ACCA TX-UK 2025–26

June 2026–June 2027 exam relevance

Based exclusively on the ACCA TX-UK technical-article resources supplied

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How to use this deck

Teaching philosophy

Build tax logic before arithmetic.

Use structured workings.

Treat scenarios as sequences of decisions.

Finish each topic with application.

Article-led coverage

Finance Act 2025

Adjustment of profit

Higher skills

Benefits

Chargeable gains 1–2

Groups

Inheritance tax 1–2

Cars

VAT 1–2

2025–26: the exam frame

The supplied Finance Act 2025 article is relevant to TX-UK exams from 1 June 2026 through 31 March 2027 and June 2027.

It is based on legislation applying to tax year 2025–26.

The article states that devolved taxes for Scotland, Wales and Northern Ireland are not examinable in TX-UK.

Use this deck as an article-led teaching framework alongside the tax information supplied in the exam.

Income tax: core 2025–26 rates

Band / item	2025–26
Basic rate	20%: £1–£37,700
Higher rate	40%: £37,701–£125,140
Additional rate	45%: £125,141+
Personal allowance	£12,570; tapered above £100,000
Savings nil-rate band	£1,000 basic; £500 higher; nil additional
Dividend nil-rate band	£500
Savings starting rate	0% where savings income falls within first £5,000 taxable income

Personal allowance taper

Adjusted net income above £100,000 reduces the £12,570 allowance by £1 for every £2 of excess.

At £125,140 or more, the allowance is nil.

The affected £100,000–£125,140 range produces an effective 60% marginal income-tax rate.

Gross personal pension contributions and gross Gift Aid donations reduce adjusted net income for this test.

Teacher checkpoint
Calculate the allowance before applying the taxable-income bands.

Income tax: order of application

Classify income as non-savings, savings and dividends.

Apply deductible interest, trade losses and the personal allowance initially against non-savings income, then savings income.

Savings and dividend nil-rate bands count within the ordinary rate bands.

Apply tax rates in the order: non-savings → savings → dividends.

Worked example: salary + savings

Ingrid: salary £52,500; savings income £1,800.

Taxable non-savings income = £52,500 − £12,570 = £39,930.

Non-savings tax: £37,700 × 20% = £7,540; £2,230 × 40% = £892.

Savings: £500 at 0%; £1,300 × 40% = £520.

Total income tax = £8,952.

Dividends: calculation logic

First £500 of dividends: 0%.

Excess dividends: 8.75% in the basic-rate band, 33.75% in the higher-rate band, 39.35% above the higher-rate threshold.

The £500 dividend nil-rate band consumes the rate band it occupies.

Calculate non-savings and savings income first, then determine the remaining ordinary band for dividends.

Worked example: mixed income

Joe: salary £48,200; savings £2,000; dividends £6,000; qualifying interest £300; PAYE £7,126.

Taxable non-savings = £48,200 − £300 − £12,570 = £35,330.

Savings: £500 at 0%, £1,500 at 20%.

Dividends: £500 at 0%, £5,500 at 33.75%.

Income tax = £9,222; less PAYE £7,126 → £2,096 payable.

National Insurance contributions

NIC	2025–26
Class 1 employee	£1–£12,570 nil; £12,571–£50,270 8%; £50,271+ 2%
Class 1 employer	£1–£5,000 nil; £5,001+ 15%
Employment allowance	£10,500
Class 1A	15%
Class 4 self-employed	£1–£12,570 nil; £12,571–£50,270 6%; £50,271+ 2%

Pension contributions: why they matter

Net personal pension contributions are grossed up at 100/80.

Gross contributions extend the basic and higher rate bands.

They reduce adjusted net income for the personal-allowance taper.

The annual allowance is an effective annual limit for tax-relieved contributions; excess can generate an annual allowance charge.

Unused annual allowances can be carried forward subject to the three-year rule described in the article.

Pension example: restoring the allowance

May: trading profit £159,000; net pension £32,000; net Gift Aid £9,600.

Gross pension = £40,000; gross Gift Aid = £12,000.

