

SITTING IN CENTRE ON-SCREEN CTA EXAMS

Online Legislation only

In the CTA exams you will **only be able to refer to an approved online version of the** Yellow & Orange Legislation. The Customs & Excise “Blue” Handbooks cannot also be used for the indirect paper. The CTA Tax Tables which will be provided both as a hard copy on your desk and as an on-screen pdf. There will also be a pdf of an extract of the OECD Model Treaty available on-screen.

You are not able to refer to your **Tolley study material** (or any other books) during the exam nor access the internet.

TOP TIP: Ensure you are familiar and have highlighted your approved version of the online legislation, as you will log into this at the start of your exam. Start using and highlighting your online legislation as early as possible in your studies.

As your real CTA exams will be sat online, Tolley provide an on-screen system to allow you to get used to typing up answers to the questions in your question banks and to sit your practice exams and mocks online. You can access the on-screen system via the Academy.

The Tolley Online Mock (or TOM) system closely simulates the functionality of Exam4 which is the system the CIOT use.

TOP TIP: Have your personal highlighted version of the legislation and a set of Tax Tables ready ahead of starting each practice exam and mock.

You need to **remain online** throughout the Tolley exams and your answers will be **autosaved** at our end. If you do at any point “lose” your work please contact us to request for it to be restored from the autosave.

The initial Practice Exam and your Pre Revision Mock will not be timed exams (and you can save and re-enter these exams to enable you to attempt the questions separately in a number of sessions should you wish) but your final Revision Mock exam will run for 210 minutes (3 hours 30 mins) apart from CTA AW which will run for 195 minutes (3 hours 15 minutes). It is **not possible to pause** the Revision Mock once the timer has started – it must be sat in one go.

TOP TIP: One difference is that there is no countdown timer in Exam4 - you will have to monitor your time yourself. You will also need to stop your exam yourself at the right time and the time taken is recorded. Submitting your exam is a separate step that must be completed but is not part of the timed exam.

During the Tolley exams (and in Exam4) your screen will have the **question paper on the right hand side** and a **text box on the left hand side** for you to type your answers into.

In Exam4 you can only use the copy, cut & paste functions WITHIN the system (but cannot copy from external sources). You can also use bold, italic & underline, as well “undo”, “redo”, “delete” and “backspace”.

For computational answers the CIOT say you **MUST** use the tables functionality to layout your answers (part from single line computations involving just multiplying/adding a couple of numbers).

The CIOT guidance also says that a comma separator **MUST** be used for larger numbers (so type 10,000 rather than 10000) and that columns should be headed with a £ sign (if you do not have the £ sign on your keyboard you should type GBP instead).

TOP TIP: In Exam4 there will be specific sections within the answer box for you to type each answer into with “dividers” between each answer.

Format of the exam

CTA Awareness (AW):

The paper will contain all 5 Modules and it is vital you answer the questions from your 3 chosen modules. Failing to do so will affect the Advanced Technical papers you may attempt. Each module has **12 questions worth 5 marks each**. The questions may be written or numerical or a mixture of both. You should answer **in bullet point format and use summary computations**.

CTA Advanced Technical (AT):

The paper will contain a number of **long form questions** each set for **10, 15 or 20 marks**. There will be a mixture of **computational and written** style questions. All questions are **compulsory**. There are usually six questions.

CTA Application and Professional Skills (APS):

The paper will contain one case study style question with a requirement and various exhibits including the pre seen information (which is published two weeks before the real exam).

Timing is the key

All the CTA AT and CTA APS exams are 3.5 hours (210 minutes). The CTA AW paper is 3 hours 15 minutes (195 minutes).

Timing is fundamental to passing the exam. More students fail the exam due to messing up the timing rather than anything else. To get your timing right, you should note **down the end time** for each question (or each AW Module as appropriate).

