Taxation (F6)
South Africa (ZAF)
June & December 2011

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other, such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Reading lists

ACCA has one Approved Learning Partner – Content (Platinum) which is BPP Learning Media. In addition there are ALP–c (Gold) who also publish text books for ACCA examinations.

BPP and the Gold ALP-c base their study texts on the detailed contents of the study guides as published by ACCA. All approved study content providers will be subject to extensive quality assurance by ACCA, but the highest level of

approval - Platinum - will benefit from an exclusive examiner review of content. There will be only one Platinum approved study content provider over a three-year period, and BPP Learning Media are ACCA's inaugural Platinum study content provider.

In addition ACCA examiners may also suggest other text books where appropriate, which students can refer to when widening their reading beyond the approved study texts. These are listed at the end of this study guide.

A learning content provider for study and/or revision material and/or extra reading can be found by searching for your paper within the following link.

http://www.accaglobal.com/learningproviders/alpc/content_provider_directory/search/

Relevant articles will also be published in *student accountant.*

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension
Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations are all paper based three-hour papers. The structure of papers varies from ten questions in the *Corporate and Business Law* (F4) paper to four 25 mark questions in *Financial Management* (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their

answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of each of the Options papers contains 50-70 compulsory marks from two questions, each attracting between 25 and 40 marks. Section B will offer a choice of two from three questions totalling 30-50 marks, with each question attracting between 15 and 25 marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation ***issued*** or legislation ***passed*** on or before 30th September annually, will be assessed from June 1st of the following year to May 31st of the year after. Please refer to the examinable documents for the paper for more information.

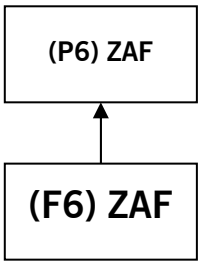
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the ***effective*** date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

To develop knowledge and skills relating to the South African tax system as applicable to individuals and companies.

MAIN CAPABILITIES

After completing this examination paper students should be able to:

A Explain the operation and scope of the South African tax system

B Explain and compute the income tax liabilities of individuals

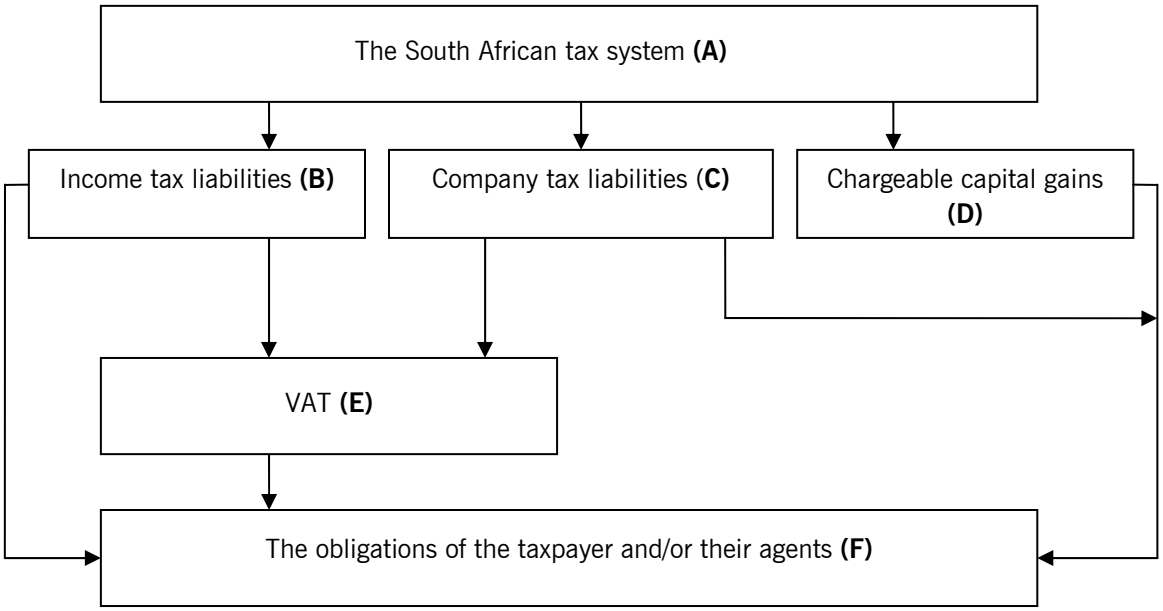
C Explain and compute the income tax liabilities of companies

D Explain and compute the chargeable capital gains arising on companies and individuals

E Explain and compute the effects of value added tax on incorporated and unincorporated businesses

F Identify and explain the obligations of tax payers and/or their agents.