Adjusted net income = £107,000.

Allowance reduction = (£107,000 − £100,000)/2 = £3,500.

Allowance = £12,570 − £3,500 = £9,070.

The £52,000 gross pension + Gift Aid extends the rate bands.

Capital gains tax: 2025–26 rates

CGT item	2025–26
Lower rate	18%
Higher rate	24%
Annual exempt amount	£3,000
BADR lifetime limit	£1,000,000
Investors' Relief lifetime limit	£1,000,000
BADR / Investors' Relief rate	14%

Inheritance tax: 2025–26

IHT item	2025–26
Nil-rate band	£325,000
Residence nil-rate band	£175,000
Lifetime transfer rate	20%
Death rate	40%
Taper relief	20% / 40% / 60% / 80% by years before death

Corporation tax: rates and marginal relief

Small profits rate: 19% where augmented profits do not exceed £50,000.

Main rate: 25% where augmented profits are £250,000 or more.

Marginal relief applies between £50,000 and £250,000.

Associated companies effectively share the limits.

For a short accounting period, the limits are proportionately reduced.

Marginal relief: formula mindset

Core formula illustrated by ACCA: (upper limit − augmented profits) × 3/200 × taxable total profits/augmented profits.

Where the conditions are met and there are no relevant dividends, the article illustrates a shortcut: £50,000 at 19%, balance at 26.5%.

Do not use the shortcut when dividends or other facts make the full marginal-relief calculation necessary.

Corporation tax example: £180,000 profits

Difficult Ltd: taxable total profits £180,000; no dividends.

25% tax = £45,000.

Marginal relief = (£250,000 − £180,000) × 3/200 = £1,050.

Corporation tax = £43,950.

Effective overall rate = 24.42%.

VAT: key thresholds

VAT item	2025–26
Standard rate	20%
Compulsory registration	£90,000 previous-12-month taxable turnover
Forward-looking threshold	£88,000
Deregistration threshold	£88,000
Return/payment	Normally one month + seven days after quarter end

Adjustment of profit: examiner mindset

Start from the exact figure specified by the requirement.

If instructed to list scenario items, show zero where no adjustment is needed.

Separate accounting profit from tax-adjusted trading profit.

Use clear add-backs and deductions.

The article illustrates two company questions and one sole-trader question.

Short accounting period: sequence

1. Start with the specified operating/trading profit.
2. Adjust to tax-adjusted trading profit.
3. Deal with capital allowances separately from accounting depreciation.
4. Bring in chargeable gains, qualifying charitable donations and other required items.
5. Apply corporation-tax rates/limits for the relevant accounting period.

Exam technique: show the work

High-scoring approach

Use the stated starting figure.

Show every adjustment separately.

Use zero when requested.

Keep capital allowances separate.

Common failure modes

Wrong starting profit.

Netting unrelated items.

Skipping zero adjustments.

Mixing trading adjustments with final CT.

Higher skills: what changes?

Higher-skills questions can bridge more than one syllabus area or tax.

Where multiple taxes are involved, the question gives clear guidance on which taxes to consider.

The challenge is sequencing and comparison, not learning a completely new tax.

The article's major example compares sole-trader operation with a limited company and different extraction methods.

Sole trader vs company: framework

Sole trader: income tax + Class 4 NIC.

Company: corporation tax first, then owner's personal tax/NIC on extraction.

Compare remuneration, dividends and mixed packages where relevant.

Company pension contributions can reduce taxable total profits and may have no personal tax consequence in the scenario.

Compare total tax/NIC and identify any undrawn profit.

Higher-skills worked comparison

Alternative in ACCA example	Total tax / NIC
Sole trader	£30,689
Limited company – remuneration	£38,630
Limited company – dividends	£35,111
Limited company – mixed package	£24,175

Conclusion
The mixed package is lowest in the ACCA example, but some company profit remains undrawn and the pension benefit is deferred.

Higher skills: writing the conclusion

State the numerical winner.

Explain how much profit remains in the company.

Mention timing issues, such as deferred pension benefit.

