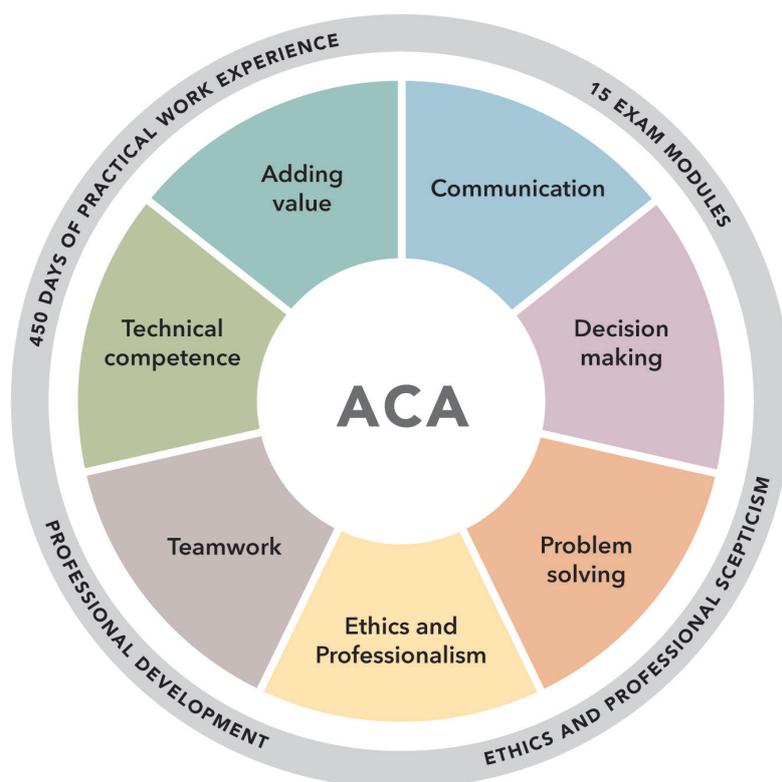
**Fintech** is a term used to cover a wide range of technology-based innovations in financial services, such as new payment systems and digital banking services. New platforms can directly connect lenders and borrowers, enabling peer-to-peer lending; and algorithms

can be used to recommend investments for customers directly, without human intervention – a service known as robo-advising.

These and other innovations are likely to have a significant impact on the way that accountants access, move and manage business finances. Technology can provide information more quickly and often more accurately than humans, but it cannot replicate human intelligence and quality decision making. Therefore, chartered accountants hold a key role in data analytics, in validating the source of the data, interpreting and analysing the outputs. Technology provides opportunities for chartered accountants to use their professional skills to add value to their clients and/or the businesses in which they work.

The continuing evolution of the ACA qualification will embrace change in technology to equip future professionals with these key skills.

## PROFESSIONAL DEVELOPMENT



ICAEW Chartered Accountants are known for their professionalism and expertise. Professional development prepares students to successfully handle a variety of different situations that they encounter throughout their career. The ACA

qualification improves students' ability and performance in seven key areas:

- Adding value – add value to the organisation, team or role in order to achieve objectives

- Communication – communicate effectively at all levels, using oral, written and presentational skills to achieve positive outcomes
- Decision making – gather, interpret and evaluate data to make effective decisions.
- Ethics and professionalism – behave ethically and sustainably while respecting others to uphold the values of the organisation and the accountancy profession
- Problem solving – analyse a problem, generate options and make recommendations to arrive at appropriate solutions
- Teamwork – work collaboratively as a member or leader of a team to achieve shared goals
- Technical competence – seek, learn and use technology and technical information to support the achievement of organisation or team goals

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethics is more than just knowing the rules around integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. It's about identifying ethical dilemmas, understanding the implications, making judgements and behaving appropriately as well as using professional scepticism to build business trust. We integrate ethics throughout the ACA qualification to develop students' ethical capabilities to make suitable decisions. We embed ethics into the ACA and develop students' ethical capabilities in three ways:

1. **Knowledge of ICAEW Code of Ethics** – the online Ethics Learning Programme based on the ICAEW Code of Ethics ensures that students understand the ICAEW ethical framework, are able to identify ethical principles relating to a scenario, and can advise on appropriate ways of addressing an ethical threat.
2. **Integration of ethical issues into all 15 ACA exams** – students are assessed on their understanding of, and reaction to, ethical dilemmas within the context of the subject matter of each module.
3. **Practical application** – having learnt the ethical principles and requirements via the Ethics Learning Programme, applying

them in context within the ACA exams, students develop and apply ethical skills and behaviours within their daily work experience supported by their regular employer reviews and the professional development framework.

## THREE TO FIVE YEARS' PRACTICAL WORK EXPERIENCE

Practical work experience is done as part of a training agreement with an authorised training employer or principal. Students need to complete 450 days, which normally takes between three and five years. The knowledge, skills and experience they gain as part of their training are invaluable, giving them the opportunity to put what they're learning into practice. Experience can be completed in at least one of the following six categories:

1. Accounting
2. Audit and assurance (audit is not compulsory)
3. Financial management
4. Information technology
5. Insolvency
6. Taxation

Student practical work experience should:

- include responsibility levels that increase in depth and scope as the student progresses through their training;
- be recorded throughout their training agreement; and
- expose them to as many different practical assignments, finance functions and/or clients in as many different sectors as possible.

## 15 ACCOUNTANCY, FINANCE AND BUSINESS EXAMS

Students gain in-depth knowledge across a broad range of topics in accountancy, finance and business. The exams are designed to complement their practical work experience, so they constantly progress through the qualification.

