

## **EXAMINABLE DOCUMENTS – Exams in June 2023 to March 2024**

### **Advanced Taxation – United Kingdom (ATX-UK)**

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

In view of the significance of Taxation-United Kingdom (TX-UK) in terms of underpinning key parts of the ATX-UK syllabus, candidates should also refer to the separate guidance which is published on the ACCA website with respect to TX-UK and in particular to the articles mentioned therein. [Add link]. These should be used to recap on many of the technical issues which are also fundamental to ATX-UK.

Examinations falling within the period 1 June to 31 March generally examine the Finance Act which was passed in the previous year. Exams falling in the period 1 June 2023 to 31 March 2024 will examine the Finance Act 2022 (which received Royal Assent on 24 February 2022).

### **Finance Acts**

The latest Finance Act which will be examined in ATX-UK in examinations falling within the period 1 June 2023 to 31 March 2024 is the Finance Act 2022.

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:

- Finance Act 2022
- Examiner's approach to Advanced Taxation – United Kingdom (ATX-UK)
- Stepping up from TX-UK to ATX-UK
- Passing the ATX-UK exam
- Guidance on answering Section A questions for ATX-UK
- Improving your performance in ATX-UK – in 5 parts
- Exam technique and fundamental technical issues for ATX-UK
- ATX-UK – A guide to using the examiner's reports
- ATX-UK – A guide to reflection for retake students

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

- Trusts and tax for ATX-UK – in 3 parts
- Inheritance tax and capital gains tax for ATX-UK – in 4 parts
- International aspects of personal taxation for ATX-UK – in 4 parts
- Corporation tax for ATX-UK – in 4 parts
- Corporation tax – group relief for ATX-UK – in 4 parts
- Corporation tax – groups and chargeable gains for ATX-UK – in 4 parts
- Taxation of the unincorporated business – the new business – in 4 parts
- Taxation of the unincorporated business – the existing business – in 4 parts

## Supplementary Instructions and Tax Rates and Allowances

The following supplementary instructions and tax rates and allowances will be reproduced in the ATX-UK exam for examinations in the period 1 June 2023 to 31 March 2024. In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

### SUPPLEMENTARY INSTRUCTIONS

1. You should assume that the tax rates and allowances for the tax year 2022/23 and for the financial year to 31 March 2023 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.

### TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering the questions.

	Income tax	Normal rates	Dividend rates
Basic rate	£1 – £37,700	20%	8.75%
Higher rate	£37,701 – £150,000	40%	33.75%
Additional rate	£150,001 and over	45%	39.35%
Savings income nil rate band	— Basic rate taxpayers		£1,000
	— Higher rate taxpayers		£500
Dividend nil rate band			£2,000

A starting rate of 0% applies to savings income where it falls within the first £5,000 of taxable income.

### Personal allowance

Personal allowance	£12,570
Transferable amount	£1,260
Income limit	£100,000

Where adjusted net income is £125,140 or more, the personal allowance is reduced to zero.

### 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

Seven out of the last nine years	£30,000
12 out of the last 14 years	£60,000

### Car benefit percentage

The relevant base level of CO<sub>2</sub> emissions is 55 grams per kilometre.

The percentage rates applying to petrol cars (and diesel cars meeting the RDE2 standard) with CO<sub>2</sub> emissions up to this level are:

51 grams to 54 grams per kilometre	15%
55 grams per kilometre	16%

The percentage for electric cars with zero CO<sub>2</sub> emissions is 2%.

For hybrid-electric cars with CO<sub>2</sub> emissions between 1 and 50 grams per kilometre, the electric range of the car is relevant:

130 miles or more	2%
70 to 129 miles	5%
40 to 69 miles	8%
30 to 39 miles	12%
Less than 30 miles	14%

### Car fuel benefit

The base figure for calculating the car fuel benefit is £25,300.

### Company van benefits

The company van benefit scale charge is £3,600, and the van fuel benefit is £688.

Vans producing zero emissions have a 0% benefit.

### Individual savings accounts (ISAs)

The overall investment limit is £20,000.

### Rent a room relief

The rent a room relief limit is £7,500.

### **Pension scheme limits**

Annual allowance	£40,000
Minimum allowance	£4,000
Threshold income limit	£200,000
Income limit	£240,000
Lifetime allowance	£1,073,100

The maximum contribution which can qualify for tax relief without any earnings is £3,600.

### **Approved mileage allowances: cars**

Up to 10,000 miles	45p
Over 10,000 miles	25p

### **Capital allowances: rates of allowance**

#### **Plant and machinery**

Main pool	18%
Special rate pool	6%

#### **Cars**

New cars with zero CO <sub>2</sub> emissions	100%
CO <sub>2</sub> emissions between 1 and 50 grams per kilometre	18%
CO <sub>2</sub> emissions over 50 grams per kilometre	6%

#### **Annual investment allowance**

Rate of allowance	100%
Expenditure limit	£1,000,000

#### **Enhanced capital allowances for companies**

Main pool super deduction	130%
Special rate pool first year allowance	50%

#### **Structures and buildings allowance**

Straight line allowance	3%
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### **Cash basis accounting**

Revenue limit	£150,000
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### **Cap on income tax reliefs**

Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.

### Corporation tax

Rate of tax	— Financial year 2022	19%
	— Financial year 2021	19%
	— Financial year 2020	19%
Profit threshold		£1,500,000

### Value added tax (VAT)

Standard rate	20%
Registration limit	£85,000
Deregistration limit	£83,000

### Inheritance tax: nil rate bands and tax rates

Nil rate band	£325,000
Residence nil rate band	£175,000
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: tax rates

	Normal rates	Residential property
Lower rate	10%	18%
Higher rate	20%	28%
Annual exempt amount		£12,300

### Capital gains tax: business asset disposal relief and investors' relief

Lifetime limit – business asset disposal relief	£1,000,000
investors' relief	£10,000,000
Rate of tax	10%

### National insurance contributions

Class 1	Employee	£1 – £12,570 per year	Nil
		£12,571 – £50,270 per year	13.25%
		£50,271 and above per year	3.25%
Class 1	Employer	£1 – £9,100 per year	Nil
		£9,101 and above per year	15.05%
		Employment allowance	£5,000
Class 1A			15.05%
Class 2		£3.15 per week Lower profits limit	£12,570
Class 4		£1 – £12,570 per year	Nil
		£12,571 – £50,270 per year	10.25%
		£50,271 and above per year	3.25%

### Rates of interest (assumed)

Official rate of interest	2.00%
Rate of interest on underpaid tax	3.25%
Rate of interest on overpaid tax	0.50%

### Standard penalties for errors

Taxpayer behaviour	Maximum penalty	Minimum penalty – unprompted disclosure	Minimum penalty – prompted disclosure
Deliberate and concealed	100%	30%	50%
Deliberate but not concealed	70%	20%	35%
Careless	30%	0%	15%

### Stamp duty land tax on non-residential properties

Up to £150,000	0%
£150,001 – £250,000	2%
£250,001 and above	5%

### Stamp duty

Shares	0.5%
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