



**Examiner's Comments**  
**12 TAXATION & REVENUE LAW**  
**September 2025 Examinations**

**The exam comprised of four questions. Candidates were required to answer all four questions. All questions were of equal value (20 marks each).**

**Question 1**

This question canvassed the tax implications for taxpayers receiving amounts for entering restrictive covenants in varying scenarios, and for the entity making the payments.

**Question 2**

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

**Question 3**

This question set out a factual situation where a taxpayer carried on a business and a hobby. Over time the hobby became more systematic with a profit motive, and students were expected to recognise that the hobby had developed into a business.

The question also involved the Commissioner issuing an amended assessment and students were required to consider whether the assessment was issued within time and the appeal/review process generally.

**Question 4**

This question involved a private company carrying on a business making sales and purchases (inclusive of GST), and providing loans and paying excessive salaries to persons associated with a shareholder of the private company.

Students had to consider the inter-relationship between income and GST on sales, and deductions and input tax credits (ITC) i.e., GST is excluded from sales income and ITCs are excluded from deductions for income tax purposes.

The provision of loans and payment of an excessive salary involved a consideration of Division 7A and s.109 of ITAA 1936.

**Characteristics of poor or average responses**

The poor responses were characterised by a lack of any analysis being undertaken by students. Even when students were given a question that involved the same scenario but with differing factual situations, most students were not prepared to consider how the differing facts changed their analysis and might affect their conclusions.

### **Characteristics of very good or excellent responses**

A good response was where students extracted only the relevant facts while analysing a problem, considered the appropriate case law and gave a basis for their conclusion.

This is to be compared to a poor response where students did no more than repeat the factual situation set out by the question and stated a conclusion without providing any analysis or basis for the conclusion reached.

### **Common mistakes**

Students failing to attempt to answer parts of questions and leaving a blank space. The issues canvassed in the examination papers are covered in the lecture program and there is no good reason why students should not be able to attempt all parts of a question.

### **Areas for improvement**

It is not sufficient for students to have general knowledge of a topic. Legal studies generally require students to acquire an in-depth knowledge of the intricacies of the case law and the relevant legislation. This requires more time being spent by students in the study of the subject than currently appears to be the case.