

# Tolley® Exam Training

**CTA APPLICATION AND PROFESSIONAL  
SKILLS**

**OWNER MANAGED BUSINESSES (OMB)**

**PRE REVISION QUESTION BANK**

**FA 2024 & F(No. 2)A 2024**

May and November 2025 Sitzings

PQ828

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## INTRODUCTION

This APS Pre Revision Question Bank contains 2 exam standard questions all with answers updated to Finance Act 2024 and Finance (No 2) Act 2024.

As you answer the questions you may refer to either a hard copy or on-screen version of the **CTA Tax Tables 2025** and your own personalised version of the approved online legislation.

### Using this question bank

You should now use this question bank to practise your technique and timing. Practice is the key to passing the APS paper – if you do not approach these practice case studies in the same way as you will the ‘real thing’ you will be reducing your chances of obtaining a pass.

Remember that you can read the pre-seen information in advance of attempting each question - it is always the final Exhibit.

Make sure you have 3.5 hours of uninterrupted time – stopping and starting means you may well take more than the allotted time and will give you a false impression of what can be achieved. 3.5 hours may seem a long time to allocate to practise a case study – but remember developing your exam technique for this paper is just as important as learning the technical detail required.

Do not attempt these case studies by just planning your answer and then reading the suggested answers. It is vital to practice typing up a full answer.

We recommend you complete a “Reflection” sheet each time you have finished a case study as part of the self-review process where you compare your typed up answer to the suggested answer provided and so we have included a copy of this sheet at the end of each answer in this question bank.

### Guidance on Approach to APS questions

Over the next few pages there is some general information on how to approach the APS paper in order to be successful in this part of your CTA examination.

There is also some information about the way this case study paper will be marked.

### Revision Question Banks

A separate further Revision Question Bank containing six further case studies will be available nearer to the date of your real exam.

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NO	NAME
1	A Bhatt Ltd
2	Jonathan Peters

## REVISION GUIDANCE

### PURPOSE OF THE APS PAPER

The purpose of the Application and Professional Skills paper (APS) is to test your ability **to produce a report or letter which a client would value**.

It does this by focussing on **three skills** – Structure, Identification and Application (I&A) and Relevant Advice and Substantiated Recommendations (RA&SR).

In order to secure a pass, you are required to demonstrate **competence in all three** skills. We shall look at the way these competencies will be assessed in more detail later in this guidance.

### The Case Study Question

The question will be drafted in such a way that:

- You need to **apply** your technical knowledge rather than simply regurgitate it
- You need to **weigh up options** and **reach a conclusion** as to which is the best option
- Detailed computations will not need to be prepared in order to answer the question
- Detailed technical analysis of obscure points will not be required
- You need to **communicate** information which may be complex in a clear manner and so the requirement will **always be for a report or letter to a client**
- It tests a **range of material** including topics from the matching Advanced Technical (AT) paper(s) as well as the specified awareness level topics (per the syllabus grids)

The CIOT anticipate that a full answer would be between 3,000 to 3,500 words (3,500 is an absolute limit given to the examiners when they draft their model answers) but there is no need for you to focus on word count in your answer script, this info is just given for guidance.

It is likely that questions will require **planning for a future action** rather than simply commenting on historic events.

It is also likely that consideration will be required of **interaction** between **taxes**. **Aspects of the law, ethics and accounting** CBE syllabuses may also need to be considered where relevant and appropriate.

The first part of the question will always be the introduction. This will cover key introductory matters but will not contain detailed material. It will be around half a side long, giving an **outline of the scenario** and will provide you with a good idea as to the likely requirements.

The introduction will cover:

- Who you are – eg stating “You are a tax manager in a firm of Chartered Tax Advisers.”
- Who the client is
- Outline of the scenario
- Reference to exhibits, for example – “you have recently received a letter (**EXHIBIT A**) from Mr Jones regarding his future plans.”

## Exhibits

Exhibits will be as similar as possible to **real documents** that may be presented to an adviser in practice.

Types of exhibits may include:

- Letters from clients and other advisers
- Emails from clients, colleagues and other advisers
- Accounts or extracts from accounts
- Extracts from reports from other advisers, eg solicitors, surveyors
- Extracts from legal documents (such as trust deeds)

The final exhibit will always be the pre-seen information.

## Pre-seen Information

The pre-seen information will give **background details** relevant to the client in the question, but it will not guide you as to the actual examination question requirements.

It is intended that the pre-seen information will better equip you to deal with the case study in the examination environment and makes the question more aligned to a client situation in which you may be involved.

It will be provided **two weeks in advance** of the examination. You will only receive the pre-seen information for the question you registered for when you sent in your exam entry.

You **may discuss** the pre-seen information with whoever you choose.

The pre-seen information will be provided again with the question, as the final exhibit.

The pre-seen information will comprise information which would typically be found in a client **permanent file**, such as:

### Corporate client

- Group Structure
- For each group company, date & place of incorporation, places of business & nature of activity
- Share ownership
- Names of directors

### Non-corporate business

- Name of business
- Date of commencement
- Nature of activity
- Ownership details

All businesses

- VAT registration certificate details for each entity or a statement that it isn't registered
- Option to tax (OTT) election details (if registered)
- Copy of last VAT return(s) (if registered)
- Copy of most recent accounts (IND - accounts for property business, IHTTE - trust accounts)

Individuals:

- Date and place of birth
- Name, date & place of birth of spouse (or statement that not married/widowed) plus date of marriage
- Names & dates of birth of children
- Will or statement that there is no Will
- Details of assets and income (if relevant)

The intention behind the material is to allow you to become familiar with the background of the client to avoid confusion on the day.

The pre-seen information will not include information on the anticipated transaction or event that is the subject of the question.

As is the case in practice, the pre-seen information may include material which is not required to answer the question.

