

**ACCA**

**Taxation  
(TX-UK)**

**Study Text**

**Finance Act 2024 for June 2025 to March 2026  
examination sittings**

## Contents

|  | <b>Page</b> |
|--|-------------|
| <b>Chapter 1</b> The UK tax system                           | 1           |
| <b>Chapter 2</b> Basic income tax computation                | 17          |
| <b>Chapter 3</b> Income tax: Additional aspects              | 77          |
| <b>Chapter 4</b> Property income                             | 103         |
| <b>Chapter 5</b> Employment income                           | 129         |
| <b>Chapter 6</b> Pensions                                    | 187         |
| <b>Chapter 7</b> Income from self-employment                 | 217         |
| <b>Chapter 8</b> Capital allowances                          | 261         |
| <b>Chapter 9</b> Partnerships                                | 317         |
| <b>Chapter 10</b> Trading losses for individuals             | 335         |
| <b>Chapter 11</b> National insurance                         | 371         |
| <b>Chapter 12</b> Tax administration for individuals         | 395         |
| <b>Chapter 13</b> Corporation tax                            | 431         |
| <b>Chapter 14</b> Losses for companies                       | 495         |
| <b>Chapter 15</b> Groups of companies                        | 533         |
| <b>Chapter 16</b> Tax administration for a company           | 567         |
| <b>Chapter 17</b> Computation of gains and tax payable       | 587         |
| <b>Chapter 18</b> Computation of gains: Special rules        | 613         |
| <b>Chapter 19</b> CGT: Shares and securities for individuals | 647         |
| <b>Chapter 20</b> CGT: Reliefs for individuals               | 669         |
| <b>Chapter 21</b> Chargeable gains for companies             | 731         |
| <b>Chapter 22</b> Inheritance tax                            | 763         |
| <b>Chapter 23</b> VAT: Outline                               | 823         |

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to [mykaplanreporting@kaplan.com](mailto:mykaplanreporting@kaplan.com) with full details, or follow the link to the feedback form in MyKaplan.

Our Quality Coordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

## Icon Explanations



**Definition** – Key definitions that you will need to learn from the core content.



**Key point** – Identifies topics that are key to success and are often examined.



**Supplementary reading** – These sections will help to provide a deeper understanding of core areas. The supplementary reading is **NOT** optional reading. It is vital to provide you with the breadth of knowledge you will need to address the wide range of topics within your syllabus that could feature in an examination question. **Reference to this text is vital when self-studying.**



**Helpful tutor tips** – These sections give tips on the examinability of topics and whether information is provided in the tax rates and allowances in the examination.



**Test your understanding** – Following key points and definitions are exercises which give the opportunity to assess the understanding of these core areas. Within the Study Text the answers to these exercises are at the end of the chapter; within the online version the answers can be hidden or shown on screen to enable repetition of exercises.



**Illustration** – To help develop an understanding of topics the illustrative examples and the Test Your Understanding (TYU) exercises can be used.



**Progression** – This symbol links the topics in the chapter to other relevant papers in the ACCA syllabus.



**Tricky topic** – When reviewing these areas care should be taken and all illustrations and test your understanding exercises should be completed to ensure that the topic is understood.