If retention of profits is desirable, undrawn profit may be acceptable.

If all profit must be extracted, compare alternatives on that consistent basis.

Benefits: the exam approach

Benefits feature regularly and are often under-answered.

The article concentrates on commonly examined benefits.

Cars are handled separately in the Cars article.

For every benefit ask: taxable? valuation? exemption/condition? employer NIC? employee tax?

Living accommodation

Basic benefit: annual value of the property.

If rented, use the higher of annual value and rent paid.

Employer-owned accommodation costing more than £75,000 can create an additional benefit.

Additional benefit: (cost – £75,000) × 3.75%.

Employer-paid running costs can also be taxable.

Accommodation: valuation traps

Property cost includes relevant subsequent improvements before the tax year.

If bought more than six years before first being provided, replace cost with market value when first provided, plus subsequent improvements.

Keep the basic annual-value benefit separate from the additional expensive-property benefit.

Benefits: a disciplined checklist

Identify the benefit and the person receiving it.

Apply the prescribed valuation rule.

Check exemptions and conditions.

Calculate employee income-tax effect.

Calculate employer NIC separately where relevant.

Keep car benefits in the dedicated car framework.

CGT: when is a gain chargeable?

CGT applies to a chargeable disposal of a chargeable asset by a chargeable person.

Part disposals and gifts can be chargeable disposals.

A transfer on death is exempt for CGT; the inheritor takes the asset at death value.

The article highlights certain chattels, cars and gilts as important exempt assets.

CGT: gain computation

Start with disposal proceeds or required market value.

Deduct allowable acquisition cost.

Deduct qualifying enhancement expenditure.

Deduct allowable incidental costs.

Then consider losses, annual exempt amount, reliefs and rates.

Part disposals: base-cost formula

For a part disposal, the article apportions original cost using: amount realised ÷ (amount realised + market value of retained part).

Apply the same concept to enhancement expenditure relating to the whole asset.

Costs relating solely to the disposed part are not apportioned.

Calculate the remaining base cost after the disposal.

Part disposal: worked example

Joan sells 3 hectares for £285,000; original cost of 4 hectares = £220,000; retained hectare value = £90,000.

Allocated cost = £220,000 × £285,000 / (£285,000 + £90,000) = £167,200.

Chargeable gain = £285,000 − £167,200 = £117,800.

Remaining base cost = £52,800.

Private residence relief: exam method

Calculate the whole gain first.

Identify the qualifying occupation period and periods of absence under the conditions discussed by ACCA.

Apply the appropriate relief fraction.

Do not assume every period of ownership is automatically exempt.

Shares: matching hierarchy

1. Shares purchased on the same day.
2. Shares purchased within the following 30 days.
3. Shares in the share pool.

The share pool aggregates historic purchases up to the disposal date.

Shares: worked pool example

Ivy sells 4,500 shares for £27,000 after buying 500 shares the same day for £2,500.

Same-day match: proceeds £3,000; cost £2,500 → gain £500.

Remaining 4,000 shares: proceeds £24,000; pool cost £10,000 → gain £14,000.

Total chargeable gain = £14,500.

Business Asset Disposal Relief

Test the qualifying business-asset conditions before applying the relief.

For qualifying shares, the article highlights the importance of the shareholding and employee/director conditions.

2025–26 Finance Act figures: £1 million lifetime limit and 14% rate.

Relief is not automatic merely because shares are in a trading company.

Investors' Relief

Can apply to external investors in qualifying unlisted trading companies.

No minimum shareholding requirement is stated in the article.

Shares must be newly issued and acquired by subscription and held for at least three years after 6 April 2016.

Generally, the investor must not be an employee/director, subject to the article's exceptions.

Lifetime limit £1 million; rate 14%.

Investors' Relief: worked example

Winnie subscribes £150,000 for qualifying shares and sells them for £760,000.

Gain = £610,000.

Less annual exempt amount £3,000 → £607,000 taxable.

CGT at 14% = £84,980.

CGT planning: timing and spouse transfers

Delaying a disposal across a tax year can defer the CGT liability.

