ACCA TAXATION (F6) PRACTICE EXAM (SAMPLE)

STUDY GUIDE

Prepare with structure. Pass with confidence

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. **At what point would a business typically differentiate between registered and non-registered for VAT?**
   - A. Based on annual revenue
   - B. Based on the number of employees
   - C. Based on the type of products sold
   - D. Based on location

2. **What are overlap profits?**
   - A. Profits that are only reported once
   - B. Profits taxed more than once in opening years
   - C. Profits that are exempt from tax
   - D. Profits accrued after 12 months of trading

3. **To qualify for entrepreneurs' relief, what is the minimum holding period for shares?**
   - A. 12 months
   - B. 18 months
   - C. 24 months
   - D. 36 months

4. **In what situation would a gain be realized by the donor during a sale at undervalue?**
   - A. When the asset is held for more than 5 years
   - B. When the amount received is greater than the original cost
   - C. When the proceeds are less than the market value
   - D. When the difference between actual proceeds and original cost is positive

5. **What is the deadline for submitting a self-assessment tax return in the UK?**
   - A. 31 December following the end of the tax year
   - B. 31 January following the end of the tax year
   - C. 31 March following the end of the tax year
   - D. 30 June following the end of the tax year

6. Which is a characteristic of employer contributions to pension schemes?

A. Employers must match employee contributions
B. Contributions are considered non-taxable income
C. They are tax-deductible expenses for the employer
D. Employers have no involvement in personal schemes

7. When can overlap profits be deducted?

A. During the first year of trading
B. Only at the year-end
C. Upon cessation of the business
D. After a tax audit is completed

8. Do buildings qualify for capital allowances?

A. Yes, they qualify for full capital allowances
B. No, they use structures and buildings allowance
C. Yes, only for a limited period
D. No, they are exempt from all allowances

9. The maximum amount eligible for letting relief is?

A. £50,000
B. £40,000
C. £30,000
D. £25,000

10. What is the formula for calculating principal private residence relief during part occupation?

A. Gain x period of ownership/Total period of occupation
B. Gain x period of occupation/Total period of ownership
C. Gain x total period of ownership/Total period of sale
D. Gain x period before sale/Total period of ownership

Answers

1. A
2. B
3. C
4. D
5. B
6. C
7. C
8. B
9. B
10. B

Explanations

1. At what point would a business typically differentiate between registered and non-registered for VAT?

A. Based on annual revenue

B. Based on the number of employees

C. Based on the type of products sold

D. Based on location

A business typically differentiates between registered and non-registered for VAT primarily based on annual revenue. This threshold is set by tax authorities to identify which businesses exceed a certain turnover limit that requires them to register for VAT. When a business's taxable turnover surpasses this threshold, it becomes obligated to register for VAT and charge VAT on its sales. The rationale behind this approach is to simplify compliance for smaller businesses and to ensure that only those businesses that have significant transactions and are likely generating a considerable amount of taxable supplies are required to act as VAT collectors for the government. In many jurisdictions, the annual revenue threshold is clearly defined, and it simplifies the registration process, focusing on financial capacity rather than other criteria. The other options—such as the number of employees, the type of products sold, or the geographical location—do not generally serve as the main criteria for determining VAT registration. While these factors may play a role in other regulatory or taxation contexts, they are not the principal determinants for VAT registration under most systems.

2. What are overlap profits?

A. Profits that are only reported once

B. Profits taxed more than once in opening years

C. Profits that are exempt from tax

D. Profits accrued after 12 months of trading

Overlap profits refer to the profits that are taxed more than once during the transition from one accounting period to another, particularly when a business is established. In a typical scenario where trading starts partway through a tax year, the initial profits may be reported for both the start of trading and also included in the profits for subsequent years due to how tax calculations are structured around accounting periods. This double counting occurs because when a business transitions to a new accounting period, the profits for the first period may overlap with the profits calculated in the second period, leading to an instance where the same profits are taxed again. This usually affects newly established businesses or those who change their accounting date. The other options do not accurately define overlap profits. Profits that are only reported once or exempt from tax do not encompass the concept of overlap, while profits accrued after 12 months of trading would typically be clear and not subject to the overlap situation since they belong entirely in a single accounting period.

