

SINGAPORE TAXATION

FOUNDATION PROGRAMME
STUDY GUIDE:
2023-2024 EDITION

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About the Accounting and Corporate Regulatory Authority

The Accounting and Corporate Regulatory Authority (ACRA) is the regulator of business registration, financial reporting, public accountants, and corporate service providers. We are responsible for developing the accountancy sector and setting the accounting standards for companies, charities, co-operative societies, and societies in Singapore. ACRA fosters a vibrant and trusted business environment that enables innovation and growth and contributes towards making Singapore the best place for business.

For more information, please visit: www.acra.gov.sg.

About the Institute of Singapore Chartered Accountants

The Institute of Singapore Chartered Accountants (ISCA) is the national accountancy body of Singapore. ISCA's vision is to be a globally recognised professional accountancy body, bringing value to our members, the profession and wider community. There are over 33,000 ISCA members making their stride in businesses across industries in Singapore and around the world.

Established in 1963, ISCA is an advocate of the interests of the profession. Possessing a Global Mindset, with Asian Insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards Singapore's transformation into a global accountancy hub.

ISCA is the Administrator of the Singapore CA Qualification and the Designated Entity to confer the Chartered Accountant of Singapore - CA (Singapore) - designation.

ISCA is a member of Chartered Accountants Worldwide, a global family that brings together the members of leading institutes to create a community of over 1.8 million Chartered Accountants and students in more than 190 countries.

For more information, visit www.isca.org.sg.

Introduction

ACRA provides this Study Guide to help Candidates to be better prepared for the Singapore CA Qualification examinations. The Study Guide provides guidance to Candidates on how to use the recommended textbooks.

Module Assessment

The Foundation Programme is assessed by way of centralised examinations. These standard national examinations are applicable to all Candidates. Each module will be assessed by way of a 3-hour and 15 minutes restricted open-book written examination. There will be four questions, and each question may have multiple parts requiring structured responses. For instance, written short answer questions, essay style questions, computations, or standard format questions (e.g., extracts from income tax returns and GST returns, journal entries, etc.).

Module Objective

The Singapore Taxation module equips Candidates with the core knowledge of the underlying principles and major technical areas of Income Tax and Goods and Services Tax through a variety of business and personal scenarios and situations. Upon completion of this module, Candidates should be able to compute tax liabilities, explain the basis of their calculations, apply basic tax-planning techniques for individuals and companies.

Assumed Knowledge and Pre-requisites

It is assumed that Candidates have acquired a basic understanding of the Singapore taxation system from their prior tertiary studies. Outlined below is a summary of the assumed knowledge for the Singapore Taxation module:

- Overall function and purpose of the taxation system in the Singapore economy; and
- The principal sources of revenue law and practice.

Recommended Textbook

ACRA does not prescribe learning materials for each of the core modules. Candidates should make use of the Recommended Textbooks to deepen their knowledge and understanding of the topics and learning outcomes. This study guide maps out the module Learning Outcomes to the various chapters and sections found within the recommended Textbooks that you would find useful and relevant in your studies and work. The recommended Textbook are as follows:

No	Textbook	Authors	Publisher	Edition
1.	Singapore Tax Workbook 2022/23	Prof. Sum Yee Loong	Wolters Kluwer	25th

As the textbooks are not customised for the Singapore CA Qualification, there are learning outcomes not covered by the textbooks. The Study Guide had aligned such learning outcomes to publicly available references. Candidates may refer to other sources to supplement your learning.

In addition to the above references, Candidates should make use of other resources like the Examiners' Guide published by ACRA and Essential Reading listed in this Study Guide.

Studying for the Singapore CA Qualification (Foundation)

Candidates may choose the following mode of study for the Singapore CA Qualification (Foundation):

- (a) Attend tuition courses with a Registered Learning Organisation – Foundation Programme (RLO-FP); or
- (b) Self-study.

Attending the preparatory or revision classes conducted by the RLO-FPs may help you to better prepare for the Singapore CA Qualification (Foundation) examinations. The list of RLO-FPs is available on the ACRA website. For more details regarding course fees, schedules, and duration, please visit the respective RLO-FP websites.

Using the Study Guide and the Recommended Textbooks

Utilising the Study Guide and the Recommended Textbooks together for studying the Singapore CA Qualification will:

- help you navigate and achieve the module learning outcomes to obtain insightful commentary and explanatory details of the module topic
- increase your comprehension and organise your understanding through the module topic and practice with application based examples, and
- prepare you for a successful exam, while providing the knowledge you can put into action at work right away.