## Progression

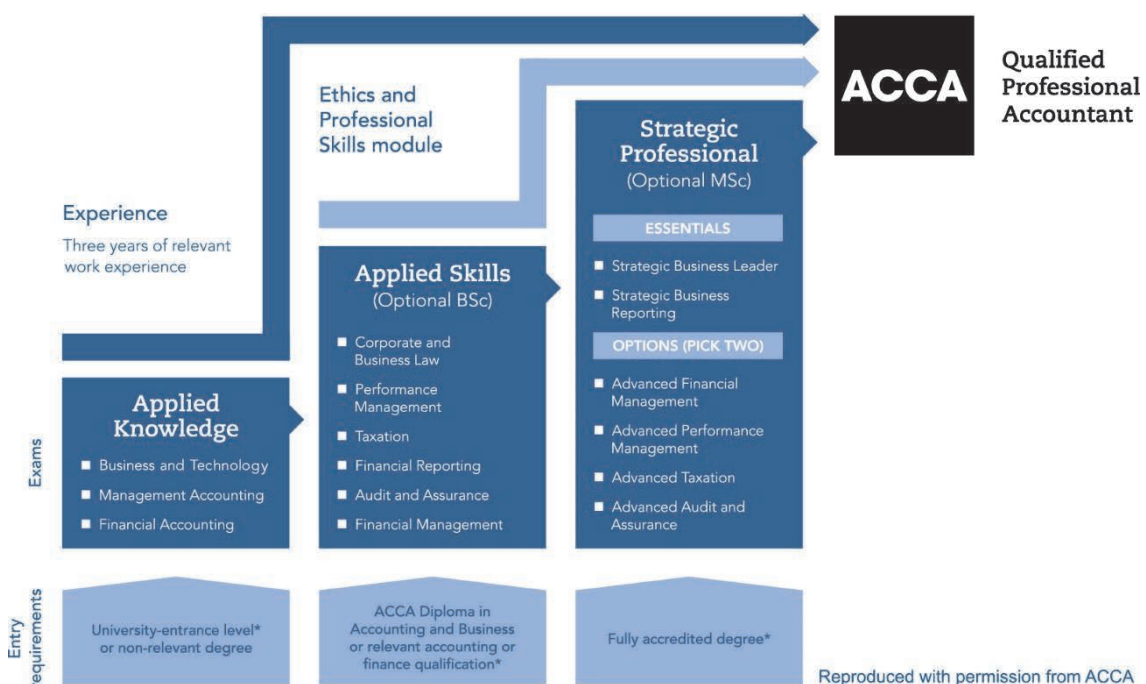
There are two elements of progression that we can measure: first how quickly students move through individual topics within a subject; and second how quickly they move from one course to the next. We know that there is an optimum for both, but it can vary from subject to subject and from student to student. However, using data and our experience of student performance over many years, we can make some generalisations.

A fixed period of study set out at the start of a course with key milestones is important. This can be within a subject, for example 'I will finish this topic by 30 June', or for overall achievement, such as 'I want to be qualified by the end of next year'.

Your qualification is cumulative, as earlier papers provide a foundation for your subsequent studies, so do not allow there to be too big a gap between one subject and another. We know that exams encourage techniques that lead to some degree of short term retention, the result being that you will simply forget much of what you have already learned unless it is refreshed (look up Ebbinghaus Forgetting Curve for more details on this). This makes it more difficult as you move from one subject to another: not only will you have to learn the new subject, you will also have to relearn all the underpinning knowledge as well. This is very inefficient and slows down your overall progression which makes it more likely you may not succeed at all.

In addition, delaying your studies slows your path to qualification which can have negative impacts on your career, postponing the opportunity to apply for higher level positions and therefore higher pay.

You can use the following diagram showing the whole structure of your qualification to help you keep track of your progress.



# The UK tax system

## Chapter learning objectives

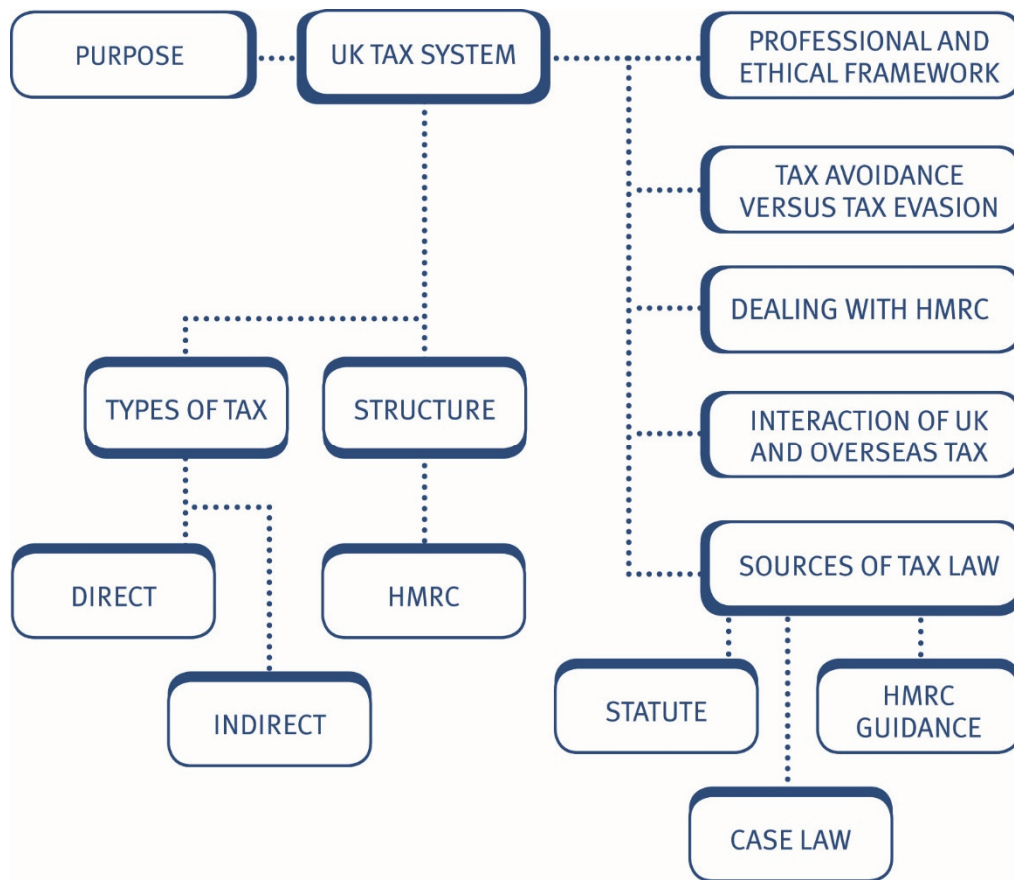
Upon completion of this chapter you will be able to:

- describe the purpose (economic, social, etc.) of taxation in a modern economy
- explain the difference between direct and indirect taxation
- identify the different types of capital and revenue tax
- describe the overall structure of the UK tax system
- state the different sources of revenue law
- describe the organisation HM Revenue & Customs (HMRC) and its terms of reference
- explain the difference between tax avoidance and tax evasion, and the purposes of the General Anti-Abuse Rule (GAAR)
- appreciate the interaction of the UK tax system with that of other tax jurisdictions and the need for double taxation agreements
- explain the need for an ethical and professional approach.



**PER**

One of the PER performance objectives (PO1) is to always act in the wider public interest. You need to take into account all relevant information and use professional judgement, your personal values and scepticism to evaluate data and make decisions. You should identify right from wrong and escalate anything of concern. You also need to make sure that your skills, knowledge and behaviour are up-to-date and allow you to be effective in your role. Working through this chapter should help you understand how to demonstrate that objective.



Within the Financial Accounting unit, you had an introduction to VAT. This chapter will put VAT in context as an indirect tax and introduce direct taxes as well. This chapter also introduces you to professional ethics and the concept of money laundering which will feature in other papers you undertake such as Audit and Assurance and Corporate and Business Law.



### Purpose of taxation

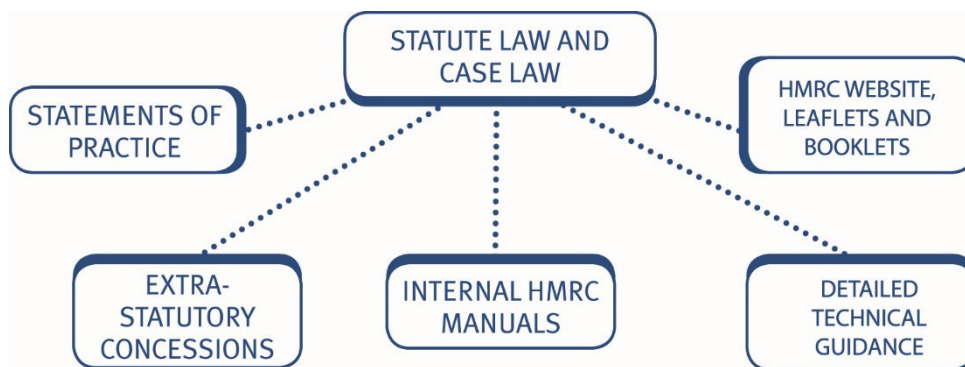
#### Economic

- The system of taxation and spending by government and its impact on the economy of a country as a whole.
- Taxation policies are used to influence many economic factors such as inflation, employment levels and imports/exports.
- They are also used to influence the behaviour of business and individuals.

- Taxpayers are encouraged to file their tax returns online and pay by electronic means.
  - Companies have to file returns and pay tax electronically.
  - Individual taxpayers can still submit paper returns by request.
- Under self-assessment the responsibility for reporting the correct amount of taxable income and paying the correct amount of tax is delegated to the taxpayer to 'self-assess'.
- However, the Officers of Revenue and Customs can still be requested to do the calculation of tax payable based on the income reported for individual taxpayers (but not companies).