3. To qualify for entrepreneurs' relief, what is the minimum holding period for shares?

A. 12 months

B. 18 months

C. 24 months

D. 36 months

To qualify for entrepreneurs' relief, shareholders must hold their shares in an eligible company for a minimum of 24 months before a disposal. This relief is designed to encourage entrepreneurship by reducing the capital gains tax burden on individuals who sell their businesses. The 24-month holding period ensures that only those who have made a significant commitment to the business can take advantage of this tax benefit. Therefore, it reflects a longer-term investment and involvement in the business, which is in line with the goals of promoting sustainable entrepreneurship and business growth.   The other options do not meet the criteria required for this specific tax relief, as they do not reflect the established minimum holding period that must be adhered to for entrepreneurs' relief eligibility.

4. In what situation would a gain be realized by the donor during a sale at undervalue?

A. When the asset is held for more than 5 years

B. When the amount received is greater than the original cost

C. When the proceeds are less than the market value

D. When the difference between actual proceeds and original cost is positive

A gain is realized by the donor in a sale at undervalue when the difference between the actual proceeds from the sale and the original cost of the asset is positive. This means that if the amount received from the sale exceeds the original cost of the asset, the donor recognizes a gain for tax purposes.   In this context, the original cost represents the amount paid for the asset, and a positive difference indicates that the asset has appreciated, or the donor is realizing a taxable gain even if the sale price is less than the market value.   The situation focuses on the relationship between the sale proceeds and the original cost rather than the market value. Therefore, if the proceeds from the sale are higher than what the donor originally paid for the asset, a gain is realized regardless of the asset's market value at the time of the sale.

5. What is the deadline for submitting a self-assessment tax return in the UK?

A. 31 December following the end of the tax year

B. 31 January following the end of the tax year

C. 31 March following the end of the tax year

D. 30 June following the end of the tax year

In the UK, the deadline for submitting a self-assessment tax return is 31 January following the end of the tax year. This means for the tax year that runs from 6 April to 5 April of the next year, individuals are required to submit their self-assessment by the following 31 January.   This timeline is crucial for taxpayers as it allows them sufficient time to prepare their financial information for the preceding tax year while ensuring the tax authorities can manage and process assessments efficiently.   The other options reflect incorrect dates that could lead to confusion. For instance, December 31 would not provide adequate time for individuals to compile their financial records post-tax year-end. Similarly, March 31 and June 30 fall outside of the acceptable submission period as they are either too early or too late, missing the January deadline established by HM Revenue and Customs (HMRC). Hence, option B accurately represents the proper deadline for filing self-assessment returns in the UK.

6. Which is a characteristic of employer contributions to pension schemes?

A. Employers must match employee contributions

B. Contributions are considered non-taxable income

C. They are tax-deductible expenses for the employer

D. Employers have no involvement in personal schemes

Employer contributions to pension schemes are classified as tax-deductible expenses for the employer. This means that when an employer makes contributions to an employee's pension scheme, they can deduct those amounts from their taxable profits. This provides a benefit not only to the employee, who is saving for retirement, but also to the employer, as these contributions lower their overall tax liability. The option about the necessity for employers to match employee contributions is not universally true, as employers are not legally required to match contributions; they can contribute varying amounts based on the specific terms of the pension scheme.   Regarding the treatment of contributions as non-taxable income, employer contributions to pension schemes do not form part of an employee's taxable income at the time of contribution, but they are not considered non-taxable income in the same manner as certain benefits might be. Instead, they are handled differently within the tax regulations. Finally, the statement about employers having no involvement in personal schemes is misleading, as employers can still play a role in facilitating or contributing to their employees' personal pension schemes, even if they don't manage those schemes directly. Thus, the ability of the employer to treat their contributions as tax-deductible expenses highlights the fiscal advantages and structural role that these contributions play within the