Transfers between spouses/civil partners can be relevant to planning.

Use annual exempt amounts and available rate bands efficiently.

Always connect the planning point to the facts of the question.

Corporation tax groups: start with relationships

Identify associated companies and group relationships first.

For group relief, establish the qualifying relationship before calculating the amount.

Then test period overlap and any restriction for non-coterminous accounting periods.

Associated companies

Associated companies are under the same control; the article explains this basically through more than 50% control.

A company associated for only part of the accounting period counts for the whole period.

Dormant companies do not count as associated.

Residence is irrelevant for associated-company purposes.

Associated companies: effect on limits

One associated company: effectively halve the £50,000 and £250,000 limits.

Two associated companies: divide the limits by three.

This can move a company into marginal relief.

Determine the associated-company count before calculating CT.

Group relief: mechanics

Qualifying losses can be surrendered to a claimant group company.

Claimant taxable total profits are reduced by the relief claimed.

The amount available can be restricted by the surrendering company's position and by non-coterminous periods.

Keep claimant and surrendering-company computations separate.

Group relief: non-coterminous periods

Where accounting periods do not coincide, group relief can be restricted.

The ACCA example requires time apportionment of the relevant profit/loss.

Identify the common period first, then apply the restriction.

Group relief and augmented profits

Relevant non-group dividends can increase augmented profits.

Group dividends are excluded from augmented profits in the ACCA example.

Ballpoint Ltd: £140,000 after charitable donations/group relief; £4,000 non-group dividends → £104,000 augmented profits.

With one associated company, upper limit becomes £125,000 and marginal relief applies.

Inheritance tax: the big picture

IHT applies to the estate at death and to certain lifetime transfers.

For TX-UK, transfer and gift can be treated as equivalent terms.

Donor = person making the transfer; donee = recipient.

For the TX-UK framework in the article, candidates are treated as long-term UK residents for worldwide-asset purposes.

PET vs CLT

Potentially exempt transfer (PET)

Gift to an individual.

Initially exempt.

Can become chargeable if donor dies within seven years.

Then enters the death calculation.

Chargeable lifetime transfer (CLT)

Typically a transfer into trust.

Chargeable when made.

Lifetime IHT rate applies above available nil-rate band.

Later transfers interact through cumulation.

IHT exemptions

Identify the type of transfer first.

Apply the specific exemption before the nil-rate band.

The article covers categories such as annual exemptions, small gifts, spouse/civil-partner transfers and charitable gifts.

Show gross transfer → exemption → net transfer to avoid double deduction.

IHT: nil-rate band and rates

Nil-rate band = £325,000.

Lifetime transfers above available nil-rate band are generally taxed at 20% where the donor pays.

On death, excess is generally taxed at 40%.

Earlier transfers consume nil-rate band available to later transfers/death.

Taper relief: what it reduces

Years before death	Reduction
>3 and <4	20%
>4 and <5	40%
>5 and <6	60%
>6 and <7	80%

Critical exam point
Taper relief reduces tax payable; it does not reduce the value of the gift for cumulation.

Death estate: computation structure

Start with assets at death.

Deduct allowable liabilities and funeral expenses.

Bring in relevant lifetime transfers and track nil-rate-band usage.

Use the residence nil-rate band only when the question indicates it is available.

Apply death IHT to the taxable excess.

Death estate: debts and expenses

Legally enforceable debts can reduce the estate.

Repayment and interest-only mortgages can be deducted.

Funeral expenses are deductible.

A merely verbal promise is not deductible in the ACCA example.

Keep gross assets and liabilities visibly separate.

IHT worked example: death estate

Andy: residence £425,000 less mortgage £180,000; cars £63,000; shares £54,000; deposits £25,000; other investments £75,000; life assurance proceeds £100,000.

Pension fund £167,000 is excluded in the ACCA example.

Deduct credit-card debt £700 and funeral expenses £4,300; verbal legal-fee promise £800 is not deductible.

Chargeable estate = £557,000.

£557,000 − £325,000 = £232,000 × 40% = £92,800.

