

## **Finance Act 2022**

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

This article looks at the changes made by the Finance Act 2022 (which is the legislation as it relates to the tax year 2022/23).

It also highlights some changes to be introduced with effect from the June 2023 exam.

It should be read by those of you who are sitting the ATX-UK exam in the period from 1 June 2023 to 31 March 2024.

Please note that if you are sitting ATX-UK in the period 1 June 2022 to 31 March 2023, you will be examined on the Finance Act 2021, which is the legislation as it relates to the tax year 2021/22. Accordingly, this article is not relevant to you, and you should instead refer to the Finance Act 2021 article published on the ACCA website.

All of the changes set out in the TX-UK article (see 'Related links') are also relevant to ATX-UK. In addition, all of the exclusions set out in the TX-UK article apply equally to ATX-UK unless they are referred to below.

This article does not refer to any amendments to the ATX-UK syllabus coverage unless they directly relate to legislative changes and candidates should therefore consult the ATX-UK *Syllabus and Study Guide* for the period 1 June 2023 to 31 March 2024 for details of such amendments.

#### **Devolved taxes**

You are reminded that none of the current or impending devolved taxes for Scotland, Wales, and Northern Ireland are, or will be, examinable.

#### **Covid-19**

Candidates are not expected to make any reference to Covid-19 or the global economic crisis as a result of the pandemic in their exams.

Although governments around the world have implemented tax measures to combat the economic effect of the pandemic, given the largely temporary nature of these measures, for the foreseeable future they will not be examinable.

The current syllabus and study guide for the ATX-UK exam will not specifically reference these measures, unless their omission would fundamentally impact candidates' understanding of what is and is not examinable. You should refer to the syllabus and study guide document to ensure that you understand what will be examined in your upcoming exam.

### **Changes relevant to the ATX-UK exam only**

In a somewhat unusual turn of events, the Finance Act 2022 does not contain any changes which are relevant to the ATX-UK exam only. Accordingly, all of the technical changes of which you need to be aware are set out in the TX-UK article relating to Finance Act 2022. It is however worth noting that, as a consequence of the general increase of rates of tax on dividends which are covered in that article, the rate of tax which close companies will have to pay on loans made to their shareholders will now be at 33.75%.

However, from June 2023 there are other, non-technical, changes to the ATX-UK exam. As a result of these changes, the format of the exam will change and additional marks will be available in respect of professional skills.

## Exam format

From June 2023 the ATX-UK exam will feature three (as opposed to four) multi-tax questions. An analysis of the marks available for each of these questions is set out below.

	Section A	Section B		
	Q1	Q2	Q3	Total
Technical marks	40	20	20	80
Professional skills marks	10	5	5	20
<b>Total marks</b>	<u>50</u>	<u>25</u>	<u>25</u>	<u>100</u>

The Section A question will be similar in style to question 1 in previous ATX-UK exams. It will consist of a number of exhibits, one of which will be the email from the manager setting out the requirements in the form of 'work to be carried out'. The technical marks will include five marks in respect of ethics. You should note that, due to the increased number of marks in question 1, candidates should expect the number of exhibits to generally increase compared to that seen within question 1 under the previous exam format.

The Section B questions will also be similar in style to the Section B questions in previous ATX-UK exams. Each will generally consist of a single exhibit of information and a set of requirements.

The following resources are available to help you prepare for the new format of the exam.

- The DCBE Practice Platform enables you to practise using the live exam format, layout and functionality. Using it will ensure that you are familiar with the functionality of the CBE exam and that you are able to handle the exhibits together with your answer document in the exam. You should note that exams from past sessions will however continue to be under the previous format.
- A specimen exam and two practice exams have been prepared to show the style of the new questions. These exams are also available within the Practice Platform.

## Professional skills

The 20 professional skills marks will be awarded for demonstrating the following skills:

- Communication
- Analysis and evaluation
- Scepticism
- Commercial acumen

The Section A question will examine all four of these skills.

The Section B questions will examine a combination of professional skills appropriate to the particular question. Each one will examine a minimum of two professional skills from analysis and evaluation, scepticism and commercial acumen. Communication skills will not be examined in Section B

Videos will be available to discuss these skills in more detail as they specifically relate to the ATX UK exam. [Link to be added when videos are ready]

It is important to realise that there is no need to address the professional skills separately when answering a question. Instead, the professional skills marks will be awarded for the **way**

**in which** questions are answered, i.e. by reference to the approach taken, the manner in which the work is carried out and the particular technical points which are identified and discussed.

You will earn the professional skills marks by:

- following any instructions and responding to **all** of the requirements;
- taking time to think about the information provided and how the relevant technical rules apply to the work you are doing on an ongoing basis as you work through the exam;
- taking care making it as easy as possible for the ‘manager’ (i.e. the marker) to follow and understand what you have done.

As noted, the professional skills marks are not earned separately, instead they are awarded by reference to the technical work you do. This means that you should treat the exam as being out of 80 (as opposed to 100) marks, such that when you are organising your time, you have just over 2.4 minutes per mark. Accordingly, when compared with the previous format of the exam, you have more time to think about: the requirement, what you want to say, and how you want to say it. This should give you the time to exercise your professional skills when answering the questions.

## **Further reading**

The following technical articles will be published on the ACCA website at a later date:

- Taxation of the unincorporated business – the new business
- Taxation of the unincorporated business – the existing business
- International aspects of personal taxation
- Inheritance tax and capital gains tax
- Trusts and tax
- Corporation tax
- Corporation tax – Group relief
- Corporation tax – Groups and chargeable gains

The following non-technical articles will also be published on the ACCA website at a later date:

- ‘Passing the ATX-UK exam’
- ‘Examiner’s approach to ATX-UK’, which explains the structure of the ATX-UK exam and the skills required of candidates.
- ‘Stepping up from TX-UK to ATX-UK’, which provides guidance on the progression from TX-UK to ATX-UK in terms of the syllabus, the style and format of the exam, and the approach necessary to maximise your chance of success.
- ‘Guidance on answering Section A questions in ATX-UK’, which provides detailed guidance on the approach to be taken when answering Section A questions.
- ‘Improving your performance in ATX-UK’, a series of five articles which provide detailed guidance on various aspects of exam technique.
- 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