Planning Your Study Programme

Each semester is approximately 13 weeks long. You should establish your own detailed study plan that fits in with your work and other commitments. There are two distinct periods during the semester that you should take note of: i) gaining knowledge and developing your application skills and ii) revising for the examination, which includes honing your application skills.

A sample study plan might be to divide the semester into two with:

- The first ten weeks spent gaining knowledge and developing your application skills; and
- The final three weeks spent revising for the examination and doing practice exam questions.

Using this sample study plan, you would then divide the number of topics by ten and plan to work through each topic accordingly. As you complete each topic, you should also attempt the corresponding practice questions from the Textbooks. This approach will help you establish whether you have understood the concepts thoroughly and reinforces the knowledge and skills gained.

Once you have read all the relevant sections from the Recommended Textbooks, as well as the other suggested reading materials and worked through the topic-specific questions from the Textbooks, you should then switch to intense revision mode and start preparing yourself for the examination.

The past year examination questions also help you get prepared for your examination. You should attempt each question as if it were the real examination, limiting the time allowed to complete, and being honest with yourself when you compare your answer to the answer suggested. As part of your revision, you should refer to the Recommended Textbooks and other essential reading materials to ensure that you have fully understood the concepts and noted any exceptions.

In terms of time invested, it is recommended that you spend 100 hours on gaining knowledge and developing your application skills (approximately 10 hours a week for the first 10 weeks of the semester). The last three weeks should be devoted to intensive revision and exam practice. At a minimum, you should plan to invest at least 12 hours each week in the three weeks leading up to the examination.

Module Syllabus

SINGAPORE TAXATION

Introduction to Income Tax Jurisdiction	4 Hrs	7%
Sources of Income	16 Hrs	27%
Personal Income Tax Liabilities	8 Hrs	13%
Taxable Income, Deductions and Capital Allowances	12 Hrs	20%
Corporate Income Tax Liabilities	12 Hrs	20%
Goods and Services Tax	8 Hrs	13%

* Estimated study hours only serve as a guide for the Candidates.

ESSENTIAL READING

Relevant sections from the Singapore Income Tax Act (SITA) and associated regulations

Relevant sections from the Goods and Services Tax Act and associated regulations

Relevant Inland Revenue Authority of Singapore (IRAS) e-Tax guides

The financial press in relation to emerging trends and current issues

SPECIFIC EXCLUSIONS

Nil.

THE MODULE AT A GLANCE

- A** Explain the original function and purpose of the taxation system in the Singapore economy, identifying the different types of taxes and the principal sources of revenue law, and practice.
- B** Define the scope of individual income tax (for residents and non-residents) and understand the various types of income and demonstrate how they are taxed.
- C** Compute an individual's income tax liability, taking into account of personal reliefs
- D** Define the scope of tax and profits chargeable to corporate income tax and understand the concepts of tax deductions and capital allowances.
- E** Compute the corporate taxable income and income tax liability, taking into account of group structures and general partnerships.
- F** Define the scope of the Goods and Services Tax (GST), explain the basic workings, as well as compute the GST return.

Module Syllabus

Cognitive Levels

The cognitive levels (CL) give an indication of the intellectual depth which Candidates are expected to achieve. Each learning outcome is identified with a cognitive level ranging from 1 to 3. The cognitive levels are described below.

Cognitive Level 1

An ability to communicate knowledge and insight in relation to emerging trends, current issues, and regulatory changes, with some practical application.

Cognitive Level 2

An ability to assess and apply knowledge to common scenarios that a Candidate would be likely to encounter in the workplace to derive an appropriate outcome.

Cognitive Level 3

An ability to demonstrate an elevated level of application of knowledge and assess information in more complex scenarios in order to arrive at an appropriate outcome.

Core and non-core learning outcomes

In addition to the CL, each learning outcome is defined as core or non-core to distinguish between fundamental or supplemental knowledge and skills prescribed in this module.

Core learning outcomes

These are essential learning outcomes which Candidates are expected to achieve in order to gain competency in the described module objective.