TOP TIP: During the exam we recommend you allocate 2 minutes per mark (or 5 minutes per AW question) which allows 5 minutes at the start of the exam to look through the paper and work out which order you will do the questions/Modules in as well as 5 minutes at the end of the exam to review your answers and revisit questions as needed.

As you attempt more and more questions **you will speed up** in your:

- Understanding of what the question is asking
- Recall of technical content
- Use of your online legislation
- Phrasing of what you want to say
- Typing up of your answer

TOP TIP: Look for the easy marks

There are usually some **easy marks in a question**, so **aim to score those at the start of each question**. The last few marks you are trying to get by finishing that question are likely to be the harder marks – better to focus on securing the easy marks at the start of the next question.

If you have time at the end you can always go back – even if it's just to type up a few extra bullet points!

TOP TIP: Never waste time getting stuck on a question – always keep moving to keep scoring marks! Note down the numbers of the questions you'd like to revisit (should you have time at the end of the exam) on one of the pieces of paper provided on your desk.

Approach to the exam

For CTA AT, take time to read through the long questions to get a feel for the style of the questions, technical content and ultimately what you are being asked to do. **Never simply attempt the long questions in the order they appear.**

TOP TIP: Answer your **best question** (or best AW Module) **first** and make sure you clearly label which question your answer relates to in the Tolley on-screen exams (you will need to include the answer within the right “divider” within Exam4).

Question practice

The key to passing the CTA exams is **question practice** - it is much more important to focus your time on typing up proper answers to questions rather than reading the study manuals or making your own notes.

As you do the questions within our material and sit each practice exam, use your online legislation and work out how much time it takes to look things up. Overall, we think that you are likely to realise that the questions require you to **apply your knowledge** rather than type up information from the legislation.

You will be typing up your exam answers in “Exam4” which is essentially word processing software. Note that you will not be able to “copy and paste” from the legislation into your exam answers.

TOP TIP: Don't spend too long referring to the legislation - it is much more important to concentrate on applying your knowledge to the scenario and typing up your answer.

Avoid “striving for perfection” – you need to bear in mind that the pass mark is 50% so perfect answers are not expected. When you start a question you are scoring marks quickly, but the longer you spend on a question, the longer it takes to score each mark. In a 20-mark question, most candidates can get the first 6 or 7 marks - the **key to passing is getting the next 5 or 6 marks** to take you to 12 out of 20.

TOP TIP: Don't worry about the last few marks! Over-running on one question and omitting a whole question or even part of a question means you risk failing the paper!

Presentation of long questions

There are no presentation marks available in the **CTA AW** paper.

The **CTA AT** papers will not require you to create an answer in a specified format – there will be up to two bonus “presentation and higher skills” marks across the whole paper awarded on marginal scripts in the real exams and these will primarily be awarded for the clarity of your explanations rather than the format of your answer. Detailed **technical** answers are expected, with **references to legislation and case law**. You should be producing full and reasoned answers sufficient to demonstrate your knowledge and application in order to gain the available marks. Brief bullet points are unlikely to be sufficient.

In the **CTA APS** paper calculations should be in an appendix then cross-referenced to the main body of the report/letter. When writing to a **client, try and explain things simply** without using overly technical phrases or section numbers.

Try not to put more than one important point in each paragraph. Leave a line between each paragraph (you are inviting the marker to pause and award marks!)

TOP TIP: Think “one point per paragraph”.

Paragraphs should not run to more than 3 or 4 lines. Using **short “snappy” paragraphs makes answers easier on the eye**, and therefore more likely to attract marks. “White space” is important and helps the marker.

For **computational questions** use the correct **pro forma** – so for an income tax calculation **use the tables with the numbers into columns** for savings, non-savings and dividend income etc. **Spread it out, referencing in workings** so it is nice and easy for the marker follow.

When you are adding up a column of numbers either underline the last number or show the final total in **bold** font to help the marker follow your workings.