There are 15 exams over three levels – Certificate, Professional and Advanced. They can be taken in any order with the exception of the Case Study which has to be attempted last, within the final year of an ACA training agreement and once all other exams have been taken or received credit.



## CERTIFICATE LEVEL

There are six exams at this level that introduce the fundamentals of accountancy, finance and business. Students may be eligible for credit for some exams if they have studied a qualification we recognise. Find out more at [icaew.com/cpl](https://www.icaew.com/cpl).

These six exams are also available as a stand-alone certificate, the ICAEW Certificate in Finance, Accounting and Business (ICAEW CFAB) and as part of the ICAEW Level 4 Trailblazer in Accountancy. ICAEW CFAB and our apprenticeship can serve as stepping stones to the ACA qualification.

Once students have completed the ICAEW CFAB qualification or the ACA Certificate Level, they are eligible to apply towards gaining BFP status. ICAEW Business and Finance Professional (BFP) is an internationally recognised designation and professional status.

## PROFESSIONAL LEVEL

The next six exams build on the fundamentals and test students' understanding and ability to use technical knowledge in real-life scenarios. The exams can be taken in March, June, September and December. Please note, the Business Planning alternative exams for banking and insurance are available at the June, September and December sittings.

Prescribed texts are permitted for Audit and Assurance, Finance Accounting and Reporting and Tax Compliance, with open books permitted for the Business Planning exams.

The Professional Level exams are flexible and can be taken in any order to fit with a student's day-to-day work. The Business Planning and Business Strategy and Technology exams in particular help students to progress to the Advanced Level.

Alternative exams are available for the Business Planning and Financial Accounting and Reporting modules.

The Business Planning exams provide students with the opportunity to gain subject- and sector-specific knowledge while studying for the ACA. The suite of Business Planning exams is based on the same syllabus structure and skills frameworks, and will give students the opportunity to demonstrate their learning and use this in the context of taxation, banking or insurance. There are three to choose from - Business Planning: Taxation, Business Planning: Banking, and Business Planning: Insurance. Students will need to sit one of the Business Planning exams.

Alternative financial reporting exams are also available for Financial Accounting and Reporting. Students can choose between two

different contexts, either UK GAAP or IFRS. This means that students can study the financial reporting framework most beneficial to their employer and clients. Students will need to sit one version of the Financial Accounting and Reporting exam.

## **ADVANCED LEVEL**

The Corporate Reporting and Strategic Business Management exams test students' understanding and strategic decision-making at a senior level. They present real-life scenarios, with increased complexity and implications from the Professional Level exams.

The Case Study tests all the knowledge, skills and experience gained so far. It presents a complex business issue which challenges students' ability to problem solve, identify the ethical implications and provide an effective solution.

The Advanced Level exams can be taken in July and November. They are fully open book, so they replicate a real-life scenario where all the resources are at their fingertips.

An authorised training employer or principal will guide their students on the exams which are right for them. If a student is studying the ACA independently, they should consider their future ambitions when selecting which exams to sit.