#### 4 Sources of tax law

The basic rules of the UK tax system have been established from the following sources:



#### Sources of tax law

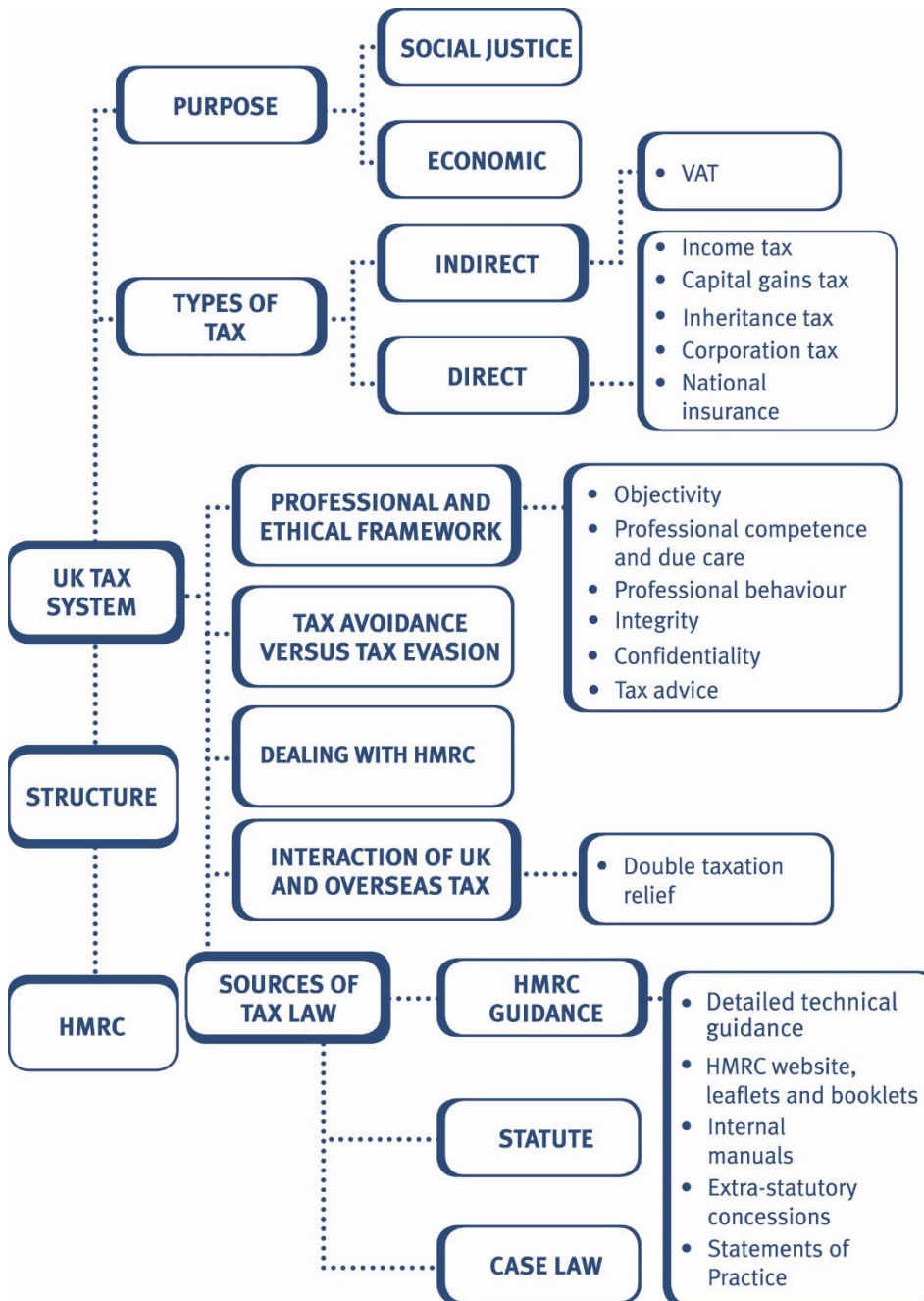
##### Statute law (tax legislation)

- This is law and therefore adherence is mandatory.
- Tax legislation is normally updated each year by one annual Finance Act that follows from the proposals made by the Chancellor of the Exchequer in his annual Budget statement.
- Statutory instruments are issued where detailed notes are required on an area of tax legislation.

##### Case law

- Case law refers to the decisions made in tax cases brought before the courts.
- Often the case challenges current tax legislation or argues a certain interpretation of the tax law should be applied.
- These rulings are binding and therefore provide guidance on the interpretation of tax legislation.

8 Chapter summary







You are viewing a sample

**Interested in the full version?**