## APPROACHING THE APS PAPER

The Application and Professional Skills (APS) paper will test your ability to **apply** your tax knowledge to a practical case study.

In order to be successful in this paper you will need to have the ability to:

- sift through information, distinguishing between the key elements and those which are less important;
- communicate clearly in a manner appropriate to your client giving clear recommendations and coming to a conclusion;
- apply knowledge to a problem which will involve an understanding of the interaction of several taxes and which may not have a single correct answer.

Whilst the case study may well require you to carry out computations, this will only be in the context of providing results for you to comment on in depth in the written part of your answer.

The case study will require you to prepare a **detailed report or letter for your client** and you should incorporate an **Executive Summary** in your answer.

As this paper is intended to be a practical case study, whilst there will be a clear requirement, the specific content required will not be set out in detail.

In particular, you will be expected to **identify and comment on relevant ethical, professional, legal, accounting, regulatory and commercial issues** although the question requirement may not explicitly mention these.

Similarly, you should **consider the possible application of other taxes** to the scenario, beyond the primary tax being examined. It is important to be able to differentiate between various taxes, whilst considering the impact of one on the other.

The case studies are **not intended to be time pressured**. The aim is to allow you to have time to submit a complete answer, thus demonstrating your ability to deal with practical situations.

Successful candidates should be able to demonstrate a good technical knowledge of the tax topics examined in the **related Advanced Technical syllabus** paper(s) and the **Awareness topics identified as within the syllabus for their chosen APS case study**.

Such students should also have an understanding of aspects of ethics, law and accountancy relevant to a tax practitioner from the CBE text books.

The examiner will be looking for:

- sufficient breadth of knowledge to appreciate all the tax implications of a particular problem
- identification of the key issues
- application of knowledge to arrive at sensible recommendations and coming to a conclusion
- communication skills, using a well-structured pattern
  - use of headings
  - use of good English
  - use of summaries

Good examination technique is essential. It is the **quality** of the work produced that is important – **not** the **quantity**.



Due to the nature of the paper there is unlikely to be a single correct answer.

As you read the following notes which have been produced to help you deal effectively with the case studies, it is important to remember to focus on demonstrating your **professional skills** as well as application of your tax knowledge.

You need to take into account the **format** of the response, whether the style and tone is suitable for the client and whether the response is structured effectively.

Therefore, whilst it may be natural that your initial focus is likely to be on the technical detail required, it is just as important to plan how and to what extent that detail needs to be included in your answer.

### Approach to the Case Studies

You should aim to adopt the following approach when attempting a case study:

1. READ
2. ANALYSE
3. PLAN
4. WRITE
5. REVIEW

#### 1. READ

The CTA APS exam is 3.5 hours.

Start by identifying the issues carefully. This is important to establish some key things:

- who you are
- what you are required to do
- who you are writing the report to

These are important facts you must register before you move on to the next stage.

In the real examination you will have already had the pre-seen information but remember this will be provided to you again as the final exhibit.

The starting point is to **read the requirement**, which is in bold text usually on the first page of the case study. However, the requirement may be general in nature, for example 'Prepare a report addressing Jane's queries', so a review of all the information provided is necessary at this stage.

Now read the information contained in the body of the question and the exhibits, **highlighting key information** and jotting down notes on a piece of paper. Most of the detail will be in the exhibits so make sure you are comfortable with what is there.

In particular you should consider carefully the issues highlighted in the question and the information that is likely to be important, for example:

- family relationships, ages etc (you may already be familiar with this from the pre-seen info)
- business structures (again possibly already known from the pre-seen info)
- needs of client and any preferences expressed/courses of action ruled out

- actions already undertaken
- reliefs available
- timing issues

Now **re-read the requirement**. It is very easy at this stage to formulate an answer to what you would LIKE the question to ask, rather than what it ACTUALLY asks. Make sure you do not fall into the trap of typing up an answer that is not relevant to the question asked.

During this initial reading time you should have time to look up things in the legislation that will help you answer certain parts of the case study. Leave the legislation open at the relevant pages.

## 2. ANALYSE

Once you are satisfied you understand the requirement, you can move on to the next stage. Do not rush this part, as it is crucial to the whole process.

In the light of the requirement, re-read the question, decide which facts are important/relevant/not relevant. **Determine the areas to be addressed** in the answer.

Remember that each sentence and exhibit is there for a reason – there should not be much irrelevant information. Information may be included to highlight an issue, to identify a key point or to eliminate a course of action the examiner does not want covered.

There will be certain pieces of information that you either do not understand or cannot see the relevance of. It is possible for example that you will not use all the information provided in the pre-seen information. You need to concentrate on what you know and what you can do. Think positively and do not dwell on the areas you cannot get credit for.

For each issue you have highlighted – unless stated otherwise – you should **consider the implications for all relevant taxes**.

Look up in the legislation any areas of uncertainty, conditions etc.

## 3. PLAN

Now is the time to **produce a plan of the answer you intend to produce**.

You can either **handwrite or type** your plan but note that it will not be marked by the CIOT so it does not need to be included as part of your answer – the marker will only assess the actual report/letter you are asked to produce. You may decide that you prefer to handwrite your plan for ease of reference. You may decide you prefer to type it so that you can expand it. You need to practice these different approaches to work out whether handwriting or typing your plan works best for you.

For each issue you have highlighted, you should note down the areas which need to be discussed, taking into account the order of importance and considering all the implications. The plan can be in bullet point format but should contain sufficient detail to act as a checklist for when you start writing the actual answer. By producing a useful plan, you should be able to ensure that all points are covered in your final answer in a logical order.

You may have to **perform calculations as part of the plan** so that you can then analyse/comment on the results. These calculations should be typed up straight away as part of your answer – not handwritten. You should include them as an Appendix to the report/letter you will go on to write.

