

ACCA

Advanced Taxation

(ATX-UK)

Study Text

Finance Act 2024
for June 2025 to March 2026
examination sittings

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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.



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.



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 exam question. **Reference to this text is vital when self-studying.**



Test your understanding – Exercises for you to complete to ensure that you have understood the topics just learned.



Illustration – Worked examples help you understand the core content better.



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.

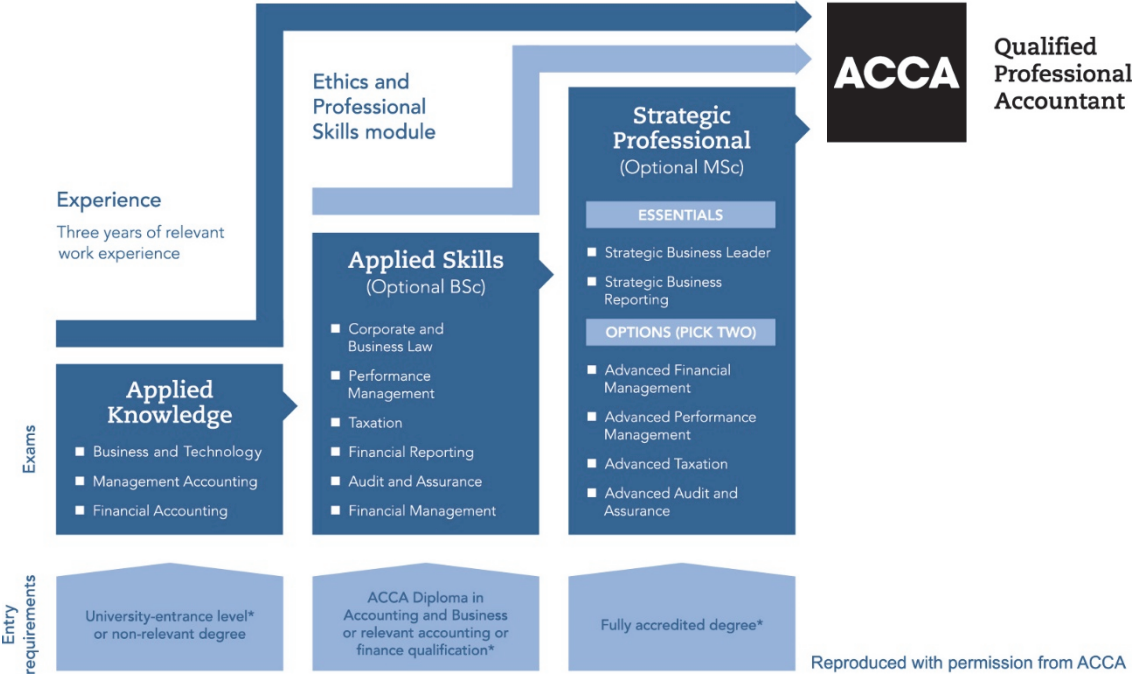


New topic – This symbol indicates new areas of study, building on knowledge gained from previous studies or the introduction of a completely new topic.



Links to other syllabus areas – This symbol refers to areas of interaction with other parts of your syllabus, either in terms of other ACCA exams that you have studied, or may go on to study, or even further professional qualifications that you may decide to pursue on completion of ACCA.

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



Syllabus objectives

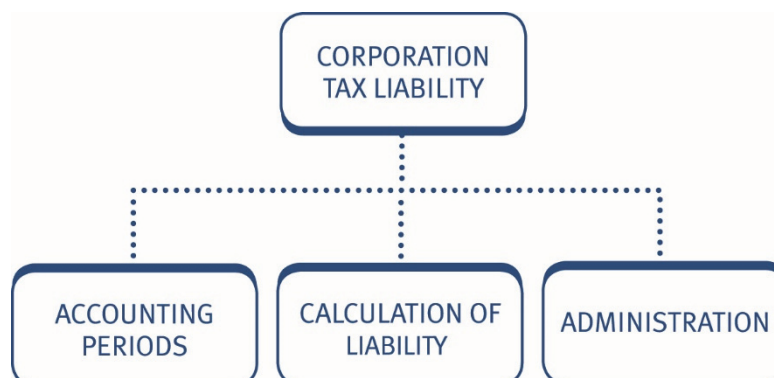
We have reproduced the ACCA’s syllabus below, showing where the objectives are explored within this book. Within the chapters, we have broken down the extensive information found in the syllabus into easily digestible and relevant sections, called Content Objectives. These correspond to the objectives at the beginning of each chapter.

Corporation tax: Computations and administration

Chapter learning objectives

Upon completion of this chapter you will be able to:

- identify and evaluate the significance of accounting periods on administration or winding up
- prepare the corporation tax computation and liability for a UK resident company
- define associated companies and recognise the effect for corporation tax
- state when corporation tax is due for non-large companies and define a large company and explain how they are required to pay corporation tax on a quarterly basis
- understand and explain the impact of taxation on the cash flows of a business
- explain the principles of company self-assessment including the time limits for notifying/filing returns and claims and the penalties for non-compliance
- list the information and records that taxpayers need to retain for tax purposes together with the retention period.



Introduction

This and the following two chapters deal with the way in which companies are subject to corporation tax.



This chapter sets out the basis of assessment and explains how a company's corporation tax liability is calculated. Much of this chapter is a revision of rules covered in TX.



The effective communication to clients of corporation tax payment dates, filing requirements and potential penalties is an important professional skill that may be tested in the ATX exam.