Cars: why TX-UK likes this topic

Cars can create income-tax, NIC, corporation-tax and VAT consequences.

The article states that cars have featured in every TX-UK exam set to date.

Split the question into purchase/capital allowances, private use, benefits, leasing, running costs and VAT.

Purchasing a car: capital allowances

Car type	Treatment
New zero-emission	100% first-year allowance
1–50 g/km CO_2	18% WDA; main pool
>50 g/km CO_2	6% WDA; special-rate pool
Second-hand zero-emission	18% WDA

Car purchase: worked example

Newstart Ltd: zero-emission £32,400; 30 g/km £22,700; 87 g/km £26,900.

£32,400 × 100% = £32,400.

£22,700 × 18% = £4,086.

£26,900 × 6% = £1,614.

Total allowances = £38,100.

Cars and private use

For a sole trader/partnership, adjust profit for the private proportion of proprietor/partner car expenses.

No equivalent trading-profit adjustment is required for directors/employees in the article's framework.

Where there is some business use, the article's repair example permits full input VAT recovery.

Leased cars: CO_2 restriction

At 50 g/km or less: no lease-cost adjustment.

Above 50 g/km: 15% of leasing cost is disallowed.

£3,280 at 70 g/km → £492 disallowance.

£2,980 at 25 g/km → no disallowance.

Leased cars: VAT

If a leased car is available for private use, 50% of input VAT on leasing costs is non-deductible.

£960 VAT-inclusive lease → VAT £160; 50% non-deductible = £80.

Do not confuse the 50% VAT restriction with the 15% corporation-tax leasing-cost restriction.

VAT: the basic return

Standard rate = 20%.

Output VAT arises on taxable sales; recoverable input VAT is deducted subject to the rules.

VAT payable = output VAT − recoverable input VAT.

Check whether each figure is VAT-exclusive or VAT-inclusive.

VAT return: worked example

Zoe: sales £128,000; expenses £24,800; machinery £24,150 VAT-inclusive.

Output VAT = £25,600.

Input VAT on expenses = £4,960.

Machinery input VAT = £24,150 × 20/120 = £4,025.

VAT payable = £25,600 − £4,960 − £4,025 = £16,615.

VAT registration

Compulsory registration where taxable supplies in the previous 12 months exceed £90,000.

No registration under the forward-looking test if taxable supplies in the next 12 months will not exceed £88,000.

Standard-rated and zero-rated supplies are taxable supplies for the threshold.

Use VAT-exclusive turnover.

Voluntary registration: commercial decision

Voluntary registration can recover input VAT on qualifying costs.

But output VAT may have to be absorbed where customers cannot accept higher prices.

ACCA's Bee example shows the benefit where customers are VAT-registered and output VAT can be passed on.

Therefore compare recoverable input VAT with the effect on selling prices/revenue.

Pre-registration input VAT

Input VAT incurred before registration can be recovered in specified circumstances.

The article example distinguishes goods, services and non-current assets.

Check whether goods/assets meet the relevant conditions at registration.

In an exam, identify the expenditure category before applying the rule.

VAT returns and Making Tax Digital

VAT returns are normally quarterly.

Businesses generally submit returns using Making Tax Digital software and keep digital records.

Returns and payment are normally due one month and seven days after quarter end.

Quarter ended 31 March 2026 → deadline 7 May 2026.

VAT invoices

A full invoice includes the supplier's VAT number, tax point, VAT rates, VAT-exclusive amounts and VAT payable, among required information.

A simplified invoice can be used where the VAT-inclusive total is below £250.

Simplified invoices still require the core information described in the article.

VAT late submission penalties

A points-based system applies to late VAT returns.

For quarterly returns, four points trigger a £200 penalty.

Further late quarterly returns can also incur £200 penalties.

Points normally expire after two years; once the threshold is reached, the reset rules require timely filing over the relevant period.

VAT late payment penalties

Timing	Article treatment
Within 15 days	No penalty
16–30 days late	3%
>30 days late	6% + daily penalty at annual 10% rate after initial 30-day period

VAT: overseas and special schemes

The article also covers overseas VAT aspects and special schemes.

