

Legal Profession Admission Board

Examiner's Comments

12 Taxation and Revenue Examination – March 2025

The exam comprised of four questions.

Candidates were required to answer ALL questions.

All questions were of equal value (25 marks each).

Question 1

The question canvassed several areas including deductibility of travel costs, FBT and the tax treatment of restrictive covenants.

Question 2

In this question students were provided with a list of receipts received, and outgoings incurred, by a company and requested to determine the taxable income of the company, calculate the tax payable on the taxable income (taking account of any credits) and entries to the franking account.

Question 3

This question set out a series of differing factual circumstances involving payments and benefits provided by a private company to individuals requiring a consideration of s.109 and Division 7A. The question also involved situations where the benefits that would otherwise constitute income were given in a non-cash form requiring a consideration of s.21A.

Question 4

This question involved a trust estate with net income at year end and making distributions to various beneficiaries in differing circumstances. Students had to consider ss.97, 98, 99, 99A, 102 and Division 6AA (taxation of children).

Characteristics of poor or average responses

The characteristics of a poor or average response was students tending to re-write the facts provided in the question and make a generalised comment at the end to the effect that the receipts were taxable. This did not constitute a sufficient analysis of the issues raised by the question.

Characteristics of very good or excellent responses

A very good or excellent response was where the student correctly identified the issues (without rewriting the facts in the question), relevant tax provisions and in applying the tax provisions demonstrated an understanding of the way the provisions operated.

Common mistakes

Many students overlooked s.109 and Division 7A in Question 3. Also, some students seemed to have taken the risk that the topic dealing with the taxation of trusts would not be tested and accordingly were not able to provide any meaningful answer to Question 4.

Areas for improvement

Overall, the quality of the examination papers submitted was poor. Students need to work on the subject throughout the term.