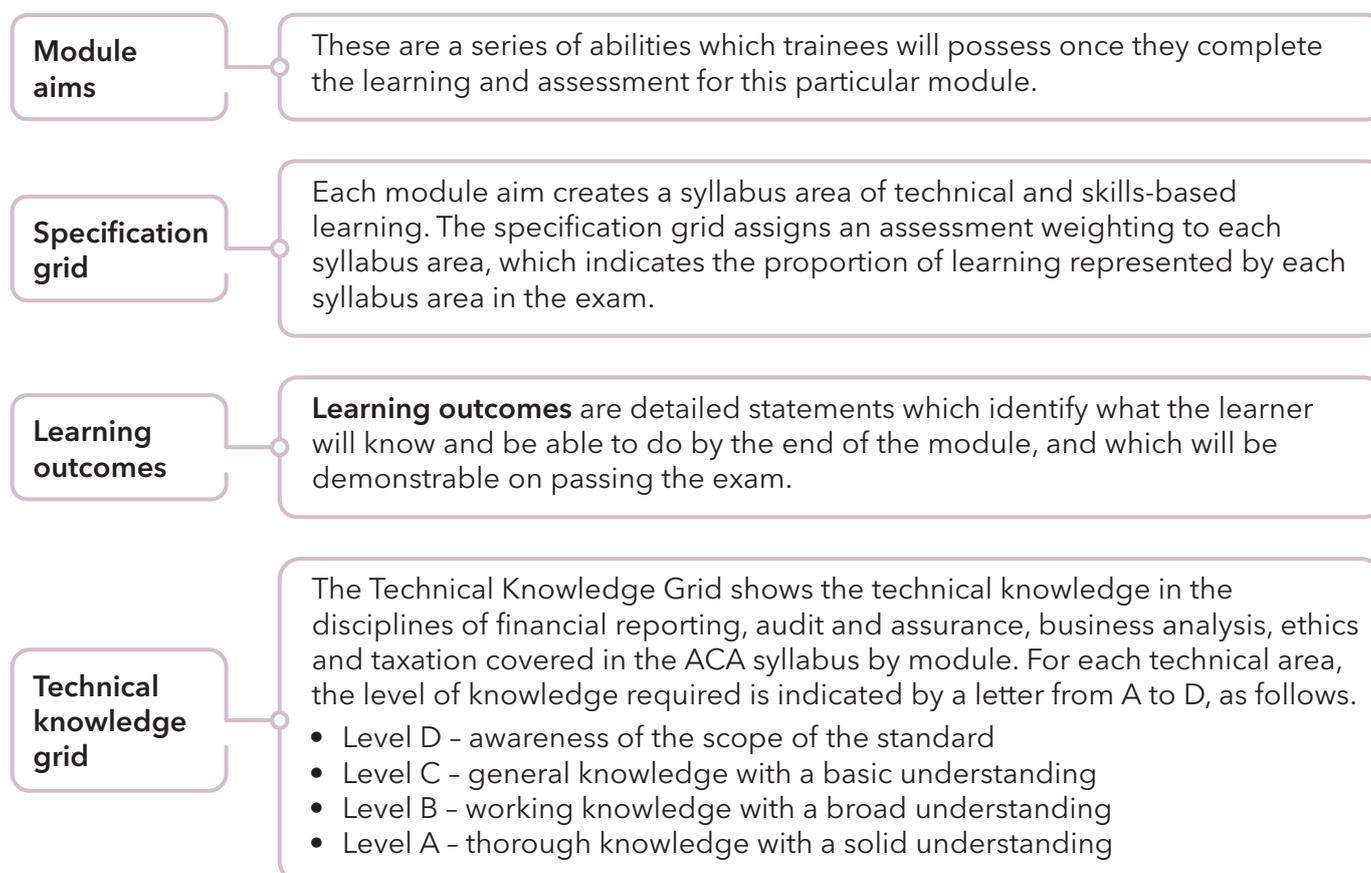
# ACA Syllabus

The ACA syllabus is updated annually. The aim of the annual update is to ensure that the syllabus remains fit for purpose and can include amendments to cater for technical changes, clarification of learning outcomes, and inclusion of new areas of knowledge impacting ICAEW Chartered Accountants. The process includes consultation with all key stakeholder groups and covers the skills, learning outcomes, and technical knowledge grids of each module.

This document presents the learning outcomes for each of the ACA exams. The learning outcomes in each exam should be read in conjunction with the relevant technical knowledge grids and, where applicable, the skills development grid.

## UNDERSTANDING THE SYLLABUS FOR EACH MODULE

Each module has the following syllabus components:



## ASSESSMENT

The six Certificate Level exams each have a 1.5-hour exam, a 55% pass mark, and can be sat throughout the year at an ICAEW-approved test centre.

The Professional Level module exams are 2.5 hours long, except for Financial Accounting and Reporting which is 3 hours long. Each exam has a 55% pass mark.

There are three Advanced Level modules examined. The Corporate Reporting and Strategic Business Management exams are

3.5 hours long. The Case Study exam is 4 hours long. Each has a 50% pass mark.

For more information, guidance and support on computer-based exams, visit the exam resources area on our website at [icaew.com/cbe](http://icaew.com/cbe)

## FLEXIBILITY

There are no regulations stipulating the order in which students must attempt the exams, allowing employers to design training programmes according to business needs. The exception to this rule is the Case Study, which

must be the last exam attempted and when a student has entered their final year of training.

Students will be permitted a maximum of four attempts at each Certificate and Professional Level exam, and unlimited attempts at the Advanced Level exams.

### **CREDIT FOR PRIOR LEARNING (CPL)**

Students with previous professional or academic qualifications may be eligible to apply for CPL for up to 12 modules at the Certificate and Professional Levels. CPL is not available at the Advanced Level. For more information, visit [icaew.com/cpl](https://www.icaew.com/cpl)

### **OPEN BOOK POLICY**

For some Professional Level exams, students are permitted to take certain publications into the exam. Details of these publications and our open book policy can be found at [icaew.com/permitted texts](https://www.icaew.com/permitted-texts)

For the Professional Level Business Planning alternative exams, and at the Advanced Level, students are permitted to take any material into the exam, subject to practical space restrictions.

# Skills progression through the ACA exams

The complete set of professional skills that ICAEW Chartered Accountants are required to develop during their training are detailed in the seven key areas of skills covered in the previous section on professional development. A subsection of these skills are embedded in the 15 modules and assessed in exams. The following skills are present throughout the 15 accountancy, finance and business modules:

SKILL		OVERALL
<b>Assimilating and using information</b>		Understand a business or accounting situation, prioritise by determining key drivers, issues and requirements and identify any relevant information.
<b>Structuring problems and solutions</b>		Structure information from various sources into suitable formats for analysis and provide creative and pragmatic solutions in a business environment.
<b>Applying judgement</b>		Apply professional scepticism and critical thinking to identify faults, gaps, inconsistencies and interactions from a range of relevant information sources and relate issues to a business environment.
<b>Concluding, recommending and communicating</b>		Apply technical knowledge, skills and experience to support reasoning and conclusion and formulate opinions, advice, plans, solutions, options and reservations based on valid evidence and communicate clearer in a manner suitable for the recipient.

The level of skill required to pass each exam increases as ACA trainees progress upwards through each Level of the ACA qualification. The skills progression embedded throughout the ACA qualification ensures ACA trainees develop the knowledge and skills can successfully operate in the modern workplace and which are expected by today's forward thinking employers.