By the time you have finished the plan the hard work is really over – not only do you know what the case study wants you to consider, but you have now also considered all aspects, decided what needs to be included in your answer and know what **recommendations** you will give your client in the report/letter and the conclusion you have come to with regard to any options discussed.

Remember to determine the format of your answer – this is usually specified in the requirement.

You should also consider how you are going to allocate your remaining time to writing your answer to each element of the case study. **Never** overrun on time allocation, as this will have a detrimental effect on your overall answer. Come back to an incomplete section at the end of the exam if you have time.

These first three areas of the approach will take approximately thirty minutes to one hour leaving you between 2 and 2.5 hours of further exam time. The more calculations you have to do the more time you will need to allocate to your plan.

#### 4. WRITE

Only start typing up the formal answer once the analysing and planning stages have been completed.

The format of the answer is very important. If the correct format is not used, there is significant risk that you will not be awarded a pass for the “Structure” competency. You will then fail the paper.

The following formats are recommended:

##### REPORT

TO:  
FROM:  
DATE:  
SUBJECT:

The report should start with an “Introductory section” (normally no more than half a page) which should say:

- Who the report is intended for.
- What the report is based on (for example, “this report is based on your meeting with Amy Lim on 23 April 2024 and your subsequent letter to Amy dated 24 April .....”).
- Who can rely on the report. We suggest you simply remember the following standard wording: “This report is intended solely for use by you. Chartered Tax Advisers LLP accepts no responsibility for any reliance placed on this report by other parties”.
- The purpose of the report (summarised briefly).

A contents page is not required.

You can assume that the scope of the report is covered by the engagement letter. Unless it is specifically suggested otherwise in the question, there is no need to refer to the engagement letter in your answer.

If there are any limitations to our advice, these should be stated. Remember we are tax advisers, not lawyers or investment advisers. So any legal or investment advice should be referred to the client’s solicitor or IFA.

The Introductory section should be followed by an Executive Summary. Normal practice is to type this up last (but make sure it is inserted after the Introductory section).

The Executive Summary summarises the main advice and recommendations. There should be sufficient information in the Executive Summary that the reader can understand the recommendations without reading the detailed analysis. In effect, the Executive Summary is a snapshot of the key recommendations which can be read as a stand-alone document.

You should not introduce anything new in the Executive Summary. Everything in the Executive Summary should be available in the body of the report.

There is no need for a separate 'Conclusions' section at the end of the report as this is likely to be a repetition of the Executive Summary. [You will not lose marks for this, but you will have wasted time.]

Even though the client will have contacted your Tax Manager / Tax Partner for advice, the report is from your firm to the client. **The report should therefore use "We" throughout.** Alternatively, **you may prefer to use the third person**, eg. "[client name]" instead of "you" and "It is recommended that" instead of "we recommend". Whichever you choose, **you must be consistent** and not jump between the two. The use of "I" is not appropriate in a report.

The body of the report should be divided into sections (each dealing with a separate issue). A numbering system should be established. Keep this simple. Following the layout of the answers in this question bank is recommended.

The report should include appropriate advice, recommendations and conclusions. These are the key points which should be extracted for the Executive Summary.

Where advice is supported by computations, these should generally be in Appendices at the end of the report. Short "one or two line" calculations can be shown in the body of the report as you go along if you think that is beneficial to the reader.

It is important to **include and explain your workings**. This ensures that even where an error is made early on, credit can be given for the method applied to the later parts.

### LETTER

Letters should be correctly addressed using the address information in the question. Letters should be headed, finished and signed off (do not use your own name – "Tax Adviser" will do).

[Firm's Name & Address per Q]

[Client Name & Address per Q]

Date

Dear [Client Name per Q] – eg, Dear Alex / Dear Mr Brown

#### SUBJECT OF LETTER

Introduction

Summary of Key Points (Executive Summary)

Body of letter (divided into sections)

Yours sincerely  
Tax Adviser

If the client is referred to by their title throughout the question (for example, Mr Brown) or if the title is used in correspondence between adviser and the client (in the Exhibits), the title should be used in the salutation (for example Dear Mr Brown).

Normally however, the question will use forenames throughout and the salutation should therefore replicate this (for example, Dear Alex).

The first paragraph should briefly set out the background to the letter and the information on which it is based (for example a letter from the client). It should say who can rely on the letter.

Any limitations of advice should be stated here.

At APS, a letter question could require a letter from one individual to another (or to a joint client such as a couple), so **use of first person is acceptable**. For example, "I recommend", "I advise" etc is normally appropriate. You would then sign off as "Tax Adviser".

Instead, you might choose to write to the client in your position as a representative of your firm. In that case “we” is accepted. You would then sign off as “Chartered Tax Advisers LLP”.

It is important that the use of “I” or “we” is consistent. Never jump between the two.

After the Introduction, there should be an ‘Summary of key points’ to set out the key findings/conclusions of the letter. This serves the same purpose as an Executive Summary in a report and could also be called that.

The letter should be divided into sections. A numbering system for those sections is normally helpful.

Supporting computations should generally be in an Appendix.

The letter should include advice, recommendations and conclusions.

The letter should be signed off with “Yours sincerely”.

#### Advice common to both reports and letters

Always keep in mind that **you are asking a client to pay for the document you are producing!** The examiners are themselves tax advisers and will always have that in mind. Therefore put yourself in your client’s shoes and ask yourself whether you would pay money for the advice you are receiving.

First and foremost, your answer **must be written in a way the client can understand**. Clients do not want a series of options – they want **recommendations** as to which of the options should be adopted or discarded.

Above all else, clients want to know:

- 1) WHAT they should do; and
- 2) WHEN they should do it.

It is vital that you **come to a conclusion**. Don’t sit on the fence. You are unlikely to pass this paper unless you make sensible and positive recommendations which your client can understand.

