



ICAEW ACA syllabus and technical knowledge grids

**CERTIFICATE LEVEL
PRINCIPLES OF TAXATION**

For exams in 2019

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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, they 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:

- Professional development
- Ethics and professional scepticism
- Three to five years practical work experience
- 15 accountancy, finance and business exams

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
- communication
- decision making
- ethics and professionalism
- problem solving
- teamwork
- technical competence.

ETHICS AND PROFESSIONAL SCEPTICISM

Ethics is more than just knowing the rules around confidentiality, integrity, objectivity and independence. It's about identifying ethical dilemmas, understanding the implications and behaving appropriately. We integrate ethics throughout the ACA qualification to develop students' ethical capabilities – so they will always know how to make the right decisions and justify them.

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 agreement 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.

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.

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 are based on the same syllabus structure and skills frameworks, and will provide students with 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.

SYLLABUS

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.

ASSESSMENT

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

The Professional Level exams are 2.5 hours long, except for Financial Accounting and Reporting which is 3 hours long. Each exam has a 55% pass mark. The Professional Level exams are examined using computer-based exams. The Audit and Assurance, Financial Accounting and Reporting, Financial Management and Tax Compliance exams moved to computer in 2017 and are no longer available as paper-based exams.

Business Planning: Taxation and Business Strategy and Technology will move to computer-based exams in March 2018, with Business Planning: Banking and Business Planning: Insurance moving to computer-based exams in June 2018.

From June 2018, all Professional Level exams will be computer-based.

The three Advanced Level modules are also examined using paper-based exams. 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 the introduction of computer-based exams, visit the exam resources area on our website at [icaew.com/cbe](https://www.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 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/permittedtexts](https://www.icaew.com/permittedtexts)

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 QUALIFICATION

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

- Demonstrate understanding of the business context
- Recognise new and complex ideas within a scenario
- Identify the needs of customers and clients
- Explain different stakeholder perspectives and interests
- Identify risks within a scenario
- Identify elements of uncertainty within a scenario
- Identify ethical issues including public interest and sustainability issues within a scenario

Identify and use relevant information

- Interpret information provided in various formats
- Evaluate the relevance of information provided
- Use multiple information sources
- Filter information provided to identify critical facts

Identify and prioritise key issues and stay on task

- Identify business and financial issues from a scenario
- Prioritise key issues
- Work effectively within time constraints
- Operate to a brief in a given scenario

Structuring problems and solutions

Structure data

- Structure information from various sources into suitable formats for analysis
- Identify any information gaps
- Frame questions to clarify information
- Use a range of data types and sources to inform analysis and decision making
- Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes
- Present analysis in accordance with instructions and criteria

Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Identify creative and pragmatic solutions in a business environment
- Identify opportunities to add value
- Identify and anticipate problems that may result from a decision
- Identify a range of possible solutions based on analysis
- Identify ethical dimensions of possible solutions
- Select appropriate courses of action using an ethical framework
- Identify the solution which is the best fit with acceptance criteria and objectives
- Define objectives and acceptance criteria for solutions

Applying judgement

Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify assumptions or faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

Relate issues to the environment

- Appreciate when more expert help is required
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

Concluding, recommending and communicating

Conclusions

- Apply technical knowledge to support reasoning and conclusions
- Apply professional experience and evidence to support reasoning
- Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.

Recommendations

- Present recommendations in accordance with instructions and defined criteria
- Make recommendations in situations where risks and uncertainty exist
- Formulate opinions, advice, recommendations, plans, solution, options and reservations based on valid evidence
- Make evidence-based recommendations which can be justified by reference to supporting data and other information
- Develop recommendations which combine different technical skills in a practical situation

Communication

- Present a basic or routine memorandum or briefing note in writing in a clear and concise style
- Present analysis and recommendations in accordance with instructions
- Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient
- Prepare the advice, report, or notes required in a clear and concise style

Principles of Taxation

MODULE AIM

To enable students to understand the general objectives of taxation and to calculate income tax, national insurance contributions, capital gains tax, corporation tax and VAT in straightforward scenarios.

On completion of this module, students will be able to:

- explain the general objectives of taxation, the influences upon the UK system of taxation, the different types of tax in the UK;
- recognise the ethical issues arising in the course of performing tax work;
- identify the obligations the UK system of taxation imposes on taxpayers and the implications of non-compliance;
- calculate the amount of income tax owed by or owed to individuals and the amount of national insurance payable;
- calculate the amount of capital gains tax payable by individuals and the chargeable gains subject to corporation tax;
- calculate the amount of corporation tax payable by companies; and
- calculate the amount of VAT owed by or owed to businesses.

METHOD OF ASSESSMENT

The Principles of Taxation module is assessed by a 1.5 hour computer-based exam. 20% of the marks are allocated to two scenario-based questions. These will each cover a single syllabus area: income tax and NIC, and corporation tax. The remaining 80% of the marks are from 40 multiple choice, multi-part multiple choice, multiple response or numeric entry questions. These questions will cover the remaining areas of the syllabus in accordance with the weightings set out in the specification grid.

The tax tables included in the ICAEW learning materials are provided to students on-screen in the exam.

SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. In each assessment, the marks available will equate to the weightings below.

Syllabus area	Weighting (%)
1 Objectives, types of tax and ethics	10
2 Administration of taxation	20
3 Income tax and national insurance contributions	26
4 Capital gains tax and chargeable gains for companies	10
5 Corporation tax	14
6 VAT	20

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 Objectives, types of tax and ethics

Students will be able to explain the general objectives of taxation, the influences upon the UK system of taxation, the different types of tax in the UK, and will be able to recognise the ethical issues arising in the course of performing tax work.