7. When can overlap profits be deducted?

A. During the first year of trading

B. Only at the year-end

C. Upon cessation of the business

D. After a tax audit is completed

Overlap profits can be deducted upon cessation of the business. This occurs when a business is winding up its operations and can claim relief for profits that have been taxed in excess of what would normally be taxable during the ongoing period of trading. Overlap profits generally arise in the initial years of a business's trading when the accounting profits do not align perfectly with the periods for which tax is assessed, resulting in some profits being taxed more than once. When the business ceases, the taxpayer is allowed to deduct these overlapping profits from their final tax computation, which helps to ensure that they are not taxed unfairly on the same income more than once. This provision aids in providing relief for businesses that might have faced tax on earnings that have already been accounted for in prior periods, thus preventing double taxation. In contrast, overlap profits cannot be deducted just because a business is still in its first year of trading, at a specific year-end, or following a tax audit. Each of these scenarios focuses on different aspects of tax reporting and compliance, without addressing the specific point at which the overlap profits can actually be accounted for in a deduction.

8. Do buildings qualify for capital allowances?

A. Yes, they qualify for full capital allowances

B. No, they use structures and buildings allowance

C. Yes, only for a limited period

D. No, they are exempt from all allowances

Buildings do not qualify for full capital allowances as other types of capital assets do. Instead, they are treated under a specific provision known as the Structures and Buildings Allowance (SBA). The SBA allows businesses to claim a deduction for the costs incurred in constructing or renovating non-residential buildings. This allowance recognizes that buildings have a long-term useful life and depreciation is spread over a defined period—typically 33 1/3 years in the UK. The concept behind the Structures and Buildings Allowance ensures that businesses can recoup some of their investment over time through tax relief. This is distinct from the general capital allowances available for movable assets such as machinery and vehicles, which may qualify for enhanced capital allowances. In contrast, the other options present alternatives that misunderstand how buildings are treated for tax purposes or inaccurately represent the allowances available. Buildings are not exempt from all allowances, nor do they qualify for full capital allowances or only for a limited period. This understanding of the SBA is crucial for accurate tax planning and compliance.

9. The maximum amount eligible for letting relief is?

A. £50,000

B. £40,000

C. £30,000

D. £25,000

Letting relief is a relief from capital gains tax available to individual landlords who rent out a portion of their main home. The correct maximum amount eligible for letting relief is indeed £40,000. This relief applies when you have occupied the property as your main residence and then later let it out. The relief is especially beneficial for individuals who have lived in the property at some point during their ownership and then rented it. For married couples and civil partners, the relief can be doubled, providing a maximum of £80,000. Understanding this relief is crucial for individuals who are landlords, as it can significantly reduce their capital gains tax obligations when they sell the property. The other amounts listed are incorrect as the limits for letting relief do not exceed £40,000 for individual claims, aligning with the parameters set by tax legislation.

10. What is the formula for calculating principal private residence relief during part occupation?

A. Gain x period of ownership/Total period of occupation

B. Gain x period of occupation/Total period of ownership

C. Gain x total period of ownership/Total period of sale

D. Gain x period before sale/Total period of ownership

The formula for calculating principal private residence relief during part occupation is based on the amount of time the property was actually occupied as a primary residence versus the total period of ownership. In this context, the correct choice reflects this relationship accurately. To break it down, the principal private residence relief allows homeowners to exclude some or all of the capital gains realized on the sale of a property that has been their main residence for some time. When a property is occupied both as a main residence and for other purposes (such as letting), the relief needs to be apportioned based on periods of actual residence compared to periods of ownership overall. Thus, by using the formula where the gain is multiplied by the period of occupation (the time the property was used as a main residence) and divided by the total period of ownership, it precisely allocates the gain that can be relieved based on occupancy. This approach emphasizes that relief applies to the duration of actual use as a main residence rather than the entire period of ownership, supporting the correct calculation of capital gains tax liability. The other options do not align with this correct interpretation of the timeframes involved in ownership and occupation.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://accataxationcertification-f6.examzify.com

We wish you the very best on your exam journey. You've got this!