ACCA TAXATION (F6) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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.

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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!

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Questions

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1. How does tax withholding work for employees?

A. Employees pay their tax directly to HMRC

B. Employers deduct tax before payroll

C. Tax is not withheld for employees

D. Employees have the option to choose their tax rate

2. Should you adjust profit before or after applying basis period rules?

A. Before applying the basis period rules

B. After applying the basis period rules

C. There is no need to adjust profit

D. Adjustments depend on the tax year

3. How does the 9-month occupancy rule apply when an owner lets out part of their home?

A. It applies only if the owner has never occupied the property

B. The owner must always occupy the entire home

C. If the owner fully occupied the property once, the 9 months can be deemed

D. It applies only to owners who do not live in the property

4. Which of the following assets qualifies for gift holdover relief?

A. Personal use assets

B. Shares in listed trading companies without any ownership percentage

C. Assets used in business without a minimum holding period

D. Cash holdings

5. What capital allowances can be claimed when disposing of assets in the year of cessation?

A. No capital allowances can be claimed

B. Balancing allowance only

C. Balancing charge only

D. Balancing allowance or charge on the disposal

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6. What is the minimum annual tapered allowance?

A. £2000
B. £3000
C. £4000
D. £5000

7. Which form is typically used to report self-assessment income tax?

A. SA100
B. CT600
C. P60
D. SA200

8. What happens to shares in the event of a reorganisation?

A. New shares are issued based on book value
B. New shares replace old ones with cost allocated by market value
C. Shareholders must sell their shares immediately
D. Old shares are nullified and replaced with cash

9. Which of the following assets is usually exempt from capital gains tax?

A. Gold bars
B. Residential properties
C. Wasting chattels
D. Commercial buildings

10. In what order are shares matched for individuals?

A. 30 days following sale, same day, shares in pool
B. Same day, shares in pool, 30 days following sale
C. Shares in pool, same day, 30 days following sale
D. Same day, 30 days following sale, shares in pool

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Answers

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

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Explanations

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1. How does tax withholding work for employees?

A. Employees pay their tax directly to HMRC

B. Employers deduct tax before payroll

C. Tax is not withheld for employees

D. Employees have the option to choose their tax rate

In the context of tax withholding for employees, the correct response highlights the role of employers in the tax collection process. When an employee receives their salary, the employer is responsible for calculating and deducting the appropriate amount of income tax before the payment is made. This system is often referred to as Pay As You Earn (PAYE) in the UK and similar systems exist in other countries as well. The benefit of this method is that it ensures tax is paid on a regular basis, thereby helping employees avoid a large tax bill at the end of the tax year. By withholding tax at the source, employers facilitate compliance with tax obligations, ensuring that necessary deductions are made before employees receive their net pay. In contrast, the other responses inaccurately reflect the structure of tax withholding. Employees do not typically pay their tax directly to HMRC on their own for income earned through employment; that is managed by employers. Additionally, tax withholding is indeed applicable to most employees, so stating that tax is not withheld is incorrect. Finally, while there may be some circumstances under which individuals can influence their tax affairs, generally, employees do not have the option to choose their own tax rate; this is determined by personal circumstances such as income level and the type of tax codes assigned

2. Should you adjust profit before or after applying basis period rules?

A. Before applying the basis period rules

B. After applying the basis period rules

C. There is no need to adjust profit

D. Adjustments depend on the tax year

The correct understanding is that profit should be adjusted before applying the basis period rules. This approach ensures that any necessary adjustments to profits, such as for non-taxable income or disallowed expenses, are taken into account prior to determining the relevant accounting period for tax purposes. The basis period rules dictate which profits for a given period are taxable, often relating to the accounting periods of businesses. By adjusting profit beforehand, you align the profit figures with the period to which they relate accurately. This creates a clearer picture of the taxable income for the specific basis period, leading to correct tax calculations. In contrast, applying adjustments after the basis period may result in inaccuracies regarding which profits are attributable to that period, potentially leading to incorrect tax liability calculations. Adjustments should effectively reflect the situation of the business for the relevant tax year, and unadjusted profits could lead to overly simplified or incorrect assessments. Furthermore, while some options suggest varying conditions or scenarios for adjustments, the fundamental practice remains to adjust profits prior to determining basis periods, ensuring compliance with tax regulations and accurate reporting.

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3. How does the 9-month occupancy rule apply when an owner lets out part of their home?