Non-core learning outcomes

These are learning outcomes which supplement the core learning outcomes and will equip Candidates with a holistic understanding of the module

Using the Study Guide

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
A	INTRODUCTION TO INCOME TAX JURISDICTION				
A1	The Scope of Income Tax				
1	Explain the territorial basis of taxation.	2	C	1-102	—
2	Explain the term 'basis period' and determine the basis period in a given situation.	2	C	1-102	—
3	Explain the term 'year of assessment' and determine the Year of Assessment in a given situation.	2	C	1-102	—
A2	Income Tax Administration				
4	Explain the statutory obligations imposed in a given situation, including any time limits for action, and advise on the implications of non-compliance, including: - Recognise the time limits for the filing of tax returns, including estimates of chargeable income (ECI) and the making of claims; and - Recognise the due dates for the payment of tax, including instalment arrangements and tax assessed on estimated chargeable income.	2	C	2-102 to 2-104 2-106	—
5	List the information and records that taxpayers need to retain for tax purposes.	2	C	—	IRAS Weblink https://www.iras.gov.sg/irashome/Businesses/Self-Employed/Learning-the-basics/Keeping-

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
					Proper-Records- and-Accounts/
6	State the circumstances in which the Comptroller can enquire into the tax affairs of taxpayers.	2	C	2-111, 17-102	—
7	Explain the procedures for dealing with appeals and disputes.	2	C	2-107	—
8	Understand the roles and responsibilities of a Tax Agent and how they facilitate the administration of the Singapore Tax system.	2	C	—	IRAS Weblink https://www.iras.gov.sg/quick-links/tax-agents/iras-tax-agent-relationship
9	Distinguish the difference between tax avoidance and tax evasion.	2	C	17-101	—
B	SOURCES OF INCOME				
B1	Trading Income				
10	Distinguish between income and capital receipts.	3	C	3-101	—
11	Apply the badges of trade to determine if income is trading in nature.	3	C	3-103	—
B2	Employment Income				
12	Recognise the factors that determine whether an engagement is treated as employment or self-employment and the tax implications thereof.	2	C	3-106	—
13	Explain the tax treatment of employment benefits assessable, including share options, share awards, retrenchment or retirement benefits, and excess Central Provident Fund (CPF)	2	C	3-107 to 3-110	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
	contributions made by an employer.				
B3	Income from Self-Employment				
14	Recognise the basis of assessment of income from self-employment.	2	C	3-106	—
B4	Property and Investment Income				
15	Compute the net investment income, in properties and equities, placement of funds on deposit with banks, and loans granted both within and outside Singapore.	2	C	3-111 to 3-113	—
16	Distinguish the difference between a business carrying on a trade and one held for pure investment intent.	2	C	3-101, 3-103	—
B5	Exempt Income				
17	Identify and describe the types of exempt income under S13.	2	C	3-115	—
B6	Foreign sourced income				
18	Distinguish between locally sourced income and foreign sourced income.	2	C	10-101	—
19	Recognise the tax treatment of foreign sourced income received or deemed received in Singapore and the implications of applying for a Certificate of Residency.	2	C	10-101	—
B7	Tax Residency				
20	Explain how the tax residency of an individual is determined and its relevance to income tax.	3	C	1-105	—
21	Demonstrate the application of the 3-year and 2-year	3	C	1-106	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
	concessional rules for determining tax residence.				
22	Determine the basis period for assessing corporate profits, including the case of a change of financial reporting date.	3	C	1-102	—
23	Describe how the tax residence of a company is determined.	3	C	1-105, 11-101	—
C	PERSONAL INCOME TAX LIABILITIES				
C1	Computation of Taxable Income and Income Tax Liability for Resident Individuals				
24	Compute the assessable income, chargeable income, and the amount of income tax payable by a resident individual.	3	C	2-103	IRAS weblink https://www.iras.gov.sg/taxes/individual-income-tax/tax-bill-and-payment/understanding-my-tax-assessment
25	Identify and calculate the amount of personal reliefs available to individuals and recognise the reliefs and rebates claimable, such as: <ul style="list-style-type: none"> - Earned income; - Spouse; - Child/ handicapped child; - Working mother's child relief; - Handicapped sibling; - Life insurance; - Parent/ handicapped parent; - Grandparent caregiver; - Course fees; - Foreign maid levy; - National servicemen (NSman); 	3	C	7-101 to 7-123	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
	<ul style="list-style-type: none"> - Parenthood tax rebate; - Contributions to the Central Provident Fund (CPF); - Supplementary Retirement Scheme (SRS); - CPF voluntary contributions; and - CPF Cash top-up. 				
C2	Computation of Taxable Income and Income Tax Liability for Non-Residents				
26	Determine the income deemed sourced in Singapore under S12(6), S12(6A), S12(7), and S12(7A) of the SITA.	2	C	11-102	—
27	Explain the withholding tax implications arising from payments made to non-residents.	2	C	11-102	—
28	Compute the tax liability of a non-resident individual deriving employment income under S40B.	2	C	11-104	—
D	TAXABLE INCOME, DEDUCTIONS AND CAPITAL ALLOWANCES				
D1	Profits Chargeable to Corporate Income Tax				
29	Recognise the tax treatment of trade/business income or income from other source and distinguish between income receipts and capital gains.	3	C	3,101 to 3-103	—
30	Compute income arising from the business of the making of investments.	3	C	14-104	—
D2	Tax Deductions				