Do not be afraid to state the obvious (credit is often allocated for this) but keep answers short and to the point. Remember “quantity” is not important. The examiner does not want to spend his time reading irrelevant and unnecessary paragraphs.

Try not to put more than one important point in each paragraph. Otherwise your points may get lost and you will not receive credit for them.

Leave a line between each paragraph. “White space” is important and helps the marker. It also helps the product look more professional.

Paragraphs should ideally **not run to more than three or four- lines**. Using short “snappy” paragraphs makes answers easier on the eye, and therefore more likely to attract credit.

A handy tip is to **say the sentence to yourself in your head before you type it**. If it doesn’t make sense, don’t type it!

Always use good grammar and spell words correctly. Do not use slang.

Try not to baffle the reader with technical jargon. Your client is not a tax expert. If they were, they wouldn’t need you. So **keep your language clear and simple**.

Use full sentences, even when any lists or bullet points are being used.

Abbreviations are acceptable as long as they have been previously defined. For example, “The gain on the disposal of your shares will be eligible for Business Asset Disposal Relief (BADR). The effect of BADR is to reduce the rate of tax on the capital gain to 10%....”

The APS paper is testing your professional skills - you need to show the marker that you deserve to be awarded the CTA qualification because you can provide **clear, relevant and reasoned tax advice** to your client.

Whilst in theory it would be possible to score well on professional skills even though the technical standard of your answer was poor, this is a fairly unlikely scenario. To be assessed as competent with regard to your professional skills, it will almost certainly be necessary for you to have demonstrated reasonable technical skills.

Nevertheless, where a technical inaccuracy flows through the remainder of the answer with consequent differences in the conclusions drawn and advice offered, you could still be assessed as a competent with regard to your professional skills.

The CIOT guidance on letters and reports is included in Appendix B later in this section.

## 5. REVIEW

About 10 minutes before the end of the examination you should sit back and review your answer and fine tune it as needed. Make sure you have produced an **Executive Summary** and that you have included this at the **start** of the report/letter, even if you created it last.

## HOW THE APS PAPER IS MARKED

The following information is a copy of the document available on the CIOT website.

### Introduction

In order to secure a pass in this paper, candidates are required to demonstrate competence in each of three skills:

- Structure
- Identification and Application (I&A)
- Relevant Advice and Substantiated Recommendations (RA&SR)

### Structure

Structure is assessed across the answer as a whole and a **pass or fail grade** will be awarded. As noted above, a fail in this skill (or in either of the other two skills) will result in an overall fail.

In arriving at the result for this skill, each of the following factors will be graded as either NO Fault, MINOR Fault or MAJOR Fault (with a single grade for each – i.e. a candidate cannot get multiple MINOR faults on grammar and spellings for example):

- Overall format
- Introduction and conclusion
- Clear layout with headings
- Flow of answer
- Appropriate style
- Grammar and spellings
- Appropriate calculations
- Lack of irrelevant material

A candidate will pass Structure if they have either:

- 1) No MAJOR faults; or
- 2) One MAJOR fault and no more than 3 MINOR faults.

A candidate will fail Structure if they have either:

- 1) Two or more MAJOR faults; or
- 2) One MAJOR fault and four or more MINOR faults

Further narrative on what is expected for each factor is set out in Appendix A. Note that a different, but appropriate style to that adopted by the examiner will not be a fault.

### Identification and Application

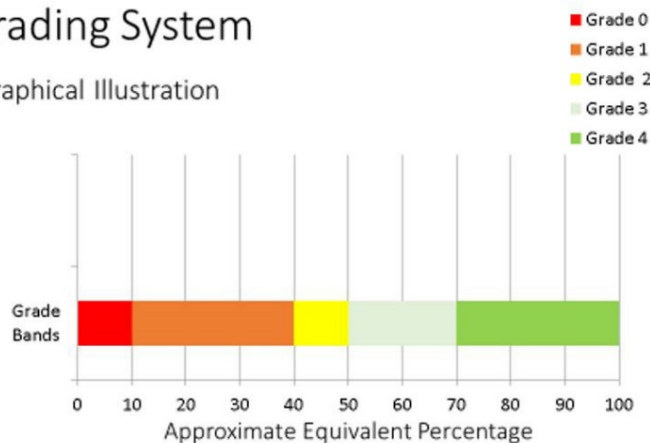
Identification and Application is assessed for competence across a number of broad topics within the answer. There will typically be four to six topics and a grade will be awarded for performance in that topic of 0,1,2,3 or 4 as follows:

<i>Grade</i>	<i>Description</i>
0	Not attempted
1	Competence insufficiently demonstrated
2	Limited competence demonstrated
3	Competent
4	Highly competent

If a perfect answer represents 100%, the above grades may be considered as roughly equal to the following percentages of a perfect answer.

## Grading System

Graphical Illustration



The grades awarded for each topic will be weighted and averaged to produce a weighted average grade for the skill across the whole answer. The weighting will reflect the importance and anticipated time required for each assessment area. The weighted average grade will be converted to a final grade of 0,1,2,3 or 4 as follows:

Weighted Average Grade	Final Grade
0.00 – 0.49	0
0.50 – 1.49	1
1.50 – 2.49	2
2.50 – 3.49	3
3.50 – 4.00	4

As noted above, a final grade of 3 is required to secure a pass, which means that candidates must achieve a weighted average grade of at least 2.5 across their answer.

For each topic the following factors will be considered:

- 1) Identification of issues (20% to 40%)
- 2) Application of technical knowledge (50% to 70%)
- 3) Use of information - Reference to material in question and Use of information (10% to 20%).

The relative weighting of these factors will vary from topic to topic, but typically will be in the ranges set out above.

Further narrative on what is expected for each factor is set out in Appendix A.