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

This syllabus introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of taxation, as they affect the activities of individuals and businesses.

In this syllabus, candidates are introduced to the rationale behind and the functions of the tax system. The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as income tax relating to employment, independent trades and investments, the tax liability of companies, the value added tax liability of businesses; and chargeable capital gains arising on disposals of assets by both individuals and companies.

Having covered the core areas of the basic taxes, the candidate should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

DETAILED SYLLABUS

A The South African tax system

1. The overall function and purpose of taxation in a modern economy
2. Different types of taxes
3. Principal sources of revenue law and practice
4. Tax avoidance and tax evasion

B Income tax liabilities

1. The scope of income tax
2. Income from employment
3. Income from independent trades
4. Property and investment income
5. The comprehensive computation of taxable income and income tax liability
6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

C Company tax liabilities

1. The scope of company tax
2. Profits chargeable to company tax
3. The comprehensive computation of company tax liability, including STC (secondary tax on companies)
4. The use of exemptions and reliefs in deferring and minimising company tax liabilities

D Chargeable capital gains

1. The scope of the taxation of capital gains
2. The basic principles of computing gains and losses.
3. The computation of the tax on capital gains.
4. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

E Value added tax

1. The scope of value added tax (VAT)
2. The VAT registration requirements
3. The computation of VAT liabilities or assets
4. The effect of special schemes

F The obligations of tax payers and/or their agents

1. The systems for assessment and the making of returns
2. The time limits for the submission of information, claims and payment of tax, including provisional tax
3. The procedures relating to enquiries, appeals and disputes
4. Penalties for non-compliance

APPROACH TO EXAMINING THE SYLLABUS

The paper will be mainly computational and will have five questions, all of which will be compulsory.

- Questions one and two will be for a total of 55 marks, with one of the questions being for 30 marks and the other for 25 marks. One of these two questions will focus on income tax and the other question will focus on company tax.

- Question three will be for 20 marks, and will focus on chargeable capital gains (either personal or corporate).

- Questions four and five will be on any area of the syllabus and will be for 15 marks and 10 marks respectively.

Aspects of the residence basis of taxation will only be examined in either question one or question two, and will account for no more than 8 marks in total on any one examination paper.

Chargeable capital gains can be examined in questions other than question 3, for example as part of a company tax or business income tax scenario.

There will always be a minimum of 10 marks on value added tax on any paper. These marks might be included as part of a question or there might be a separate question on value added tax.

Any of the five questions might include the consideration of issues relating to the minimisation or deferral of tax liabilities.

Study Guide

A THE SOUTH AFRICAN TAX SYSTEM

1. The overall function and purpose of taxation in a modern economy

a) Describe the purpose (economic, social etc) of taxation in a modern economy.[1]

2. Different types of taxes

a) Identify the different types of tax.[1]

b) Explain the difference between direct and indirect taxation.[2]

3. Principal sources of revenue law and practice

a) Describe the overall structure of the South African tax system.[1]

b) State the different sources of revenue law.[1]

c) Appreciate the interaction of the South African tax system with that of other tax jurisdictions.[1]

4. Tax avoidance and tax evasion

a) Explain the difference between tax avoidance and tax evasion.[1]

b) Explain the need for an ethical and professional approach.[2]

Excluded topics

- *The general anti-avoidance legislation.*

B INCOME TAX LIABILITIES

1. The scope of income tax

a) Explain how the residence of an individual is determined.[1]

Excluded topics

- *The treatment of a person who comes to South Africa to work or a person who leaves South Africa to take up employment overseas.*
- *Foreign income of non-residents and double taxation relief*
- *Income from trusts and settlements*
- *Determination of taxable incomes of permanently separated spouses*
- *Income of insolvent estates.*

2. Income from employment

a) Recognise the factors that determine whether an engagement is treated as employment or an independent trade.[2]

b) Recognise the basis of assessment for employment income.[2]

c) Compute the income assessable.[2]

d) Recognise the allowable deductions.[2]

e) Discuss the use of the statutory approved travel allowances.[2]

f) Explain the employees tax system.[1]

g) Compute the amount of employee benefits assessable.[2]

Excluded topics

- *Share and share option incentive schemes for **employees***
- *Payments from funds on the termination of employment*
- *SITE.*