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
31	Determine all allowable deductions and non-allowable under S14 and S15 of the SITA.	2	C	4-101 to 4-108 4-112	—
32	Recognise the relief that can be obtained from special deductions and/ or double deductions, including deduction for pre-commencement expenses (i.e. S14B, S14C, 14F, 14N, 14R, S14V, and S14W).	2	C	4-115, 4-116, 4-117, 4-122, 4-123, 4-125 4-126	—
33	Recognise the tax relief for donations and the carry forward of unabsorbed donations.	2	C	4-109	—
D3	Capital Allowances				
34	Define and determine the qualifying expenditure of 'plant and machinery' for capital allowances purposes.	2	C	5-102	—
35	Determine the capital allowance claims available under S19 and S19A of the SITA.	2	C	5-103 to 5-106	—
36	Compute balancing allowances and balancing charges, including the application of S21 and S24 of the SITA.	2	C	5-110	—
37	Describe how different financial assets and liabilities should be treated for income tax purposes (including SFRS109 tax treatments/ adjustments).	2	C	4-134	—
D4	Land Intensification Allowance (LIA) and Industrial Building Allowance (IBA)				
38	Compute the initial allowance (IA) and the annual allowance (AA) under the Land Intensification Allowance (LIA) for qualifying business.	2	C	5-112, 5-113, 5-116a	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
39	Compute the annual allowance for existing qualifying buildings under the transitional rules of the Industrial Building Allowance (IBA).	2	C	5-114, 5-115, 5-116a	—
40	Compute the balancing adjustment on the disposal of an industrial building.	2	C	5-110, 5-116	—
E	CORPORATE INCOME TAX LIABILITIES				
E1	Relief for Capital Allowances				
41	Demonstrate how capital allowances can be carried forward and carried back and determine the order of set-off.	2	C	9-102, 9-106	—
42	Identify the limits for the set-off and carryforward of capital allowances in relation to an entity in the business of the making of investments under S10E of the SITA.	2	C	14-104	IRAS e-Tax Guide Ascertainment of Income from Business of Making Investment (Forth Edition)
E2	Relief for Trading Losses				
43	Demonstrate how trading losses can be carried forward and carried back or forfeited.	2	C	9-103, 9-109	—
44	Demonstrate how trading losses can be claimed against total income and the order of set-off of current and previous years' trading losses.	2	C	9-103	—
45	Identify the limits for the set-off and carryforward of losses in relation to an entity in the business of the making of investments under S10E of the SITA.	2	C	14-104	IRAS e-Tax Guide Ascertainment of Income from Business of Making Investment (Forth Edition)
46	Recognise the order of set-off of capital allowances, losses, and	2	C	9-102, 9-103	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
	donations of the current and previous years of assessment.				
E3	Computation of the Corporate Income Tax Liability				
47	Compute the corporate income tax liability for a company with different income sources, including investment income.	3	C	1-108, 9-110	IRAS weblink https://www.iras.gov.sg/taxes/corporate-income-tax
E4	Taxation of Corporate Groups				
48	Define members of the same group and recognise the effect of being a member of the same group for corporate income tax purposes.	1	NC	9-105	
49	Outline and apply the group relief provisions.	1	NC	9-105	
50	Outline the basic principles contained in the transfer pricing guidelines, including different commonly used methodologies for setting and defending transfer prices, especially in cross-border transfers.	1	NC	—	IRAS e-Tax Guide Transfer Pricing Guidelines (6 th Edition)
E5	Taxation of General Partnerships				
51	Describe the legal standing of a general partnership and how the income of a general partnership is determined.	1	NC	6-104	—
52	Recognise the tax treatment of the income and allowable business expenses of a general partnership.	1	NC	6-105	—
53	Compute divisible profit and adjusted profit of a general partnership.	1	NC	6-105	—
54	Allocate the adjusted profit and capital allowances to each partner, including when there is	1	NC	6-105, 6-106, 6-107	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
	a change in the profit sharing profit or upon the dissolution of a partnership.				
F	GOODS AND SERVICES TAX				
F1	The Scope of Goods and Services Tax (GST)				
55	Explain the requirements for a GST registered business and how GST is accounted for and administered.	2	C	19-102 to 19-104, 19-115, 19-123	—
56	Describe the scope of GST including, transactions which are out of scope e.g. third-country sale and transfer of going concern (TOGC).	2	C	19-101, 19-105, 19-105a	IRAS e-Tax Guide GST: Transfer of Business as a Going Concern and other Excluded Transaction (6 th Edition)
57	Identify and explain the different types of supplies e.g. standard-rated, zero-rated, and exempt supplies.	2	C	19-106	—
58	Explain the GST implications of imports and exports.	2	C	—	IRAS Weblink https://www.iras.gov.sg/irashome/GST/GST-registered-businesses/Working-out-your-taxes/Importing-of-Goods/ https://www.iras.gov.sg/taxes/goods-services-tax-(gst)/charging-gst-(output-tax)/when-to-charge-0-gst-(zero-rate)/exporting-of-goods
F2	The GST Registration Requirements				