Skills	Certificate Level		Professional Level		Advanced Level	
	Assurance, Business, Technology & Finance, Law	Principles of Taxation, Management Information, Accounting	Financial Accounting & Reporting, Audit & Assurance, Financial Management, Tax Compliance	Business Planning and Business Strategy & Technology	Corporate Reporting and Strategic Business Management	Case Study

### Assimilating and using information

Understanding the situation and the requirements	Objective testing	Objective testing and simple scenarios	Scenarios		Complex scenarios	Unstructured complex business scenarios
Identifying and using relevant information	Information as provided		Single information source provided	Several information sources provided	Multiple information sources provided	Multiple information sources including own research
Identifying and prioritising key issues	Issues given		Issues included in scenarios		Issues included in complex scenarios	Issues included in unstructured complex scenarios

### Structuring problems and solutions

Structuring data	Specified techniques		Specified techniques	Techniques inferred by nature of problem	Techniques inferred by nature of problem	Unspecified techniques
Developing solutions	Highly specified tasks	Specified problems	Specified problems		Specified and implicit problems	Defined output but unspecified problems

### Applying judgement

Applying professional scepticism and critical thinking	Objective testing		Specified requirement in simple scenario	Specified requirement in scenario	Specified requirement in complex scenario	Underlying requirement within complex scenario
Relating issues to the broader business environment, including ethical issues	Objective testing	Objective testing and Issues in simple scenarios	Issues in scenarios		Issues in complex scenarios	Issues in complex, unstructured scenarios

### Concluding, recommending and communicating

Concluding and recommending	Objective testing	Not assessed	Specified conclusions and recommendations in simple scenarios		Specified conclusions and reasoned recommendations in complex scenarios	Conclusions and recommendations supported by own evidence
Communicating	Prescribed exam format		Exam requirements, including some professional presentation		Professional presentations including reasoned recommendations	Professional report with appendices

## PROFESSIONAL SKILLS ASSESSED IN THE ACA EXAMS

### ASSIMILATING AND USING INFORMATION

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"><li>• Demonstrate understanding of the business context</li><li>• Recognise new and complex ideas within a scenario</li><li>• Identify the needs of customers and clients</li><li>• Explain different stakeholder perspectives and interests</li><li>• Identify risks within a scenario</li><li>• Identify elements of uncertainty within a scenario</li><li>• Identify ethical issues including public interest and sustainability issues within a scenario</li></ul>	<ul style="list-style-type: none"><li>• Interpret information provided in various formats</li><li>• Evaluate the relevance of information provided</li><li>• Use multiple information sources</li><li>• Filter information provided to identify critical facts</li></ul>	<ul style="list-style-type: none"><li>• Identify business and financial issues from a scenario</li><li>• Prioritise key issues</li><li>• Work effectively within time constraints</li><li>• Operate to a brief in a given scenario</li></ul>

### STRUCTURING PROBLEMS AND SOLUTIONS

Structure data	Develop solutions
<ul style="list-style-type: none"><li>• Structure information from various sources into suitable formats for analysis</li><li>• Identify any information gaps</li><li>• Frame questions to clarify information</li><li>• Use a range of data types and sources to inform analysis and decision-making</li><li>• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes</li><li>• Present analysis in accordance with instructions and criteria</li></ul>	<ul style="list-style-type: none"><li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li><li>• Use structured information to identify evidence-based solutions</li><li>• Identify creative and pragmatic solutions in a business environment</li><li>• Identify opportunities to add value</li><li>• Identify and anticipate problems that may result from a decision</li><li>• Identify a range of possible solutions based on analysis</li><li>• Identify ethical dimensions of possible solutions</li><li>• Select appropriate courses of action using an ethical framework</li><li>• Identify the solution which is the best fit with acceptance criteria and objectives</li><li>• Define objectives and acceptance criteria for solutions</li></ul>

## APPLYING JUDGEMENT

Apply professional scepticism and critical thinking	Relate issues to the environment
<ul style="list-style-type: none"> <li>• Recognise bias and varying quality in data and evidence</li> <li>• Identify assumptions or faults in arguments</li> <li>• Identify gaps in evidence</li> <li>• Identify inconsistencies and contradictory information</li> <li>• Assess interaction of information from different sources</li> <li>• Exercise ethical judgement</li> </ul>	<ul style="list-style-type: none"> <li>• Appreciate when more expert help is required</li> <li>• Identify related issues in scenarios</li> <li>• Assess different stakeholder perspectives when evaluating options</li> <li>• Retain an overview of the business issue or scenario</li> <li>• Appraise corporate responsibility and sustainability issues</li> <li>• Appraise the effects of alternative future scenarios</li> <li>• Appraise ethical, public interest and regulatory issues</li> </ul>

## CONCLUDING, RECOMMENDING AND COMMUNICATING

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

# *Professional Level*

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# *Business Planning*

The Business Planning modules provide students with the opportunity to gain subject- and sector-specific knowledge while studying for the ACA. Students will sit one of the Business Planning modules. There are three to choose from – Business Planning: Taxation, Business Planning: Banking, and Business Planning: Insurance.

## *Business Planning: Taxation*

### **MODULE AIM**

To enable students to apply technical knowledge and professional skills to identify and resolve taxation issues that arise in the context of preparing tax computations and to advise on tax-efficient strategies for businesses and individuals.

Students will be required to use technical knowledge and professional judgement to identify, explain and evaluate alternative tax treatments and to determine the appropriate solutions to taxation issues, giving due consideration to the needs of clients and the interaction between taxes. The commercial context and impact of recommendations will need to be considered in making such judgements, as will ethical and legal issues.

### **PRIOR KNOWLEDGE**

There are no regulations stipulating the order in which students must attempt this module. However, students are strongly advised to complete both the Principles of Taxation module and the Tax Compliance module before attempting this module, as the ability to prepare tax computations is required to be successful at this module.

Although technical topics by necessity flow through the three tax exams, a technical topic will not usually be retested in this module in a comprehensive computational question if it has already been tested in detail in either of the other two tax exams.

### **METHOD OF ASSESSMENT**

The Business Planning: Taxation module exam is 2.5 hours long. The exam will contain questions requiring the use of communication, judgement and evaluation skills as well as an ability to understand the interaction of different taxes.