A. It applies only if the owner has never occupied the property

B. The owner must always occupy the entire home

C. If the owner fully occupied the property once, the 9 months can be deemed

D. It applies only to owners who do not live in the property

The 9-month occupancy rule is important for determining whether a property qualifies for certain tax reliefs, such as Private Residence Relief. The key aspect of this rule is that it allows a property owner to treat a portion of their home as their main residence for tax purposes, even if they let it out, as long as they have fully occupied the property at some point. When an owner has occupied the property as their main home for any duration, they can still benefit from the 9-month rule upon renting out part of their home. This means that as long as the owner has fully occupied the property prior to letting it out, they are entitled to treat the property as their main residence for the purposes of calculating potential capital gains tax relief when they eventually sell it. Therefore, if the owner has fully occupied the home even once before renting it out, they can use the 9-month occupancy rule to their advantage, allowing for potential tax benefits when they dispose of the property. In contrast, the other options suggest incorrect interpretations of the occupancy requirements and the nature of tax relief eligibility. For instance, stating that the owner must always occupy the entire home misrepresents how partial occupancy can work in conjunction with letting. Similarly, the notions that the rule

4. Which of the following assets qualifies for gift holdover relief?

A. Personal use assets

B. Shares in listed trading companies without any ownership percentage

C. Assets used in business without a minimum holding period

D. Cash holdings

Gift holdover relief allows for the deferral of Capital Gains Tax (CGT) on gifts of certain assets under specific conditions. The correct answer revolves around assets that are used in the course of a trade or business, which qualifies for this relief. When an asset is used for business purposes, it allows the donor to transfer the asset to another person without the immediate tax implications that would typically arise if such an asset were sold. The relief applies because the asset's value is expected to generate income or support ongoing operations in a business context, which aligns with the principles of encouraging business activity and promoting economic growth. Personal use assets do not qualify for gift holdover relief, as they are not used for a trade or business and are subject to CGT when they are disposed of. Shares in listed trading companies without any ownership percentage also do not qualify, as there is often a requirement for the shares to have a certain level of ownership to qualify for relief. Cash holdings are typically not considered for relief because they do not represent a capital asset subject to growth in value in the same manner as business assets. This understanding of the conditions for gift holdover relief is crucial for ensuring compliance with tax law and optimizing tax outcomes when transferring assets.

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5. What capital allowances can be claimed when disposing of assets in the year of cessation?

A. No capital allowances can be claimed

B. Balancing allowance only

C. Balancing charge only

D. Balancing allowance or charge on the disposal

When an individual or business ceases trading and disposes of its capital assets, it can claim either a balancing allowance or a balancing charge on those assets during the year of cessation. A balancing charge arises when the disposal proceeds of the asset exceed its tax written down value (the value considered for tax purposes after deducting capital allowances previously claimed). This means that the taxpayer will need to add back a portion of the allowances previously claimed, as the asset has appreciated in value for tax purposes. Conversely, a balancing allowance occurs when the tax written down value of the asset exceeds the disposal proceeds. In this case, the taxpayer can claim an allowance that reflects the loss in value that has not been previously captured through capital allowances. This flexibility in claiming either a balancing allowance or charge in the year of cessation reflects the need to adequately account for the final taxation position of the business's capital assets, ensuring that any gains or losses on the assets are taxed appropriately. Thus, the option indicating that either a balancing allowance or charge can be claimed during asset disposal in the year of cessation is the correct answer.

6. What is the minimum annual tapered allowance?

A. £2000

B. £3000

C. £4000

D. £5000

The minimum annual tapered allowance in the context of the UK pension tax relief system is essential for understanding how tax relief interacts with an individual's earnings. The tapered annual allowance affects individuals whose "adjusted income" exceeds £240,000. As income rises, the annual allowance decreases, leading to a minimum tapered annual allowance of £4,000. This figure is significant because it sets a baseline for tax relief that high earners can effectively claim on their pension contributions, ensuring they still receive some level of tax advantage even as their income increases. Understanding this rule is crucial for effective financial planning, particularly for those close to the income thresholds that trigger tapering. While other amounts might represent different limits or allowances, they do not reflect the specific minimum tapered allowance established by current tax legislation for high-income earners. This framework is vital for anyone involved in tax planning or retirement savings in the UK, ensuring individuals maximize their pension contributions while remaining compliant with tax regulations.