Include a £ sign at the top of each column of numbers. If you do not have the £ sign on your keyboard type GBP instead.

TOP TIP: Type up your answers using our on-screen question banks and practice using the on-screen tables functionality for your computations throughout your studies.

Using abbreviations

Abbreviations **can** be used in your answers - you should type out the full wording the first time you use the term **in each answer** and then show the abbreviation you wish to use in brackets afterwards so for example “business asset disposal relief (BADR)”. You can then use that abbreviation from then on in that answer.

In computations you only need a £ sign at the top of each column of numbers and you can use well known tax terms such as b/f, c/f, CAs, TWDV, WDA, AIA, P&M, IT, NIC, PA, CGT, AEA, PPR, IHT, PET, CLT, CT, TTP, NTLR etc

Workings should always be done to the nearest pound and nearest month unless told otherwise.

We recommend that you avoid typing £10k and instead use £10,000 for clarity.

TOP TIP: Try out the abbreviations you plan to use in your practice exams and if the Tolley markers do not know what they mean then do not use them in your real exam answers.

Requirements

The table below shows some **typical phrases** used in the requirements in the CTA Advanced Technical questions and what they mean:

Calculate / Compute....	Work something out mathematically
Discuss....	Provide details about and evidence for or against two or more different views or ideas
Explain....	Describe how something works in a way that makes it easy to understand
Explain, with supporting calculations....	Describe how something works in a way that makes it easy to understand and illustrate the answer with calculations
Identify/State/List.....	State the answer in a few words without explanation or description
Show....	Demonstrate or prove something
Summarise.....	State the most important parts of something using concise and precise wording

There are some more detailed examples in the Appendix.

Reviewing your answers

The first thing the marker will do is read your answer through as a whole – what overall impression are you giving of your ability? Have you put the marker in a good mood as soon as they see your script, or are they going to be dreading marking what you have submitted?

Key **presentation considerations** include:

- Spacing your answer out
- Ensuring you have clearly labelled which question each answer relates to (for Tolley on-screen exams)
- Using the appropriate pro forma for calculations and typing them within tables and cross referencing your workings
- Using subheadings and short paragraphs

TOP TIP: Read through your answer when finished

You will be able to make some small corrections at this review stage – have you missed out a vital word such as “not”, or can you think of another point or two to add?

With numerical questions if you make a mistake in the first part of your answer which means the rest of your numbers are wrong don't panic! **The marker will only penalise once for the initial error. You will gain 'follow-through' marks.**

If on review, you realise you made a mistake which affects large part of the answer and the numbers **DO NOT try to re-work the correct answer in full.** Instead, put a note at the bottom of your answer showing the error. In this case you can still obtain good marks for the answer.

When you get your practice/mock exam answer scripts back, review your answers together with the model answer

On your marked script, look at what **scored marks** and what was a waste of effort and **scored nothing**. Look at **mistakes made** – were they just silly errors or had you misunderstood something? Did you miss easy marks due to **poor time allocation**?

Your answer is unlikely to look exactly like the model answer. This does not matter if you have covered the key points. When going through the model answer it can be useful to **highlight the points you did get** (even if you covered them in a different order/worded them slightly differently).

Where you missed points, review why that happened:

- Did you misinterpret the question?
- Did you answer the question asked or the question you wished they had asked?
- Did you forget about a particular technical point you know well?
- Did you not understand the point they made?
- **How will you make sure you don't make the same mistake again?**

Remember – the practice exams and mocks are designed to test and stretch your knowledge. They provide a good test to see how your studies are going.

TOP TIP: Review, reflect, learn for next time

APPENDIX EXAMPLES OF REQUIREMENTS

Below are some examples of the different requirements that you may see in the CTA AT exams. Note that not all the topics covered below will be in the syllabus for your paper - the examples are provided to show what is expected in the exam answers.