The exam will consist of three questions. One question will be an integrated scenario of approximately 40 marks which will cover a range of taxes as well as including tax planning. Ethics and law may be tested in any of the three questions.

The exam will be open book and will permit students to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permittedtexts](https://www.icaew.com/permittedtexts).

### **ETHICS AND PROFESSIONAL SCEPTICISM**

It is imperative that ethical issues are prioritised in the planning of business taxation. Students will be expected to apply the ICAEW Code of Ethics and Professional Conduct in Relation to Taxation across all of the questions in the exam. Students will be required to recognise and explain key ethical issues, identify ethical dimensions of possible scenarios, make appropriate judgements being mindful of professional scepticism and recommend in a sound and trustworthy manner.

## SPECIFICATION GRID

This grid provides a general guide as to the subject matter within this module and assessment coverage over a period of time.

SYLLABUS AREA	WEIGHTING
Ethics and law	5-10%
Taxation of corporate entities	35-45%
Taxation of owner-managed businesses	20-30%
Personal taxation	15-25%

This grid provides guidance on the relative weighting between knowledge and skills:

	WEIGHTING
Knowledge	25-35%
Skills	65-75%

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

### 1 ADVANCED TAXATION

Students will be able to analyse, evaluate and calculate the tax consequences of actions for individuals and companies and evaluate the interaction of taxes in given scenarios. This will involve advising and assisting clients in adhering to tax regulations.

In the assessment students may be required to consider:

#### COMMUNICATION SKILLS

- communicate in a format appropriate to the recipient who may be an external client, a fellow professional, or an internal colleague;
- prepare suitable advice to explain tax liabilities with supporting calculations;
- recommend appropriate tax-planning advice;
- identify further information required to complete tax computations and finalise tax advice;
- identify the role of data analytics in reducing the tax gap;
- give advice which is appropriate, technically correct, and within the law and the ICAEW Code of Ethics as well as other relevant guidance, including the Professional Conduct in Relation to Taxation (PCRT);

#### TAXATION OF BUSINESS AND CORPORATE ENTITIES

- determine, explain and calculate the tax liabilities for individuals and corporate entities, including income tax, national insurance, corporation tax, diverted profits tax, stamp taxes, VAT, and annual tax on enveloped dwellings (ATED);
- evaluate the tax implications of the choice of business structures, including provision of services through a company;
- explain the taxation issues relating to business start-ups;
- identify and evaluate the impact of close companies on the taxation of companies and individuals;
- explain and evaluate the tax implications of group structures;
- apply, explain and evaluate issues relating to transfer pricing;
- explain and evaluate the tax implications of business transformations and change;
- explain and calculate the tax implications involved in the cessation of trade;

#### INTERNATIONAL ASPECTS OF CORPORATE TAXATION

- calculate the impact of international expansion on UK tax liabilities;

- p. explain the tax implications of inward investment in the UK;
- q. recognise the implications of double tax treaties, the OECD Model Tax Convention, and the OECD BEPS Project;
- r. apply and advise on double taxation relief;

#### **FINANCING AND INVESTING**

- s. evaluate the taxation implications of financing existing and new businesses;
- t. evaluate the taxation implications of returns to investors;
- u. advise and calculate the impact of tax efficient schemes including ISAs, enterprise investment schemes, seed enterprise investment schemes and venture capital trusts;

#### **EMPLOYMENT INCOME AND REMUNERATION PACKAGES**

- v. advise on the tax implications of remuneration packages including share schemes, termination payments, and allowable deductions;

#### **PERSONAL TAXATION AND OVERSEAS TAXATION**

- w. calculate tax liabilities for individuals including income and capital gains tax, national insurance contributions and inheritance tax;
- x. advise on the taxation of foreign assets, income and gains;
- y. evaluate and advise on the impact of residence, non-residence, deemed domicile and domicile on an individual's tax liabilities;
- z. analyse and explain the implications of individuals leaving and coming to the UK as well as the special tax position for non-UK domiciled individuals;
- aa. explain the implications of domicile and deemed domicile for inheritance tax;

#### **TRUSTS**

- bb. identify the need for and advise on the use of trusts in tax planning; and
- cc. appreciate and calculate, in straight forward scenarios, the tax implications of creating and using trusts and the tax implications of assets entering or leaving trusts.

## **2 TAX PLANNING**

Students will be able to advise on alternative tax treatments to defer or minimise tax liabilities. Students will also be able to understand the interaction of taxes in given scenarios and to identify and discriminate between tax evasion and tax avoidance.

In the assessment students may be required to:

- a. identify legitimate tax planning measures to minimise tax liabilities;
- b. evaluate and advise on tax strategies to meet business objectives;
- c. evaluate and advise on alternative tax strategies relating to corporate transformations;
- d. changes in an individual's circumstances such as marriage, divorce and death;
- e. recognise, explain and communicate opportunities to use alternative tax treatments arising from past transactions; and
- f. identify and communicate ethical and professional issues in giving tax planning advice.

## **3 ETHICS AND LAW**

Students will be able to recognise and explain ethical and legal issues arising in taxation scenarios. Where ethical dilemmas arise, students will be required to apply the five fundamental principles and guidance in the IESBA and ICAEW codes as well as other relevant guidance, including the Professional Conduct in Relation to Taxation (PCRT), to recommend and justify appropriate, legal actions.

In the assessment, students may be required to, in the context of taxation:

- a. recognise and explain the relevance, importance and consequences of ethical and legal issues;
- b. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- c. design and evaluate appropriate ethical safeguards; and
- d. recognise and advise when a tax-avoidance scheme is notifiable to HMRC and distinguish between planning, avoidance and evasion and their consequences.