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7. Which form is typically used to report self-assessment income tax?

A. SA100

B. CT600

C. P60

D. SA200

The appropriate form used to report self-assessment income tax is the SA100. This form is specifically designed for individuals to declare their income, capital gains, and any tax allowances they may be entitled to. It is part of the self-assessment tax system in the UK, where taxpayers are responsible for calculating and reporting their own tax liability. The SA100 requires individuals to provide details about their earnings from various sources, such as employment, self-employment, property, and investments, along with any reliefs and deductions. Completing the SA100 accurately ensures that taxpayers fulfill their legal obligation and helps in the accurate assessment of their tax liabilities. In contrast, CT600 is a form designed for corporation tax returns, used by companies to report their profits and pay due corporation tax. P60 is an annual statement provided by an employer to employees detailing their earnings and tax deductions for the year, but it is not a self-assessment form. Lastly, the SA200 form is used for self-assessment purposes as well, but it is specifically for those who are required to submit additional supplementary pages or who have income that does not fit neatly into the SA100 form. However, for general self-assessment reporting for individuals, the SA100 is the correct choice.

8. What happens to shares in the event of a reorganisation?

A. New shares are issued based on book value

B. New shares replace old ones with cost allocated by market value

C. Shareholders must sell their shares immediately

D. Old shares are nullified and replaced with cash

In the context of a reorganisation, the process often involves replacing old shares with new ones, where the cost allocation is typically done by market value. This approach is significant because it reflects the current valuation of the company at the time of the reorganisation, ensuring that shareholders receive an equitable value for their ownership stake. When a company undergoes a reorganisation, it may do so to improve its capital structure, change its share distribution, or facilitate a merger or acquisition. By using market value as the basis for allocating costs to the new shares, the company aims to maintain fairness and transparency, aligning the value of shareholders' investments with the company's current market standing. This method allows shareholders to participate in the new equity structure based on what their previous shares are worth in the market, rather than just a historical value or book value, which may not accurately represent the company's worth at the time of reorganisation. In contrast, the other options imply either a disregard for market conditions or an immediate cash-out scenario, which typically do not reflect standard practices associated with reorganisations. Thus, the correct understanding of the treatment of shares during a reorganisation lies in the valuation based on market value, leading to the issuance of new shares that accurately represent the shareholders

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9. Which of the following assets is usually exempt from capital gains tax?

A. Gold bars

B. Residential properties

C. Wasting chattels

D. Commercial buildings

Wasting chattels are typically exempt from capital gains tax because they are defined as tangible movable property that has a limited life expectancy, specifically those with a useful life of less than 50 years. This exemption aligns with the principle that gains derived from the sale of such assets do not fall within the same classification as more permanent or appreciating assets like residential properties or commercial buildings. In practice, this means that when an individual sells assets such as equipment or certain collectibles, as long as these assets meet the criteria of wasting chattels, they would not incur capital gains tax on the profits from that sale. Understanding this distinction is crucial for tax planning and compliance, as it allows for the strategic management of asset sales to minimize tax liabilities. Other assets, such as gold bars and properties, have more complex capital gains tax implications due to their potential for appreciating value and are not typically exempt from such taxes.

10. In what order are shares matched for individuals?

A. 30 days following sale, same day, shares in pool

B. Same day, shares in pool, 30 days following sale

C. Shares in pool, same day, 30 days following sale

D. Same day, 30 days following sale, shares in pool

The order in which shares are matched for individuals is crucial for calculating capital gains tax accurately. The correct sequence begins with matching disposals to acquisitions on the same day. This first step reflects the rule that if an individual sells shares that they have also bought on the same day, those transactions are directly matched to determine the gain or loss. Following this, any shares disposed of need to be matched with any shares acquired within the 30 days after the sale. This is known as the "30-day rule." It is intended to prevent individuals from realizing losses on shares they have just sold while simultaneously repurchasing the same shares, which could be seen as an attempt to manipulate tax liability. Finally, any remaining shares are taken from the "pool," which encompasses shares that were acquired before the 30-day period and are not directly matched with the sales. This pooling method averages the cost of shares, thus providing a cohesive basis for calculating gains or losses. Understanding this sequence helps ensure compliance with tax regulations regarding capital gains, and being aware of the matching rules can significantly impact the amount of tax an individual may owe after share disposals.

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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!

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