### **Relevant Advice and Substantiated Recommendations**

The method of assessment of this skill is the same as for Identification and Application except that there will normally be fewer topics: typically between three and four topics.

For each topic the following factors will be considered:

- Questions posed by client answered AND Client advised what to do (20%-30%)
- Options weighed up AND Recommendations and conclusions supported AND Recommendations & conclusions weighted appropriately (30%-50%)
- Technically correct advice (10%)
- Commercial advice (20%-30%)
- Ethics and law (0%-10%)

Further narrative on what is expected for each factor is set out in Appendix A.



## APPENDIX A - NARRATIVE ON ASSESSMENT FACTORS

### Structure

Factor	Detail	MAJOR and MINOR faults
Overall format	The answer is set out in the format demanded. Thus, if it is a letter, it will be properly set out as a letter with addresses, date, "Dear X" and conclude "Yours sincerely" etc. If it is a report, it will give some indication as to what it is about and who it is for.	<p>Failure to produce an answer in the required format (for example, producing a letter when a report is required, or vice versa, or producing what is essentially a memo rather than a report) will be a MAJOR fault.</p> <p>Having adopted the correct format, errors in the format (for example, using "Yours faithfully" when the letter starts "Dear Rashid") will be a MINOR fault.</p> <p>Differences of style are not a fault.</p>
Introduction and Conclusion/Executive Summary	<p>The report or letter should contain an introduction setting out the terms of reference, information being relied on etc.</p> <p>It should also contain a summary of the key findings and recommendations in a Conclusion/ Executive Summary. (the actual content of the Conclusion/Executive Summary is marked under Relevant Advice and Substantiated Recommendations).</p>	<p>Omission of either the introduction or the Conclusion/Executive Summary will be a MAJOR fault.</p> <p>Omission of elements of the introduction will be a MINOR fault.</p>
Clear layout with headings	The body of the letter or report should be laid out in a clear way with appropriate headings so that the reader can navigate around it easily and spot the key areas without reading the entire document to try to find a discussion of, for example, income tax on some employment related shares.	<p>A failure to use appropriate headings will usually be a MINOR fault.</p> <p>If the layout is extremely poor with no headings this will be a MAJOR fault.</p>
Flow of answer	The answer "flows" so that a logical chain of thought is presented to the reader rather than a series of random comments (which may nevertheless be technically correct).	<p>Occasional elements of the answer not in a logical order will be a MINOR fault.</p> <p>An answer which is significantly jumbled will be a MAJOR fault.</p>

Flow of answer (continued)	<p>For example, this means that:</p> <ol style="list-style-type: none"> <li>1) A tax rule should be explained first and then applied.</li> <li>2) It may be ordered so that: all taxes on a particular topic are considered together; all topics for a tax are considered together; or perhaps all topics for a relief are considered together. What is appropriate may depend on the question. It may also be the case that different approaches to the same question could be taken.</li> </ol>	
Appropriate Style	<p>The style of writing should be appropriate to what is being produced. For example, a report to a client or lay person should not contain lots of legislative references. The letter/report should not be written in the form of notes.</p>	<p>Extensive use of brief bullet points will be a MAJOR fault. The appropriate use of lists and appropriately numbered and explained points in full sentences will not be a fault.</p> <p>Inclusion of some references will not always be a fault, particularly if there is a discussion (for example) about the application of a key case to the client's situation.</p> <p>Significant numbers of inappropriate references will be a MINOR fault.</p>
Grammar & spellings	<p>The letter or report should be grammatically correct and free of spelling mistakes.</p>	<p>In practice, an adviser is likely to use a spelling and grammar checker and accordingly occasional spelling and grammatical errors will not be a fault.</p> <p>A number of errors such that a client would clearly notice them will be a MINOR fault.</p> <p>Large numbers of errors throughout the answer such that it becomes a significant distraction for the client will be a MAJOR fault.</p>
Appropriate calculations	<p>The answer should contain an appropriate level of calculations. This may mean no calculations, illustrative calculations or specific calculations. Any calculations should be linked to the narrative.</p>	<p>Only the appropriateness of calculations is considered here. The accuracy of calculations is assessed as part of Application of Technical Knowledge</p> <p>Excessive calculations will be a MINOR fault.</p>

Appropriate calculations (continued)		<p>A failure to adequately link the odd calculation to the answer will be a MINOR fault.</p> <p>A failure to provide a minor calculation which might be expected but has not specifically been requested in the question will be a MINOR fault.</p> <p>An absence of calculations or illustrative calculations where required or a failure to link most calculations to the answer will be a MAJOR fault.</p>
Irrelevant material	The answer should not contain large amounts of irrelevant or duplicated material.	<p>Isolated and brief irrelevant material will not be a fault.</p> <p>An element of duplication is expected in that the Executive Summary (or equivalent) will summarise and refer to material elsewhere in the answer.</p> <p>Occasional irrelevant or duplicated material will be a MINOR fault</p> <p>Large quantities of irrelevant or duplicated material will be a MAJOR fault.</p>

### **Identification and Application**

Factor	Detail	Weighting of Factor for each Topic	Grading Guidance
Identification of issues	The issues which are specific to the client and the requirement of the question should be identified. This covers not only the requirements identified by the client but also issues which the candidate should identify from the information as important to the client.	20%-30%	<p>1 = The issues specific to the client and the requirements of the question have not been identified or have only been identified to a very limited extent.</p> <p>2 = The requirements of the question have been identified and some issues specific to the client have been identified to a very limited extent.</p> <p>3 = The requirements of the question have been identified and most issues specific or important to the client have been identified including some of those which may not be spelt out in the question or referred to by the client. Explanations are of a satisfactory standard.</p> <p>4 = All requirements of the question have been identified and all or virtually all issues specific or important to the client have been identified and clearly explained.</p>