## SKILLS ASSESSED

### ASSIMILATING AND USING INFORMATION

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"><li>• Demonstrate understanding of the business context</li><li>• Recognise new and complex ideas within a scenario</li><li>• Identify the needs of customers and clients</li><li>• Identify risks within a scenario</li><li>• Identify elements of uncertainty within a scenario</li><li>• Identify ethical issues including public interest and sustainability issues within a scenario</li></ul>	<ul style="list-style-type: none"><li>• Interpret information provided in various formats</li><li>• Evaluate the relevance of information provided</li><li>• Filter information provided to identify critical facts</li></ul>	<ul style="list-style-type: none"><li>• Identify business and financial issues from a scenario</li><li>• Prioritise key issues</li><li>• Work effectively within time constraints</li><li>• Operate to a brief in a given scenario</li></ul>

### HOW SKILLS ARE ASSESSED:

*students may be required to:*

- assimilate information provided by internal and external sources;
- identify and evaluate inconsistencies in information provided from multiple sources; and
- recognise and explain key ethical issues for an accountant undertaking work in taxation.

### STRUCTURING PROBLEMS AND SOLUTIONS

Structure data	Develop solutions
<ul style="list-style-type: none"><li>• Structure information from various sources into suitable formats for analysis</li><li>• Identify any information gaps</li><li>• Frame questions to clarify information</li><li>• Use a range of data types and sources to inform analysis and decision-making</li><li>• Present analysis in accordance with instructions and criteria</li></ul>	<ul style="list-style-type: none"><li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li><li>• Use structured information to identify evidence-based solutions</li><li>• Identify creative and pragmatic solutions in a business environment</li><li>• Identify opportunities to add value</li><li>• Identify and anticipate problems that may result from a decision</li><li>• Identify a range of possible solutions based on analysis</li><li>• Identify ethical dimensions of possible solutions</li><li>• Select appropriate courses of action using an ethical framework</li><li>• Identify the solution which is the best fit with acceptance criteria and objectives</li><li>• Define objectives and acceptance criteria for solutions</li></ul>

## HOW SKILLS ARE ASSESSED:

*students may be required to:*

- consider and calculate a range of appropriate tax treatments;
  - provide descriptive analysis and explanations;
  - integrate different taxes and jurisdictions;
  - evaluate taxation impact of a transaction;
  - integrate descriptions with calculations in a form appropriate for the user;
  - apply technical knowledge to perform relevant, accurate calculations in a logically structured way;
  - identify further information or clarifying existing arrangements with a client;
  - consider the impact of delaying or modifying future decisions; and
  - identify and explain ethical and legal issues.
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## APPLYING JUDGEMENT

Apply professional scepticism and critical thinking	Relate issues to the environment
<ul style="list-style-type: none"><li>• Recognise bias and varying quality in data and evidence</li><li>• Identify faults in arguments</li><li>• Identify gaps in evidence</li><li>• Identify inconsistencies and contradictory information</li><li>• Assess interaction of information from different sources</li><li>• Exercise ethical judgement</li></ul>	<ul style="list-style-type: none"><li>• Appreciate when more expert help is required</li><li>• Identify related issues in scenarios</li><li>• Assess different stakeholder perspectives when evaluating options</li><li>• Appraise the effects of alternative future scenarios</li><li>• Appraise ethical, public interest and regulatory issues</li></ul>

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## HOW SKILLS ARE ASSESSED:

*students may be required to:*

- apply scepticism to the integrity of information provided in the scenario having regard to its source;
  - select between appropriate options;
  - identify omissions in the information;
  - evaluate inconsistencies in information;
  - evaluate the effects of future events;
  - identify key linkages between information provided in a scenario and possible tax treatments;
  - compare the effects of a range of estimates, outcomes or tax treatments; and
  - exercise own ethical judgement in assessing the consequences of various courses of action.
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## CONCLUDING, RECOMMENDING AND COMMUNICATING

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"><li>• Apply technical knowledge to support reasoning and conclusions</li><li>• Apply technical knowledge, professional experience and evidence to support reasoning</li><li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations</li></ul>	<ul style="list-style-type: none"><li>• Present recommendations in accordance with instructions and defined criteria</li><li>• Make recommendations in situations where risks and uncertainty exist</li><li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li><li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li><li>• Develop recommendations which combine different technical skills in a practical situation</li></ul>	<ul style="list-style-type: none"><li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li><li>• Present analysis and recommendations in accordance with instructions</li><li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li><li>• Prepare the advice, report, or notes required in a clear and concise style</li></ul>

### HOW SKILLS ARE ASSESSED:

*students may be required to:*

- determine the tax implications of scenarios and proposals to provide alternative recommendations to meet a given individual or corporate objective or goal;
- formulate and recommend a reasoned conclusion from structured calculations;
- justify a conclusion made using knowledge of the existing tax regime;
- advise on the ethical considerations;
- explain the limitations of conclusions or recommendations;
- present a report/memorandum in response to a specific technical or ethical issue and in accordance with client requirements;
- present a review of advice or proposed tax strategies making recommendations supported by calculations or analysis of tax issues identified; and
- present a justification of a specific recommended action when a variety of options are available.

# *Technical knowledge*

The tables contained in this section show the technical knowledge in the disciplines of financial reporting, audit and assurance, business analysis, ethics and taxation covered in the ACA syllabus by module.

For each individual standard the level of knowledge required in the relevant Certificate and Professional Level module and at the Advanced Level is shown.

The knowledge levels are defined as follows:

## **LEVEL D**

An awareness of the scope of the standard.