In the assessment, students may be required to:

- a. identify the objectives of digitisation of tax;
- b. identify the objectives of taxation in general terms of economic, social justice and environmental issues, the range of tax opportunities open to the government and the relative advantages of different types of tax in meeting the government's objectives;
- c. recognise the impact of relevant external influences on UK tax objectives and policies;
- d. classify entities as individuals, partnerships, or companies for tax purposes and state how they are taxed;
- e. identify who is liable for the following taxes, how the taxes apply to income and transactions, identify the government bodies responsible for the taxes, and determine when an individual or entity comes within the scope of the taxes:
 - capital gains tax
 - corporation tax
 - income tax
 - national insurance
 - VAT;
- f. recognise the importance of the budget cycle, tax year and the following sources of UK tax law and practice:
 - legislation
 - case law
 - HMRC manuals, statements of practice, extra-statutory concessions and press releases;
- g. identify the five fundamental principles given in the IESBA Code of Ethics for Professional Accountants and ICAEW Code of Ethics, and the guidance in relation to a tax practice with regard to:
 - the threats and safeguards framework
 - ethical conflict resolution; and
- h. identify the following:
 - conflicts of interest
 - money laundering
 - tax avoidance and tax evasion.

2 Administration of taxation

Students will be able to identify the obligations the UK system of taxation imposes on taxpayers and the implications for taxpayers of non-compliance.

In the assessment, students may be required to:

- a. identify the records which companies and individuals must retain for tax purposes and state the periods for which the records must be retained;
- b. identify the key features of the PAYE and national insurance system and calculate PAYE tax codes for employees;
- c. identify the key features of the self-assessment system for both companies and individuals;
- d. determine, in straightforward cases, due dates for:
 - companies', sole traders', partnerships' and individuals' tax returns, tax payments and payments on account
 - businesses' VAT returns and payments
 - employers' PAYE and national insurance returns and payments;
- e. identify and calculate the interest and penalties due for:

- late submissions of and/or incorrect returns, and
 - late and/or incorrect payments of tax;
- f. identify the periods within which HMRC can enquire into a taxpayer's returns or other information and tax liabilities and recognise the taxpayer's right of appeal and the process for dealing with disputes.

3 Income tax and national insurance contributions

Students will be able to calculate the amount of income tax owed by or owed to individuals and the amount of national insurance payable.

In the assessment, students may be required to:

- a. recognise the main sources of taxable and non-taxable income;
- b. calculate the personal allowance available to an individual according to personal circumstances including married couples allowance and marriage allowance;
- c. calculate assessable employment income for an employee or director, including taxable and exempt benefits;
- d. recognise the badges of trade;
- e. allocate given items of business expenditure as allowable or disallowable for tax purposes and calculate the adjusted trading profits after capital allowances on plant and machinery of a sole trader or partnership using either the accruals basis or cash basis of accounting;
- f. allocate the tax adjusted profits of a partnership to each partner and calculate the tax assessable profits for each partner for any given tax year;
- g. calculate the assessable trading profits for a new unincorporated business and identify the overlap profits on the commencement of trade;
- h. calculate the assessable trading profits for a continuing business;
- i. calculate the final assessable trading profits for an unincorporated business ceasing to trade;
- j. calculate total taxable income and the income tax payable or repayable for individuals; and
- k. calculate the total national insurance contributions payable by employees, employers and self-employed individuals.

4 Capital gains tax and chargeable gains for companies

Students will be able to calculate the amount of capital gains tax payable by individuals and the chargeable gains subject to corporation tax.

In the assessment, students may be required to:

- a. classify persons, assets and disposals as either chargeable or exempt for capital gains purposes;
- b. calculate the chargeable gains and losses on the disposal of assets, including indexation where appropriate;
- c. calculate total taxable gains for both individuals and companies; and
- d. calculate the capital gains tax payable by individuals.

5 Corporation tax

Students will be able to calculate the amount of corporation tax payable by companies.

In the assessment, students may be required to:

- a. identify accounting periods for a company;
- b. recognise the interaction of having one or more related 51% group companies with corporation tax payment dates;
- c. allocate given items of business expenditure as allowable or disallowable for tax purposes and calculate the adjusted trading profits after capital allowances on plant and machinery; and
- d. calculate the taxable total profits and the corporation tax payable for a company resident in the UK which has a period of account of 12 months or less.

6 VAT

Students will be able to calculate the amount of VAT owed by or owed to businesses.

In the assessment, students may be required to:

- a. classify supplies in given straightforward situations as exempt, zero-rated, standard-rated, subject to a reduced rate of 5%, or outside the scope of VAT;
- b. recognise the implications of supplies being classified as reduced-rated, standard-rated, zero-rated or exempt;
- c. identify when a business could or should register or deregister for VAT and state the time limits;
- d. determine the tax point for a supply of goods or services;
- e. state the principles of VAT payable or repayable on the supply of goods or services by a taxable person and calculate the monthly, quarterly or annual VAT payable or repayable by a business; and
- f. state the alternative schemes for payment of VAT by businesses and calculate the VAT payable or repayable for a business using these.

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		Certificate Level
	C/D	Accounting
	B	Assurance
	C/D	Business, Technology and Finance
	D	Law
	C	Management Information
	C	Principles of Taxation
		Professional Level
	A	Audit and Assurance
	B	Business Strategy and Technology
	B	Financial Accounting and Reporting
	B/C	Financial Management
	B	Tax Compliance
	B	Business Planning
		Advanced Level
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study
	FRC Revised Ethical Standard (2016)	B
	A	Audit and Assurance
		Advanced Level
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study