1 Corporation tax computation

Basis of assessment

UK resident companies are assessed to corporation tax on their **taxable total profits** (TTP) arising in an **accounting period** (AP).

TTP = income (excluding dividends received) **plus** net chargeable gains **less** qualifying charitable donations (QCDs).



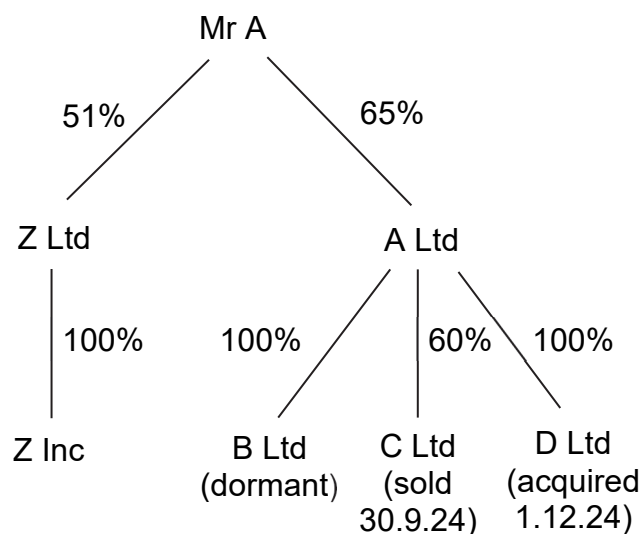
Accounting period

- Accounting period (AP) = the period for which a charge to corporation tax is made
 - usually = 12 months and is the same as the company's period of account
 - can be less than 12 months
 - cannot exceed 12 months.

Note that a company's period of account is the period for which the company prepares its financial statements. It is usually 12 months but can be shorter or longer than 12 months.



Test your understanding 2



All companies except Z Inc are UK resident and prepare financial statements to 31 March 2025.

A Ltd has taxable total profits of £40,000 for the year ended 31 March 2025. A Ltd also receives dividends of £5,000 from D Ltd in January 2025.

- State which companies are associated companies of A Ltd for the year ended 31 March 2025.**
- Calculate the corporation tax liability of A Ltd for the year ended 31 March 2025.**

3 Payment of tax

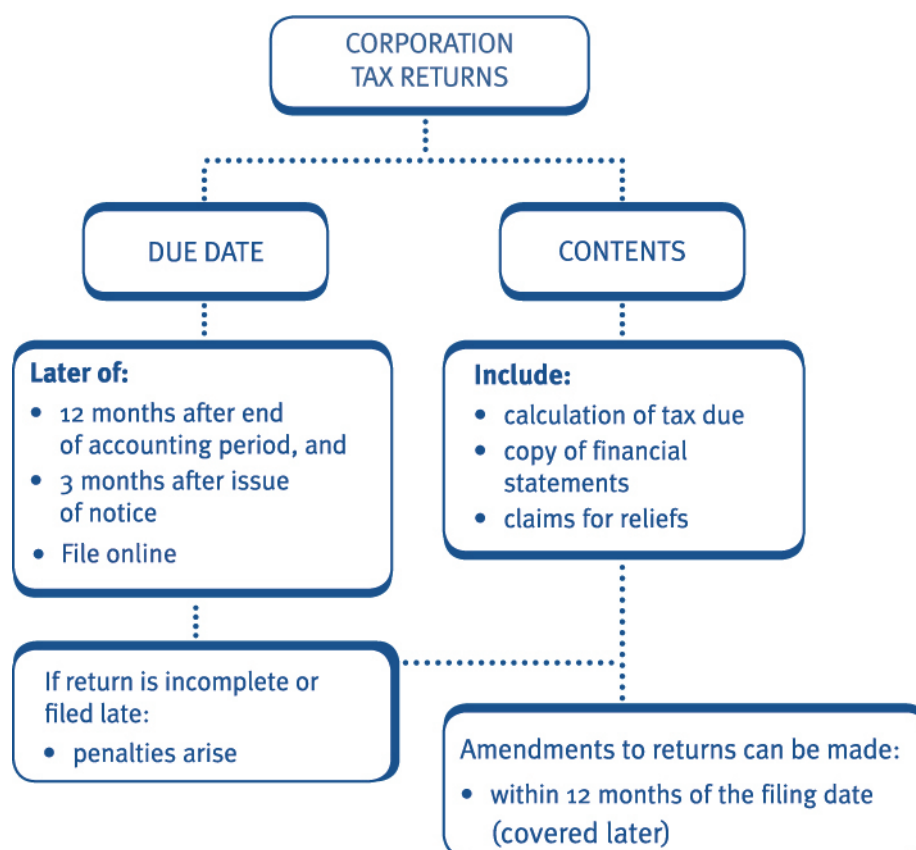


Due date

The payment date for corporation tax depends on the size of the company:

- For companies which are not 'large':
 - due date = **nine months and one day** after the end of the AP.
- For 'large' companies:
 - the liability is settled through **quarterly instalment payments**, starting during the accounting period.

All companies must pay their corporation tax electronically.



Determination assessments

To prevent companies deliberately delaying the submission of a return, HMRC has the following actions available if a return is not filed by the relevant due date:

- HMRC may determine the amount of corporation tax due by issuing a determination assessment.
- The determination assessment is treated as a self-assessment by the company and will be replaced by the actual self-assessment when it is submitted by the company.
- There is no right of appeal against a determination assessment. Instead, the company must displace it with the actual self-assessment return.
- A determination assessment can be raised by HMRC at any time **within three years** of the filing date (i.e. four years from the end of the period of account).



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