## **LEVEL C**

A general knowledge with a basic understanding of the subject matter and training in its application thereof sufficient to identify significant issues and evaluate their potential implications or impact.

## **LEVEL B**

A working knowledge with a broad understanding of the subject matter and a level of experience in the application thereof sufficient to apply the subject matter in straightforward circumstances.

## **LEVEL A**

A thorough knowledge with a solid understanding of the subject matter and experience in the application thereof sufficient to exercise reasonable professional judgement in the application of the subject matter in those circumstances generally encountered by chartered accountants.

## **KEY TO OTHER SYMBOLS:**

→ The knowledge level reached is assumed to be continued

# Ethics Codes and Standards

ETHICS CODES AND STANDARDS	LEVEL	MODULES
IESBA Code of Ethics for Professional Accountants (parts A, B and C and Definitions)  ICAEW Code of Ethics	<b>Certificate Level</b>	
	C/D	Accounting
	B	Assurance
	C/D	Business, Technology and Finance
	D	Law
	C	Management Information
	C	Principles of Taxation
	<b>Professional Level</b>	
	A	Audit and Assurance
	B	Business Strategy and Technology
	B	Financial Accounting and Reporting
	B/C	Financial Management
	B	Tax Compliance
	B	Business Planning
	<b>Advanced Level</b>	
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study
	FRC Revised Ethical Standard (December 2019)	B
A		Audit and Assurance
<b>Advanced Level</b>		
A		Corporate Reporting
A		Strategic Business Management
A	Case Study	

# Taxation

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL		
	PRINCIPLES OF TAXATION	TAX COMPLIANCE	BUSINESS PLANNING: TAXATION
<b>LEGAL AND ETHICAL FRAMEWORK</b>			
Anti-money laundering guidance	C	B	A
Base erosion and profit-shifting (BEPS) project			C
Disclosure of tax avoidance schemes (DOTAS)			A
Extent of tax legislation to England, Wales, Scotland & Northern Ireland		C	B
General anti-abuse rule			A
HMRC	B	→	→
Objectives of taxation	C	→	→
Professional Conduct in Relation to Taxation (PCRT)		C	B
Tax planning, evasion and avoidance	C	B	A
<b>ADMINISTRATION</b>			
Administration	B	→	→
Appeals	C	→	→
Apprenticeship levy		C	→
Digital accounts	B	→	→
PAYE/NIC	B	→	→
Payments	B	A	→
Penalties and interest	B	→	→
Self-assessment	B	A	→
<b>CAPITAL GAINS TAX</b>			
Chargeable gains			
Annual exempt amount	B	A	→
Capital gains tax for trusts			C
Chargeable assets	C	B	→
Chargeable disposals	C	B	→
Chargeable persons	C	B	→
Chattels: wasting and non-wasting	B	→	→
Connected persons		A	→
Converted trading losses		B	→
Costs of acquisition and disposal	C	B	→
Leases			A
Nil gain/nil loss transfers		A	→
Part disposals		B	→
Qualifying corporate bonds		B	→
Rate of tax	B	A	→
Relief for capital losses		A	A
Reorganisations and reconstructions			A
Shares and securities (including bonus and rights issues)		B	→
<b>Chargeable gains reliefs</b>			
Business assets disposal relief		B	A
Gift relief		B	A
Incorporation relief			A
Investors' relief		B	A

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL		
	PRINCIPLES OF TAXATION	TAX COMPLIANCE	BUSINESS PLANNING: TAXATION
Letting relief		A	→
Private residence relief		A	→
Reinvestment relief under EIS/SEIS			B
Roll-over relief		B	A
<b>Overseas aspects of capital gains tax</b>			
Arising basis		B	A
Deemed domicile		B	A
Domicile		B	A
Double tax relief		A	→
Gains on foreign assets		B	A
Remittance basis		B	A
Residence		C	A
Temporary absence			A
UK taxation of non-domiciled individuals		B	A
<b>INCOME TAX</b>			
<b>Trading profits</b>			
Adjustments to profits	B	A	→
Badges of trade	B	A	→
Capital allowances	B	A	→
Cash basis of accounting	B	A	→
Foreign currency transactions			A
Pension contributions		A	→
Pre-trading expenditure		A	→
Patent royalties			B
<b>Owner-managed businesses</b>			
Basis of assessment – current year basis	B	A	→
Change of accounting date		A	→
Commencement and cessation of trade	B	A	→
Overlap profits	B	A	→
Partnerships	B	A	→
Trading losses		A	→
Treatment of opening year losses		A	→
Treatment of terminal losses		A	→
<b>Employment income</b>			
Allowable deductions against employment income		A	→
Employment income	B	A	→
Share schemes			A
Statutory Mileage Rates Scheme		A	→
Taxable and exempt benefits	B	A	→
Termination payments			B
Other income/expenditure			
Dividends from UK companies	B	A	→
Enterprise Investment Scheme			B
Investment income	B	A	→
ISAs	B	→	→
Miscellaneous income		A	→