Identify the transaction/scheme before applying the normal VAT return logic.

Keep tax point, place-of-supply and VAT-rate questions separate in your workings.

Integrated case 1: owner-managed company

Facts pattern: £100,000 trading profit before owner remuneration; compare sole trader and company extraction.

1. Sole trader: income tax + Class 4 NIC.
2. Company: CT after remuneration/employer NIC/pension.
3. Owner: personal tax/NIC on salary and/or dividends.
4. Compare total tax/NIC and identify undrawn profit.

Integrated case 2: CGT shares

Multiple purchases + disposal.

1. Same-day match.
2. Following-30-day match.
3. Share pool.
4. Total gain → losses/annual exempt amount → reliefs → rates.

Integrated case 3: VAT decision

Turnover near £90,000 with VAT-bearing costs.

1. Calculate taxable turnover VAT-exclusive.
2. Test compulsory/voluntary registration.
3. Calculate output and recoverable input VAT.
4. Consider whether customers can absorb output VAT.

Integrated case 4: IHT

Lifetime gifts + death estate + residence + debts.

1. Classify PET/CLT.
2. Order transfers chronologically.
3. Track nil-rate band.
4. Compute death estate and allowable deductions.
5. Apply taper only to tax attributable to the relevant gift.

20-second decision tree: income tax & CT

Income tax

Classify income.

Reliefs/allowances.

Non-savings → savings → dividends.

Apply bands/rates.

Deduct PAYE.

Corporation tax

Adjust profit.

Capital allowances.

Taxable total profits.

Augmented profits.

Associated companies → limits → marginal relief.

20-second decision tree: CGT

Disposal? → chargeable asset? → chargeable person?

Calculate proceeds/market value.

Deduct base cost + enhancement + incidental costs.

Part disposal → apportionment formula.

Shares → same day → 30 days → pool.

Losses/annual exempt amount → reliefs → rates.

20-second decision tree: IHT

Gift or death estate?

PET or CLT?

Exemptions.

Cumulate and track nil-rate band.

Death estate: assets – allowable liabilities – funeral expenses.

Residence nil-rate band only if indicated.

20% lifetime / 40% death; taper where appropriate.

20-second decision tree: cars & VAT

Cars

Zero-emission new → 100% FYA.

1–50 g/km → 18%.

>50 g/km → 6%.

Lease >50 g/km → 15% disallowance.

Private use / VAT restrictions.

VAT

20% standard rate.

£90k registration threshold.

Output − input VAT.

Pre-registration recovery.

Return: 1 month + 7 days.

Late filing/payment penalties.

Exam technique: calculation marks

Use headings that mirror the tax computation.

Show intermediate figures.

Label assumptions and zero adjustments.

Do not mix taxes—finish one calculation before feeding it into the next.

For higher skills, finish with a clear recommendation.

Exam technique: narrative marks

Explain why, not only what.

When justifying associated companies, explain inclusions and exclusions.

When comparing alternatives, discuss the numerical result and practical consequence.

Where a relief has conditions, state the condition before applying it.

Final master checklist

☐ Income classification and ordering

☐ Adjusted net income and personal-allowance taper

☐ Employee and self-employed NIC

☐ Accounting-profit adjustment and corporation tax

☐ Associated companies and marginal relief

☐ Benefits and accommodation

☐ CGT, part disposals and share pools

☐ BADR / Investors' Relief conditions

☐ IHT lifetime transfers and death estates

☐ Car capital allowances, leasing and VAT

☐ VAT registration, returns and penalties

☐ Higher-skills multi-tax comparisons

Source boundary

Substantive teaching content in this deck is based exclusively on the ACCA TX-UK technical-article resources.

Resources used: Finance Act 2025; Adjustment of profit; Higher skills; Benefits; Chargeable gains Parts 1–2; Groups; Inheritance tax Parts 1–2; Cars; VAT Parts 1–2.

The deck follows the 2025–26 framework described in the supplied ACCA materials.

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