<p>Discuss whether Melvin is trading</p>	<p>The Courts have developed a number of tests to determine whether somebody is trading and these are known as the badges of trade. We need to take a detailed look at the badges of trade in order to determine whether the activities carried out by Melvin amount to a trade.</p> <p>First of all, we will need to identify whether there is a profit seeking motive. It is not the existence of a profit which is important, it is the motive to earn one. However, HMRC will only really be interested in this issue if a profit has actually been earned because then they have got something to tax.</p> <p>Here Melvin clearly entered into this venture to make a profit as it is stated that it provides him with his sole source of income and he viewed it as a profitable business.</p> <p>Another badge of trade is the frequency and number of similar transactions. If something is done once, never to be repeated again, it is less likely that it would be counted as trading. However, if it is done again and again, it is more likely that this is trading.</p> <p>At the moment only made three disposals have been made and it is arguable yet whether this amounts to a trade but certainly if this pattern were to continue it becomes more and more likely that this will be considered to be trading activity.</p> <p>etc</p>
<p>Summarise why it matters whether Melvin is trading or disposing of investments.</p>	<p>If Melvin is trading then he will be subject to income tax at up to 45% and national insurance contributions at 9%/2% on the profits of the business. Whereas if he is merely disposing of investments then the sale of antiques would be subject to capital gains tax at a maximum of 20%.</p> <p>As Melvin has other income which uses up his personal allowance and takes him up to his basic rate band, any trading income would be subject to income tax at 40%. If he was investing, then he would have the annual exempt amount available to him that would mean the first £12,300 of his gains would be tax free and the balance would be subject to CGT at 20%.</p> <p>Investing therefore is taxed at a much lower rate of tax than trading and Melvin may well prefer to be taxed as an investor.</p> <p>In addition, there are various reliefs available against capital gains tax...</p> <p>etc</p>
<p>Calculate (or Compute) the SDLT due on the purchase of the property.</p>	<p>Price paid = £1m + VAT @ 20% = £1.2m</p> <p>SDLT due:</p> <p>£150,000 x 0% = £0</p> <p>£250,000 - £150,000 x 2% = £2,000</p> <p>£1.2m - £250,000 x 5% = £47,500</p> <p>Total = £49,500</p>

<p>Explain, with supporting calculations, the SDLT due on the purchase of the property.</p>	<p>SDLT is due on the VAT inclusive price. As the building is a newly constructed (less than 3 years old) commercial building VAT is payable at the standard rate. The VAT inclusive price is therefore – £1m + VAT at 20% = £1.2m.</p> <p>Although the VAT itself is a timing difference (assuming the building is used to make taxable supplies or if being rented an option to tax is exercised), the additional SDLT due on the VAT element is a permanent increase in price.</p> <p>As a commercial building SDLT is payable at the following rates:</p> <p>£150,000 x 0% = £0</p> <p>£250,000 - £150,000 x 2% = £2,000</p> <p>£1.2m - £250,000 x 5% = £47,500</p> <p>Total SDLT due = £49,500</p>
<p>List (or State) the fundamental ethical principles at risk of being breached in this scenario</p>	<ul style="list-style-type: none"> • Confidentiality • Professional competence and due care
<p>Explain which fundamental ethical principles are at risk of being breached in this scenario</p>	<p>As Colleen is considering disclosing client information to a third party without the consent of the client, she risks breaching the fundamental ethical principle of confidentiality.</p> <p>Colleen may not disclose any client information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose.</p> <p>etc</p>
<p>Calculate the capital gains tax liability and clearly show your treatment of each item</p>	<p>Disposal of car – exempt</p> <p>Disposal of chattel cost and proceeds <£6,000 – exempt</p> <p>Painting gain – 65,000</p> <p>Necklace gain – <u>25,000</u></p> <p>Total gains = 90,000</p> <p>Less AEA = <u>(12,300)</u></p> <p>Taxable gains = 77,700</p> <p>CGT @ 20% = £15,540</p>