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL		
	PRINCIPLES OF TAXATION	TAX COMPLIANCE	BUSINESS PLANNING: TAXATION
Property income	C	B	A
Savings income	B	A	→
Seed Enterprise Investment Scheme			B
Venture Capital Trusts			B
<b>Overseas aspects of income tax</b>			
Arising basis		B	A
Deemed domicile		C	A
Domicile		C	A
Double tax relief		A	→
Income on foreign assets and income from foreign employment		B	A
Remittance basis		B	A
Residence		C	A
UK taxation of non-domiciled individuals		B	A
<b>Income tax computation</b>			
Exempt income	B	A	→
Gifts of assets and cash to charity	B	A	→
Income tax liability and income tax payable	B	A	→
Income tax charge on child benefit		B	→
Independent taxation and jointly owned assets		B	A
Income tax for trusts			B
Limit on income tax reliefs		A	→
Marriage allowance	B	A	→
Pension contributions – provisions for retirement		B	A
Pension contributions – tax reliefs		B	A
Personal allowances	B	A	→
Qualifying interest payments		B	→
Rates of taxation	B	A	→
Taxable persons	C	A	→
<b>INHERITANCE TAX</b>			
<b>Fundamental principles of inheritance tax</b>			
Chargeable persons		A	→
Chargeable property		A	→
Excluded property		B	→
Inter-spouse transfers		A	→
Rates of taxation		A	→
Related property		B	→
Seven-year accumulation period		A	→
Transfers of value		A	→
Trusts		C	B
Valuation		A	→
Inheritance tax on lifetime transfers			
Relevant property trusts		A	→
Potentially exempt transfers		A	→
<b>Inheritance tax on death</b>			
Death estate		A	→
Deeds of variation			B

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL		
	PRINCIPLES OF TAXATION	TAX COMPLIANCE	BUSINESS PLANNING: TAXATION
Lifetime transfers		A	→
<b>Overseas aspects of inheritance tax</b>			
Deemed domicile		C	A
Domicile		C	A
Double tax relief		A	→
Lex-situs rules		A	→
Reliefs and exemptions from inheritance tax			B
Agricultural property relief		C	B
Annual exemption		A	→
Business property relief		B	A
Fall in value relief		A	→
Gifts to charities and political parties		A	→
Gifts with reservation of benefit			A
<b>Pre-owned assets</b>			
Inter-spouse transfers		A	→
Marriage/civil partnership exemption		A	→
Normal expenditure out of income		A	→
Quick succession relief		B	→
Small gifts exemption		A	→
Taper relief		A	→
<b>NATIONAL INSURANCE CONTRIBUTIONS</b>			
Class 1			
- calculation	A	→	→
- directors		B	→
- earnings	C	B	→
- employment allowance	A	→	→
Class 1A			
- calculation	A	→	→
- earnings	C	B	→
Class 1B		B	→
Class 2	A	→	→
Class 4			
- calculation	A	→	→
- earnings	C	B	→
Maximum contributions		C	→
<b>CORPORATION TAX</b>			
<b>Chargeable gains</b>			
Chargeable assets	C	B	→
Chargeable disposals	C	B	→
Chargeable persons	C	B	→
Chattels: wasting and non-wasting	B	→	→
Costs of acquisition and disposal	C	B	→
Indexation	B	A	→
Leases			A
Nil gain/nil loss transfers		A	→
Part disposals		B	→

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL		
	PRINCIPLES OF TAXATION	TAX COMPLIANCE	BUSINESS PLANNING: TAXATION
Purchase of own shares			A
Qualifying corporate bonds		B	→
Relief for capital losses		A	→
Reorganisations and reconstructions			A
Shares and securities (including bonus and rights issues)		B	→
Substantial shareholding exemption		C	A
<b>Trading profits</b>			
Adjustments to profits	B	A	→
Badges of trade	B	A	→
Capital allowances	B	A	→
Foreign currency transactions			A
Long periods of account	C	A	→
Pension contributions		B	A
Patent royalties			B
<b>Taxable total profits</b>			
Chargeable gains	B	A	→
Intangible assets		B	A
Loan relationships	B	B	A
Loan relationships - corporate interest restriction			A
Miscellaneous income	B	A	→
Patent box			B
Property income (including lease premiums)		B	A
Qualifying donations	B	A	→
Research and development expenditure		A	→
Research and development expenditure credits (RDEC)		B	A
Trading losses		B	A
Trading profits	B	A	→
Use of deficit on non-trading loan relationships		B	A
<b>Corporation tax computation</b>			
Accounting periods	C	B	A
Close companies			A
Corporation tax liability	B	A	→
Distributions		B	→
Diverted profits tax			B
Double tax relief (including underlying tax and withholding tax)		B	→
Liquidation			A
Provision of services through a company			A
Rates of taxation	B	A	→
Residence	C	B	→
Tax treaties and the OECD Model Tax Convention	A		C
<b>Groups</b>			
Capital gains groups		B	A
Change in group structure			A
Change in ownership			A
Consortium relief			A
Controlled foreign companies			A

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL		
	PRINCIPLES OF TAXATION	TAX COMPLIANCE	BUSINESS PLANNING: TAXATION
Degrouping charges		B	A
Group loss relief		B	A
Group relationships		A	→
Non-coterminous accounting periods			A
Overseas companies and branches			B
Pre-acquisition gains and losses			A
Related 51% group companies		B	A
Roll-over relief		B	A
Transfer of assets		B	A
Transfer pricing			A

#### STAMP TAXES

Basic principles		B	→
Chargeable occasions		B	→
Exemptions		B	→
Stamp taxes for groups		B	→

#### VAT

Capitals goods scheme		B	→
Classification of supplies		B	→
Distinction between goods and services		C	→
Overseas aspects (excluding EU)		A	→
Group aspects		A	→
Input VAT	A	→	→
Output VAT	A	→	→
Partial exemption		B	→
Payments	A	→	→
Penalties and interest	A	→	→
Property transactions		B	A
Registration and deregistration	A	→	→
Single and multiple supplies		B	→
Small business reliefs	A	→	→
Taxable person	A	→	→
Taxable supplies	A	→	→
Transfer of a business as a going concern			A
VAT records and accounts	A	→	→