3. Income from independent trades

a) Recognise the basis of assessment for independent trade income.[2]

b) Define 'trade' and distinguish between 'carrying on a business' and 'carrying on a trade'.[1]

c) Recognise the expenditure that is allowable in calculating taxable income.[2]

d) Recognise the relief that can be obtained for pre-trade expenditure.[2]

e) Capital allowances

i) Define plant and machinery for capital allowances purposes [2]
ii) Compute wear and tear allowances [2]
iii) Define a manufacturing building for manufacturing buildings allowance purposes [1]
iv) Compute manufacturing buildings allowance for new and second-hand buildings [2]
v) Compute the commercial buildings allowance
vi) Compute the tax effects on the disposal of a capital asset [2]

f) Relief for assessed losses

i) Understand how trading losses can be carried forward [2]
ii) Explain the assessed loss ring fencing provisions [2]
iii) Understand how trading losses can be claimed against total income and chargeable gains [2]

g) Partnerships and limited liability partnerships

i) Explain how a partnership and its partners are assessed to tax [2]
ii) Compute the taxable income for each partner including situations involving changes in profit sharing ratio and changes in membership [2]
iii) Explain the loss relief restriction that applies to the partners of a limited liability partnership [1]

Excluded topics

- *Taxation of micro-businesses*
- *Income of controlled foreign companies (CFC)*
- *Deduction of compensation for railway operating losses*
- *Deduction in respect of certain pipelines, transmission lines and railway lines*
- *Deduction in respect of rolling stock*
- *Deduction in respect of airport and port assets*
- *Additional industrial investment allowance in respect of industrial assets used for qualifying strategic industrial projects*
- *Additional deduction in respect of learnership agreements*
- *Additional investment and training allowances in respect of industrial policy projects*
- *Deductions in respect of expenditure incurred in exchange for issue of venture capital company shares*
- *Exemption of certified emission reductions*
- *Deductions in respect of buildings used by hotel keepers*
- *Deductions in respect of erection or improvement of buildings in urban development zones*
- *Deductions in respect of ships*
- *Deductions in respect of aircraft*
- *Transactions whereby fixed property is or company shares are exchanged for shares*
- *Transactions where assets are acquired in exchange for shares issued*
- *Deduction of certain expenditure incurred in respect of any National Key Point or specified important place or area*
- *Allowance in respect of films*
- *Gains or losses on foreign exchange transactions*
- *Incurral and accrual of amounts in respect of interest rate agreements*
- *Incurral and accrual of amounts in respect of option contracts*
- *Incurral and accrual of amounts in respect of disposal or acquisition of equity shares*
- *Determination of taxable income in foreign currency*
- *Determination of taxable income derived from farming*
- *Determination of taxable income of co-operative societies*
- *Determination of taxable income of certain persons in respect of international transactions*
- *Assessment of owners or charterers of ships or aircraft who are not residents of the Republic*
- *Calculation of redemption allowance and unredeemed balance of capital expenditure in connection with mining operations*
- *Calculation of capital expenditure on sale, transfer, lease or cession of mining property*
- *Closure rehabilitation company or trust*
- *Deductions in respect of environmental expenditure*

- *Deductions in respect of environmental conservation and maintenance*
- *Determination of taxable income derived by persons previously assessable under certain other laws*
- *Tax holiday scheme for certain companies*
- *Advance Tax Rulings*
- *Reportable Arrangements*
- *Settlement of Dispute*
- *Collection of taxes under arrangements made under* section 108
- *Prevention of or relief from double taxation*
-

4. Property and investment income

a) Compute taxable income from property. [2]

b) Distinguish between taxable and exempt investment income. [2]

5. The comprehensive computation of taxable income and income tax liability

a) Prepare a basic income tax computation involving different types of income. [2]

b) Identify and quantify exempt income and deductions and capital allowances. [2]

c) Compute the amount of income tax payable. [2]

d) Compute the amount of employee's tax payable in the case of employees. [2]

Excluded topics

- *Maintenance payments*
- *The income of minor children.*

6. The use of exemptions and reliefs in deferring and minimising income tax liabilities

a) Explain and compute the relief given for contributions to personal retirement schemes.[2]

b) Explain and compute the relief given for donations to public benefit organisations.[2]

Excluded topics

- *The taxation of lump sum benefits from a retirement fund*

C COMPANY TAX LIABILITIES

1. The scope of company tax

a) Define the terms 'accounting period', and 'financial year'.[1]

b) Explain how the residence of a company is determined.[2]

c) Define a close corporation and a small business corporation.[1]