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
59	Describe what are the circumstances and implications for an entity to register for GST.	1	NC	19-104, 19-120	—
60	Explain the circumstances in which pre-incorporation and pre-registration input GST can be recovered.	1	NC	—	IRAS Weblink https://www.iras.gov.sg/irashome/GST/GST-registered-businesses/Working-out-your-taxes/Can-I-claim-GST/Claiming-GST-Incurred-Before-GST-Registration/Incorporation/
61	Outline the GST implications of group registration and divisional registration.	1	NC	19-119	—
62	Explain how and when a taxpayer can de-register for GST and the GST implications upon deregistration.	1	NC	—	IRAS Weblink https://www.iras.gov.sg/IRASHome/GST/GST-registered-businesses/Other-services/Cancelling-GST-Registration/
63	Recognise the GST implications where there is a change in business constitution and ownership.	1	NC	—	IRAS Weblink https://www.iras.gov.sg/irashome/GST/GST-registered-businesses/Other-services/Notifying-IRAS-of-Changes/
F3	The Computation of GST Liabilities				
64	Recognise the tax point under the time of supply rules when goods or services are supplied.	2	C	19-112	—
65	Apply the principles regarding the valuation of supplies, including imports.	2	C	19-105a, 19-111	—

	SINGAPORE TAXATION MODULE			Singapore Tax Workbook 2022/23	Other references
				(25 th Edition)	
No	Learning Outcomes	CL	Core		
66	Recognise the circumstances in which input GST is claimable and non-claimable (such as blocked input tax).	2	C	19-114	—
67	Explain the GST implications of partial exemption for partially exempt business, including de-Minimis rule.	2	C	19-114, 19-114a	—
68	Compute the available GST reliefs (e.g. trade debts that are bad).	2	C	19-116	—
69	Recognise the GST treatment for fringe benefits and for reimbursements and disbursements.	2	C	19-109	IRAS e-Tax Guide GST: Guide on Reimbursement and Disbursement of Expenses (4 th Edition)
70	Prepare a GST return.	2	C	19-104, 19-122	IRAS e-Tax Guide How do I prepare my GST return? (8 th Edition)