Application of technical knowledge	<p>Technical information provided is correct and has been applied correctly to the specific circumstances of the question.</p> <p>As part of this, the accuracy of calculations will also be considered. However the focus is primarily on the method rather than the arithmetical accuracy.</p> <p>The application of knowledge includes its indirect application to other taxes which may be relevant to the scenario</p>	50%-70%	<p>1 = The technical information provided is largely incorrect and it has not been applied to the specific circumstances of the question</p> <p>2 = The technical information is broadly correct, but it has not been provided for all issues identified or it hasn't been applied to the specific circumstances of the question.</p> <p>3 = The technical information is correct except for minor points and has been provided for all issues identified and to the circumstances of the question. There may be some minor lack of clarity in explanations or in the quality of explanations.</p> <p>4 = Technical information is correct except for very minor points, is applied appropriately and is clearly explained. Calculations are largely arithmetically correct as well as correct in their method.</p>
<p>Use of information</p> <p>Reference to question</p>	<p>Information provided to the candidate in the question has been used appropriately.</p> <p>Candidate has referred back to question where appropriate.</p>	10%-20%	<p>1 = Little reference back to material in question nor has information in the question been used appropriately.</p> <p>2 = Some attempt to refer to information provided or use information appropriately.</p> <p>3 = A reasonable attempt has been made to use information provided in an appropriate way.</p> <p>4 = Very good attempt to use information provided in an appropriate way.</p>

**Relevant Advice and Substantiated Recommendations**

Factor	Detail	Weighting of Factor for each Topic	Grading Guidance
<p>Questions posed by client answered</p> <p>Client advised what to do</p>	<p>Any questions posed by the client must be answered and advice provided.</p> <p>A client comes to a Chartered Tax Adviser to be advised as to what to do. This means that they should not simply be presented with a series of factually correct observations and then left to interpret what they should do, but instead should receive considered and appropriate advice recommending what they should do.</p>	20%-30%	<p><b>Key Question - “What should I do?”</b></p> <p>The key element of this factor is that the client is advised what to do. Merely answering specific factual questions posed by the client (for example, “Is transaction X taxable?” carries little weight in the assessment as this should be a given in any answer.</p> <p>Open questions like “should I do x or y?” require the client to be told what to do.</p> <p>Questions may also be implied rather than explicitly set out in the question.</p> <p>1 = Some attempt has been made to answer any specific factual questions posed by the client but no attempt has been made to tell the client what they should do. Implied questions are not answered.</p> <p>2 = All Specific factual questions posed by the client have been answered and a limited attempt has been made to tell the client what they should do. Some implied questions may have been identified.</p> <p>3 = All specific factual questions posed by the client have been answered. A reasonable attempt has been made to advise the client what to do. Implied questions have been identified but the advice may not be fully developed.</p> <p>4 = All questions have been answered and good advice has been provided to the client on what to do.</p>

Options weighed up	The various options available to the client should be weighed up for the client so that the client is better able to make an informed decision. This should include the pros and cons. It should also include a consideration of any knock-on effects of the advice on other taxes.	30%-50%	<p><b>Key Question - “Why should I do it?”</b></p> <p>The key element of this factor is demonstration by the candidate of the ability to weigh up options, taking account of the pros and cons. In scoring this, the examiner will ask the question “Do I understand the issues and the rationale for the conclusions given?”</p> <p>1 = Little attempt to set out the pros and cons of the alternatives nor to weigh them up.</p> <p>2 = The pros and cons of each alternative have been set out but they have not been weighed up for importance and impact for the client. Recommendations and conclusions are not fully supported by the main body of the answer and knock-on effects of the advice have not been considered except in passing.</p> <p>3 = Pros and cons have been set out and they have been weighed up for importance and impact for the client. They will be supported by the main body of the report. Some attempt has been made to consider the knock on effect on other taxes, where relevant. The relative weighting of recommendations may not be entirely appropriate.</p> <p>4 = Pros and cons are set out and weighted appropriately for importance and impact. Good consideration has been given to knock-on effects on other taxes. The relative weighting of recommendations is appropriate and all recommendations are supported by the body of the answer.</p>
Recommendations and conclusions supported	Recommendations and conclusions should be supported by the main body of the answer.		
Recommendations & conclusions weighted appropriately	Recommendations and conclusions should be weighted appropriately for importance. Importance is likely to be financial, but it may be wider than this, for example risk.		
Technically correct advice and recommendations	Advice and recommendations provided to the client should be technically correct. That this is a grading of the advice and recommendations provided: the application of technical skills (for	10%	<p><b>Key Question - “Is the advice correct?”</b></p> <p>1 = There are material failings in the technical advice provided.</p> <p>2 = Whilst the advice may largely be technically correct, on key areas there are areas of</p>

Technically correct advice and recommendations (continued)	example to discuss either something which is purely factual or as analysis before advice is covered in Identification and Application. The score will therefore mainly (but not exclusively) relate to the Executive Summary (or equivalent).		<p>contradiction where the candidate seems unclear on the correct position. Alternatively, there may be incorrect technical advice on relatively minor areas which would fundamentally change the recommendations.</p> <p>3 = In relation to all key areas, the advice provided is technically correct. In some minor and unimportant areas which would not affect the overall recommendations, the advice may not be complete or technically correct. There are no significant contradictions in technical advice.</p> <p>4 = The advice provided is technically correct.</p>
Commercial and wider advice	<p>Advice provided should not simply provide an answer which produces the best tax outcome, but should also consider the wider position to ensure that the advice is appropriate.</p> <p>It <u>may</u> include a consideration of:</p> <ul style="list-style-type: none"> <li>i. Commercial/financial outcomes</li> <li>ii. How HMRC may view the advice/transactions.</li> <li>iii. Practical/operational factors</li> <li>iv. Social/environmental/technical /funding issues</li> </ul> <p>The above list is not exhaustive as the issues identified should be appropriate to the scenario. Candidates are not expected to go into depth on the above areas but should be evidencing an appreciation that their advice should not be seen in isolation. It is important to recognise that better answers will add value to the client.</p>	20% - 30%	<p><b>Key Question – “Has the candidate demonstrated a wider thought process?”</b></p> <p>1 = The advice provided is in isolation and there has been no significant attempt to consider the wider implications.</p> <p>2 = There has been a limited attempt to consider the wider implications of the advice but this is incomplete or impractical.</p> <p>3 = There has been a reasonable attempt to consider wider implications, including for example how HMRC may consider the transaction or what further advice from other professionals may be required. There may be minor elements of the advice that are not entirely commercial, or practical</p> <p>4 = There has been a good attempt to consider the commercial implications of the advice including wider issues. Advice given is commercial. The client is likely to feel that the answer has added value.</p>