Excluded topics

- *Controlled foreign companies*
- *Foreign companies trading in South Africa*
- *Investment companies*
- *Companies in receivership or liquidation*
- *Groups of companies and the group relief measures*
- *The purchase by a company of its own shares*
- *Personal service companies*
- *Taxation of Oil and Gas Companies*
- *Taxation of insurance companies (short and long term)*
- *Taxation of Public Benefit Organisations*
- *Taxation of micro-businesses*
- *Taxation of mining companies*
- *Taxation of farming companies*
- *Taxation of toll road operators*
- *Taxation of recreational clubs.*

2. Profits chargeable to company tax

a) Recognise gross income.[1]

b) Recognise the expenditure that is allowable in calculating taxable income.[2]

c) Explain how relief can be obtained for pre-trade expenditure.[1]

d) Explain the treatment of interest paid and received.[2]

e) Understand how trading losses can be carried forward.[2]

f) Compute the taxable income for companies, including small business corporations.[2]

Excluded topics

- *Foreign companies trading in South Africa.*
- *Income of controlled foreign companies (CFC)*
- *Deduction of compensation for railway operating losses*
- *Deduction in respect of certain pipelines, transmission lines and railway lines*
- *Deduction in respect of rolling stock*
- *Deductions in respect of small business corporations*
- *Deduction in respect of airport and port assets*
- *Additional industrial investment allowance in respect of industrial assets used for qualifying strategic industrial projects*
- *Additional deduction in respect of learnership agreements*
- *Additional investment and training allowances in respect of industrial policy projects*
- *Deductions in respect of expenditure incurred in exchange for issue of venture capital company shares*
- *Exemption of certified emission reductions*
- *Deductions in respect of buildings used by hotel keepers*
- *Deductions in respect of erection or improvement of buildings in urban development zones*
- *Deductions in respect of ships*
- *Deductions in respect of aircraft*
- *Transactions whereby fixed property is or company shares are exchanged for shares*
- *Transactions where assets are acquired in exchange for shares issued*
- *Deduction of certain expenditure incurred in respect of any National Key Point or specified important place or area*
- *Allowance in respect of films*
- *Gains or losses on foreign exchange transactions*
- *Incurral and accrual of amounts in respect of interest rate agreements*
- *Incurral and accrual of amounts in respect of option contracts*
- *Incurral and accrual of amounts in respect of disposal or acquisition of equity shares*
- *Determination of taxable income in foreign currency*
- *Determination of taxable income derived from farming*
- *Determination of taxable income of co-operative societies and companies*
- *Determination of taxable income of certain persons in respect of international transactions*
- *Assessment of owners or charterers of ships or aircraft who are not residents of the Republic*
- *Calculation of redemption allowance and unredeemed balance of capital expenditure in connection with mining operations*
- *Calculation of capital expenditure on sale, transfer, lease or cession of mining property*
- *Closure rehabilitation company or trust*
- *Deductions in respect of environmental expenditure*
- *Deductions in respect of environmental conservation and maintenance*
- *Determination of taxable income derived by persons previously assessable under certain other laws*
- *Tax holiday scheme for certain companies*
- *Advance Tax Rulings*
- *Reportable Arrangements*
- *Settlement of Dispute*
- *Collection of taxes under arrangements made under* section 108
- *Prevention of or relief from double taxation*

3. The comprehensive computation of company tax liability (including STC secondary tax on companies)

a) Compute the normal tax liability for companies, including for small business corporations.[2]

b) Compute the secondary tax (STC) payable on dividends.[1]

4. The use of exemptions and reliefs in deferring and minimising company tax liabilities (the use of such exemptions and reliefs is implicit within all of the above sections 1 to 3 of part C of the syllabus, concerning company tax)

D CHARGEABLE CAPITAL GAINS

1. The scope of the taxation of capital gains

a) Describe the scope of capital gains tax.[2]

b) Explain how the residence and ordinary residence of an individual is determined.[2]

c) List those assets which are excluded.[1]