Appendix A - Common verbs used by the Examiners

Verb	Description
Account (for) / Bring to account	Account requires you to show how to record an element in the financial statements appropriately. This might be by means of a journal entry, T-account, or an extract from the financial statements. Remember, a journal or a T-account is only complete if it shows the date of the entry, the correct accounts, the correct amounts, and has a description (narration) – easy marks are often thrown away through carelessness. Bring to account requires you to include all components, say itemise all revenue that should be recognised for income tax purposes.
Advise / Give advice	As a Professional Accountant, your work will invariably require you to form an opinion about the most appropriate course of action, or offer alternative courses of action depending upon the situation. This type of question requires you to give specific guidance to an individual or a group (e.g. a taxpayer, audit client, management, etc.), so your answer must provide specific information or make a recommendation tailored to the individual or group and justify your position.
Analyse	Identify the key components, look for similarities and differences, look for patterns or outliers, and weight up the issues. If there is numerical data, you might need to provide a range of answers depending on how you substitute the data into your model. Make sure you state any implications of your answer and any assumptions that you make.
Apply	This instruction requires you to relate your answer back to a specific document/s or set of facts. Alternatively, you may be required to use a specific formula, model, or process. For instance, “ Apply the relevant Singapore Financial Accounting Standard to ...”. Another example would be “ Apply the 3-year and 2-year concessional rules for determining tax residence”. Apply and With reference to are similar.
Appraise	Make a judgment about the value, quality, outcomes, results, or size. Often there will be a qualifier in the instruction, which will tell you exactly what to appraise . For instance, “ Appraise Company X’s <u>credit worthiness</u> ...”. Professional judgment and scepticism (a questioning mind) are called for when making an appraisal . Appraise and Assess are interchangeable.
Arrange	Put into the correct order or sequence. Sometimes arrange will require you to make a judgment about which items or factors should be given priority or the order of importance (Rank or Prioritise). For instance, when considering the severity and/or frequency of risks, it is possible to prioritise (or rank) the risks according to whether they have a low, medium, or high probability of occurring and appropriate resources can be deployed efficiently.
Assess	Make a judgment about the value, quality, outcomes, results, or size. Often there will be a qualifier in the instruction, which will tell you exactly what to assess . For instance, “ Assess the <u>adequacy</u> of the disclosures in the financial statements relating to ...”. Professional judgment and scepticism (a questioning mind) are called for when making an assessment . Appraise and Assess are interchangeable.

Verb	Description
Bullet points	Unless specifically asked for, <u>only</u> use bullet points in your answer as an <u>absolute last resort</u> if you are running out of time. A quarter of a mark is better than zero.
Calculate Compute	/ Do the number crunching and derive the correct answer? Make sure that you write down your workings and crosscheck your numbers. Candidates often underperform because of careless mistakes.
Comment	Comment is similar to evaluate in that you are required to make a judgment or provide your opinion based on the facts at hand. Professional judgment and scepticism (a questioning mind) are called for when commenting .
Compare and Contrast	Compare requires you to show how things are similar and/or different while contrast requires you to show how things are different or opposite. Even if you are asked just to compare , you must indicate both the similarities and differences.
Conclude Draw conclusions	/ Form a judgment, or determine the outcome, or resolve an issue, by using the facts presented. An example might be "Conclude whether to outsource the human resource function".
Critically (analyse evaluate)	/ Critically requires that your answer be more extensive than if you were asked to analyse or evaluate the data. Your answer must add a greater degree or level of accuracy, depth, knowledge, understanding, logic, questioning, reflection, and quality to your analysis or evaluation . Remember, critically requires you to consider both the positive and negative points and apply professional scepticism (a questioning mind) in conjunction with professional judgment. Often when an examiner asks you to critically evaluate or analyse something it is because there can be more than one right answer, so you have to convincingly defend your opinion as part of your answer.
Defend	Whenever you see the word defend you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to justify your answer, you will lose valuable marks. For example, " Defend your advice ."
Define	Like list , you are unlikely to be asked just to define a term, particularly in a professional accounting-related examination unless it is a term that requires you to communicate your understanding rather than copying down someone else's definition or rote learning. For instance, " Define in your own words ...".
Demonstrate	Demonstrate requires you to prove or disprove something beyond any doubt, or show that it applies in the situation described by giving evidence (for instance, provide an example). The evidence can be from the facts given or from your general knowledge and experience. Demonstrate and illustrate are similar.