Ethics and law	Where the topic contains matters on which candidates are expected to comment on legal or ethical matters, credit will be available. On some topics there may be no expectation of comment and hence no credit available	0%-10%	<p>1 = Some ethical and legal issues identified but with little explanation of the implications nor recommendations.</p> <p>2 = Ethical and legal issues identified with explanation of implications but little in the way of recommendations.</p> <p>3 = Ethical and legal issues identified and implications explained with recommendations made. The weighting within the answer may not be appropriate.</p> <p>4 = All elements covered appropriately.</p>
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Although there may or may not be specific information that is expected on ethics and law for which positive credit may be available, it needs to be recognised that unethical or illegal advice is a serious issue and that simply scoring 0 on a maximum of 10% of the score for a topic is not an appropriate penalty. As a result, where a candidate advises a client to undertake an illegal act or to take actions which are clearly not ethical they will be penalised by way of a downward adjustment to the score they would otherwise have achieved for this skill. Depending on the circumstances this may result in a fail irrespective of the quality of the rest of the answer. It is expected that it will be rare that this adjustment is applied.



## APPENDIX B - THE FORMAT OF LETTERS AND REPORTS

### Introduction

Structure is one of the three skills assessed in the Application and Professional Skills paper. The purpose of this note is to provide some further guidance on letters and reports.

### Letters and Reports

The APS questions always either require the candidate to produce a letter or require the candidate to produce a report. Reports and letters are not the same thing and it is therefore vital that candidates produce the correct document.

Whilst it is recognised that candidates will be trained to produce letters and reports in the house style for their firm and therefore there is not a single prescribed format required for the exam, it is also clear that significant numbers of candidates would appreciate guidance from us as to how they may be formatted. A different but appropriate presentation is not penalised. For clarity, we have flagged below comments relating to style which are not penalised using STYLE

### General Points for both Letters and Reports

1. Abbreviations may be used in the answer. They should be defined on their first use, for example Business Property Relief ("BPR"). There is no need to produce a separate list of abbreviations (although this will not lose credit, it will not gain credit).
2. Full sentences should be used throughout, including when any lists or bullet points are used.
3. Unless the question provides information to the contrary, candidates may assume that the letter/report is covered by the engagement letter and accordingly there is no need to refer to the engagement letter in their answer.

### Letters

1. The requirement to produce a letter will only be used in questions where the candidate is advising their client and not for situations where the candidate is, for example, the in-house tax manager.
2. The letter should include the address of the sender, the name and address of the client and the date. Where the address is given in the question, this should be used in the answer. Where the address is not given, "Your address" and "My address" may be used or an address may be invented. Whilst the address of the client should always be at the top of the letter, candidates may if they wish have the details of their firm elsewhere (e.g. the bottom of the first page) as would be the case for headed notepaper – STYLE. In terms of formatting within the constraints of the exam it is likely to be easier to adopt a normal business format of the firm's address in the top right with the client's address on the left.
3. Candidates may if they wish include a filing reference, however there is no requirement to do so - STYLE.
4. If the client is referred to by their title throughout the question (for example Mr Brown) or if the title is used in correspondence between adviser and the client (in the Exhibits), the title should be used in the salutation (for example Dear Mr Brown). Normally however, the question will use forenames throughout and the salutation should therefore do this (for example, Dear Alex).
5. After the salutation, there should be a heading appropriate for the content/purpose of the letter.
6. There should then be an introduction briefly setting out the background to the letter and the information on which it is based (for example a letter from the client) and any limitations.

7. Where the letter to and about individuals it should use “you” throughout unless there are two clients (for example husband and wife) in which case for clarity it may be necessary to use their names (for example, David should do X while Mary should do Y). Where the client is a company, the letter should say “the Company should” or “G Ltd should” - STYLE. It should not jump between “I” and “we”.
8. As the letter will be from one person to another, it should be written in the first person, thus, “I recommend” not “it is recommended”. STYLE
9. If there are calculations, (for example comparing option A with option B) it may be appropriate for these to be in an enclosure to the letter rather than in the main body of the letter.
10. In the body of the letter, conclusions and recommendations should be drawn out at appropriate points. For example, if a section of the letter considers whether a company should be sold, at the end of that section there should be a conclusion on this point.
11. The letter should include a section summarising the key advice and recommendations. This may either follow the introduction or be at the end of the letter. As the letter is a more personal document than a report, “Conclusions” is likely to be a more appropriate term than “Executive Summary” - STYLE. There should be sufficient information that the recipient can understand the recommendations without reading the detailed analysis. It should not provide new analysis on a particular topic, but may combine or draw together conclusions from the body of the letter. For example, the body of the letter may include sections on two separate points each of which has a conclusion which potentially conflict. The Conclusion may refer to those conclusions and weigh them up in making a final recommendation.
12. There should not be two separate Conclusions sections at the beginning and end of the letter as they are likely to be largely the same and will waste time (although it will not lose credit).
13. The letter should conclude with “Yours sincerely”.