Excluded topics

- *Assets situated overseas and double taxation relief.*

2. The basic principles of computing gains and losses.

a) Compute capital gains and losses for both individuals and companies.[2]

b) Compute capital gains and losses on assets acquired before 1 October 2001.[2]

c) Compute the amount of capital gains to be included in the taxable income for both individuals and companies.[2]

d) Explain the treatment of capital losses for both individuals and companies.[1]

e) Explain disallowed capital losses.[2]

f) Explain the treatment of transfers between a husband and wife.[2]

g) Explain the treatment where an asset is damaged, lost or destroyed, and the implications of receiving insurance proceeds and reinvesting such proceeds in replacement assets.[2]

Excluded topics

- *Value shifting arrangements*
- *Intangible assets acquired before 1 October 2001*
- *Farming development expenditure provisions*
- *Part disposals of an asset.*
- *Capital gains and losses in trusts and the attendant attribution rules.*
- *Capital gains and losses arising in a deceased estate.*
- *Capital gains tax on retirement benefits.*
- *Capital gains and losses on options.*
- *Collective investment schemes attribution rules*

3. The computation of the tax on capital gains

a) Explain and apply the exclusion for personal use assets.[2]

b) Calculate the gain or loss on the disposal of a primary residence.[2]

c) Apply the annual exclusion.[2]

4. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets

a) Explain and apply rollover relief as it applies to individuals and companies.[2]

E VALUE ADDED TAX

1. The scope of value added tax (VAT)

a) Describe the scope of VAT.[2]

b) List the principal zero-rated and exempt supplies.[1]

2. The VAT registration requirements

a) Recognise the circumstances in which a person must register for VAT.[2]

b) Explain the advantages of voluntary VAT registration.[2]

c) Explain how and when a person can deregister or be deregistered for VAT.[1]

3. The computation of VAT liabilities or assets

a) Explain how VAT is accounted for and administered.[2]

b) Recognise the time when goods or services are supplied.[2]

c) List the information that must be given on a VAT invoice.[1]

d) Explain and apply the principles regarding the valuation of supplies.[2]

e) Recognise the circumstances in which input VAT is non-deductible.[2]

f) Explain the relief that is available for trade debts.[1]

Excluded topics

- *Partial exemption*
- *Partial supplies*
- *Penalties and interest.*

4. The effect of special schemes

a) Describe the cash accounting scheme, and recognise when it will be advantageous to use the scheme.[2]

F IDENTIFY AND EXPLAIN THE OBLIGATIONS OF TAXPAYERS AND THEIR AGENTS

1. The systems for assessment and the making of returns.

a) Explain and apply the features of the assessment system as it applies to individuals.[2]

b) Explain and apply the features of the assessment system as it applies to companies.[2]

c) Explain the obligations and responsibilities of employers in respect to employee's tax (SITE and PAYE). [2]

2. The time limits for the submission of information, claims and payment of tax, including provisional tax.

a) Recognise the time limits that apply to the filing of returns and the making of claims. [2]

b) Recognise the due dates for the payment of tax, including provisional tax, and the consequences of late payment. [2]

c) List the information and records that taxpayers must retain for tax purposes. [2]

3. The procedures relating to enquiries, appeals and disputes.

a) Explain the powers of the SARS with regard to assessments and returns. [2]

b) Explain the procedures for dealing with appeals and disputes. [2]

4. Tax Practitioner effects

a) Explain the requirement to register as a tax practitioner.[2]

READING LIST

This section only contains examiner suggested reading which is in addition to the study texts and/or revision materials and/or other reading listed within the learning content provider directory.

Additional examiner suggested reading:

Notes on South African Income Tax (Published by Hedron Tax Consulting and Publishing CC.) Current year edition.

S A I C A Legislation Handbook (Published by LexisNexis Butterworths) Current year edition.

Questions on SA Tax with selected solutions (Tax Academic Editors CC). Current year edition
This can be ordered or collected from Eugene at *ewilliams@mweb.co.za*

Tax 4 Africa cc
Contact email: kalideen@tax4africa.co.za
Tel: +27 31 902 5866 / 083 777 1152
Fax: 0866 139 232

Useful information can also be found on the South African Revenue Website:
http://www.sars.gov.za/

Further details on reading lists and Approved Learning Content can be found in the first few sections of this guide and on the following link.

http://www.accaglobal.com/learningproviders/alpc/content_provider_directory/search/

SUMMARY OF CHANGES TO PREVIOUS STUDY GUIDE

June and December 2010

1) SITE excluded from the syllabus;
2) STC knowledge level reduced from [2] to [1] as a result of imminent repeal;
3) Tax Practitioner effects added to syllabus;
4) More detail added to syllabus exclusions (clarification of previous exclusions)