Verb	Description
Describe	Describe requires you to provide the characteristics and features of an item or situation. For instance, “ Describe the audit procedures to verify ...” requires you to state the specific audit procedure/s that you would use without going into step-by-step detail of how to perform that procedure.
Detail	Detail requires you to give very specific instructions or advice . For instance, “ Detail the audit procedures to verify ...” requires you to provide step-by-step instructions. Another example is “ Detail how the findings from the site visit will affect the planning of the statutory audit”. This instruction requires you to state the positive and negative consequences in relation to the site visit and the planning of the audit. Don’t forget to think about the future and the past, not just the present when stating the consequences.
Determine	Ascertain or conclude after analysis and evaluation the most appropriate course of action or most correct answer from a range of viable alternatives.
Discuss	<p>Discuss requires you to provide the 'for' and 'against' arguments, you cannot have a discussion without opposing views otherwise it would be just a conversation. If discuss is placed near the front of the instruction, then it requires you to provide an answer that is similar to explain, but addresses both the for and against arguments. For instance, “Discuss why numerical valuation is essential when buying or selling a small business”.</p> <p>However, if there is a statement and discuss is placed at the end, your answer <u>must be</u> in the form of <u>an essay</u> with the following elements:</p> <ul style="list-style-type: none"> • An introduction, which declares whether you agree, disagree, partly agree, or partly disagree with the statement; • The body of your answer, stating: i) Why it is possible to agree <u>and</u> ii) why it is possible to disagree with the statement. You should provide examples to support both points of view; and • A conclusion that proves your original position. <p>An example of a discuss question that requires an essay style answer would be “Numerical valuation is not essential when buying or selling a small business because the actual selling price is the outcome of negotiation. Discuss”.</p>
Distinguish	To note differences between. For instance, “ Describe what is meant by the term tax planning and distinguish it from tax evasion”. Apart from describing what tax planning involves (say 1-2 marks), you need to explain how the two terms are different and how they are similar. However, providing a list of differences and similarities is insufficient – complete sentences are essential to achieve full marks. In addition, it is important that you also mention any other relevant factors (e.g. the ethical and legal issues).

Verb	Description
Evaluate	Pass judgment on or provide your opinion based on the facts at hand. When making an evaluation , there are often predetermined criteria that you will use to base your opinion on. The key here is to give your opinion or make a judgment of the facts, but providing just a description of the facts is insufficient. Professional judgment and scepticism (a questioning mind) are called for when making an evaluation . Examine and Evaluate are interchangeable.
Examine	Pass judgment on or provide your opinion based on the facts at hand. When examining the facts given, there are often predetermined criteria that you will use to base your opinion on. The key here is to give your opinion or make a judgment of the facts, but providing just a description of the facts is insufficient. Professional judgment and scepticism (a questioning mind) are called for when making an evaluation . Examine and Evaluate are interchangeable.
Explain	As a Professional Accountant, you will be frequently called upon in your work to explain difficult concepts and technical issues to people who are not accounting trained. This is where your ability to share your knowledge using simple everyday terms will be most needed. Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand. For instance, “ Explain whether an ‘emphasis of matter’ paragraph or an ‘other matter’ paragraph would be most appropriate in this situation”, or “ Explain how a partnership is assessed for tax”. Evaluate and Examine are interchangeable.
Identify	Identify is similar to list , but requires you to also provide an explanation as to why the item/s that you have identified is/are relevant to the facts given in the question. Often identify will require you to select a specific issue or issues, but not all issues, so you need to look out for any qualifying words. For instance, “ Identify the <u>Board Matters</u> ...” is asking you to focus solely on issues that relate to Board Matters from the <i>Singapore Code of Corporate Governance</i> so if you digress and identify remuneration issues, you will not score well. Another example is “ Identify the companies that qualify as members of a group for the purposes of group tax relief”. In order to score well in this second example, you need to identify the companies and state why they are included in the group. You also need to state if a company is not included and why.
Illustrate / Give examples	Illustrate requires you to provide an example, either from the facts given, a real-life example, or a made-up example to illustrate the point you are trying to make. Illustrate and Demonstrate have similarities.
In accordance with	This instruction requires you to relate your answer back to a specific document. Failure to make specific mention of the document in your answer will result in a loss of marks.

Verb	Description
Interpret	Look at the whole as well as the individual parts and decide what the data (or diagram) is telling you. Remember, although interpret may involve some subjective assessment, some answers will be <u>more right</u> (or appropriate) than others.
Justify	Whenever you see the word justify you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to justify your answer, you will lose valuable marks. Justify is similar to defend .
List	Prepare an itemised list . Although you are unlikely to be asked just for a list of items, it is important to remember that many of the common verbs used by examiners require you to begin with a mental list of issues to consider.
Outline	Outline requires you to provide a general overview of the situation and indicate the main features. Outline is used when the question is worth only a couple of marks, but a single sentence is usually never enough to achieve full marks.
Plan	Prepare a detailed proposal . For instance, in an assurance engagement, you may be asked to ' Plan a review of historical information'.
Predict	Suggest what may happen based on the available information. Remember, although predicting involves uncertainty, some answers will be <u>more right</u> (or appropriate) than others.
Prepare	Prepare requires you to produce your answer using a specific format. For instance, " Prepare the Statement of Cash Flows for ..." or " Prepare all the relevant journal entries for ...". Remember, a journal entry is only complete if it shows the date of the entry, the correct accounts, the correct amounts, and has a description (narration) – easy marks are often thrown away through carelessness. Record and Prepare have similarities.
Prioritise	Make a judgment about which items or factors should be given priority based on importance. For instance, when considering the severity and/or frequency of a risk, it is possible to categorise risks according to whether they have a low, medium, or high risk of occurring and appropriate resources can be deployed efficiently. Rank and Prioritise are interchangeable, and both terms have similarities with Arrange .
Produce	Produce requires you to present your answer in a specific format from scratch. For instance, you may be required to " Produce a Profit or Loss Statement".
Propose/Provide	Put forward (for example, a point of view, idea, argument, alternatives, etc.) for consideration or action. For instance, "Based on the facts of the case, propose the most tax-effective entity type ...", or " Propose audit adjusting entries to correct ...".
Prove	Prove requires you to establish that something is true by citing evidence or giving clear logical reasons. When you reconcile the Bank Account in the General Ledger you are proving that the account balance is correct.

Verb	Description
Quantify	Provide a <u>numerical value</u> (an exact calculation) or a <u>range of values</u> (upper/lower limits, average, likely values, etc.). For instance, “ Quantify the misstatement in the ‘investment in subsidiary’ in the Statement of Financial Position” or “ Quantify the adverse direct materials variance cost”. As with calculate and compute , you should always show your workings and crosscheck your numbers.
Rank	Make a judgment about which items or factors should be given priority based on importance. For instance, when considering the severity and/or frequency of a risk, it is possible to categorise risks according to whether they have a low, medium, or high risk of occurring and appropriate resources can be deployed efficiently. Rank and Prioritise are interchangeable, and both terms have similarities with Arrange .
Record	Record is similar to prepare in that you may need to perform a calculation and show the specific components in an appropriate format. For instance, “ Record the closing entries to transfer profit (or loss) to retained earnings”. Record and Prepare have similarities.
Recognise	Recognise requires you to distinguish between various components and to be able to state how each component should be treated. For instance, “... and indicate if the gain/loss is recognised as profit or loss or other comprehensive income”. Identify and Recognise have similarities.
Recommend	Make a statement about the most appropriate course of action. If there is more than one possible course of action, state which action you would choose and why (justify your choice). Your professional judgment and your ability to interpret the wider situation are critical to scoring well in these types of questions. Don't forget to think about the future and the past, not just the present when making a recommendation .
Reconcile / Reconciliation	Prove that the balance of an account is correct. For instance, “ Using the data given, prepare a bank reconciliation ” requires you to prove that the bank balance in the General Ledger corresponds with the balance shown on the bank statement, listing down the timing differences (e.g. unpresented cheques) and errors (if any). Note here the term <u>Bank Reconciliation</u> , as this acts as a <u>qualifier</u> to indicate the format that you should use to present your answer.
Respond / Reply	This is your right of reply . When you are asked to respond , it is usually in reply to a comment made by someone else (although you can also be asked how you would respond in a particular situation). For instance, “ Respond to the Chairperson regarding her comment on impairment”. Whenever you are asked to respond , you must always justify your opinion or the actions you would take.
State	State is similar to list , but the items require your professional judgement. For instance, “ State any restrictions that apply”. One of the easiest ways to make sure that you state comprehensively is to think, “ list and justify ”. You will note that state appears in many of the verb descriptions given.
Summarise	Provide a concise description. Summarise is similar to describe , but in a condensed format.

Verb	Description
To what extent	This instruction requires you to advance arguments in favour of a position or point of view and respond to or take into consideration the opposing arguments or points of view. You must always justify your answer.
Translate	For the purposes of Singapore CA Qualification examinations, translate refers to the conversion of monetary values from one currency into another currency (although translate can refer to spoken and written language as well).
Use / Using	This instruction tells you the type of model that you must use when formulating your answer. For instance, " Using the <u>Discounted Cash Flow approach</u> , ..." tells you what valuation approach to use. Another common phrase is " Using the facts of the case, ...", which tells you that you must relate your answer to the specific facts given in the question scenario. Generic answers will not pass.
With reference to	<p>This instruction requires you to relate your answer back to a specific document/s or set of facts. For instance, "With reference to relevant Singapore Financial Reporting Standards, explain the risk of material misstatements r</p> <p>elating to ...". In this example, relevant <u>Singapore Financial Reporting Standards</u> acts as a qualifier (with reference to 'what'). Failure to make specific mention of the document/s or facts in your answer will result in a substantial loss of marks.</p>

END OF STUDY GUIDE