### Reports

1. A report will always be required in questions where the candidate is not an adviser in practice (for example, where the candidate is an in-house tax manager). In questions where the candidate is an adviser in practice, a report will often be required.
2. It should start with a heading setting out who the report is to and what is the subject of the report.
3. There is no need to produce a contents page. Although this will not lose credit, it will not gain credit.
4. The introduction should confirm who the report is for and say who may rely on it. It should briefly set out the information on which it is based (for example a letter from the client) and any limitations. The adviser’s name and date of the report may follow this or be at the end of the report. The address may be included.
5. In the body of the report, conclusions and recommendations should be drawn out at appropriate points. For example, if a section of the report considers whether a company should be sold, at the end of that section there should be a conclusion on this point.
6. The Executive Summary summarises the main advice and recommendations. There should be sufficient information so that the recipient can understand the recommendations without reading the detailed analysis. It should not provide new analysis on a particular topic, but may combine or draw together conclusions from the body of the report. For example, the body of the report may include sections on two separate points each of which has a conclusion which potentially conflict. The Executive Summary may refer to those conclusions and weigh them up in making a final recommendation.

7. There should not be a separate Conclusions section at the end of the report as well as the Executive Summary as this is likely to be largely the same and will waste time (although it will not lose credit).
8. Rather than using “you should” the report will normally use the client’s name (for example “Peter should” or “the company should”), particularly where the report is addressed to a group of people (for example the Board of directors) - STYLE.
9. The report may be written in the third person, thus “it is recommended”. Where the report is from a firm of advisers, if the first person is used, “we recommend” will be more appropriate than “I recommend” - STYLE. Whichever form is chosen, it should be used throughout the report.



**INCOME TAX - RATES AND THRESHOLDS**

	2024/25	2023/24
<b>Rates</b>	%	%
Starting rate for savings income only	0	0
Basic rate for non-savings and savings income only	20	20
Higher rate for non-savings and savings income only	40	40
Additional and trust rate for non-savings and savings income	45	45
Dividend ordinary rate	8.75	8.75
Dividend upper rate	33.75	33.75
Dividend additional rate and trust rate for dividends	39.35	39.35
<b>Thresholds</b>	£	£
Savings income starting rate band	1 – 5,000	1 – 5,000
Basic rate band	1 – 37,700	1 – 37,700
Higher rate band	37,701 – 125,140	37,701 – 125,140
Dividend allowance	500	1,000
Savings allowance		
– Taxpayer with basic rate income	1,000	1,000
– Taxpayer with higher rate income	500	500
– Taxpayer with additional rate income	Nil	Nil
Standard rate band for trusts	N/A	1,000
<b>Scottish Tax Rates<sup>(1)</sup></b>	%	%
Starter rate	19	19
Scottish basic rate	20	20
Intermediate rate	21	21
Higher rate	42	42
Advanced rate	45	N/A
Top rate	48	47
<b>Scottish Tax Thresholds<sup>(1)</sup></b>	£	£
Starter rate	1 – 2,306	1 – 2,162
Scottish basic rate	2,307 – 13,991	2,163 – 13,118
Intermediate rate	13,992 – 31,092	13,119 – 31,092
Higher rate	31,093 – 62,430	31,093 – 125,140
Advanced rate	62,431 – 125,140	N/A
Top rate	125,140+	125,140+

**INCOME TAX - RELIEFS**

	2024/25	2023/24
	£	£
Personal allowance <sup>(2)</sup>	12,570	12,570
Married couple's allowance <sup>(3)</sup>	11,080	10,375
– Maximum income before abatement of relief - £1 for £2	37,000	34,600
– Minimum allowance	4,280	4,010
Transferable Tax allowance for married couples and civil partners <sup>(4)</sup>	1,260	1,260
Blind person's allowance	3,070	2,870
Enterprise investment scheme relief limit <sup>(5)</sup>	1,000,000	1,000,000
Venture capital trust relief limit	200,000	200,000
Seed enterprise investment scheme relief limit	200,000	200,000
De minimis trusts amount	500	N/A

- Notes:** (1) Scottish taxpayers pay Scottish income tax on non-savings income.
- (2) The personal allowance of any individual with adjusted net income above £100,000 is reduced by £1 for every £2 of adjusted net income above the £100,000 limit.
- (3) Only available where at least one partner was born before 6 April 1935. Relief restricted to 10%.
- (4) The recipient must not be liable to tax above the basic rate. The recipient is eligible for a tax reduction of 20% of the transferred amount.
- (5) The limit is £2 million, where over £1 million is invested in knowledge intensive companies.

# CTA EXAMINATIONS

2025

## TAX TABLES



### ISA limits

Maximum subscription:

'Adult' ISAs

Junior ISAs

2024/25

£

20,000

9,000

2023/24

£

20,000

9,000

### Pension contributions

Annual allowance<sup>(1)</sup>

£

2023/24

60,000

2024/25

60,000

Minimum pension age

55

55

Basic amount qualifying for tax relief

£3,600

Lump sum allowance

£268,275

**Note:** (1) The annual allowance is tapered by £1 for every £2 of adjusted income above £260,000 for individuals with threshold income above £200,000. It cannot be reduced below £10,000.

### Employer Supported Childcare

Exemption – basic rate taxpayer<sup>(2)</sup>

2024/25

£55 per week

2023/24

£55 per week

**Note:** (2) For schemes joined on or after 6 April 2011 the exempt childcare amounts for higher and additional rate taxpayers (based on the employer's earning assessment only) are £28 and £25 respectively.

### ITEPA mileage rates

Car or van<sup>(3)</sup>

First 10,000 business miles

45p

Additional business miles

25p

Motorcycles

24p

Bicycles

20p

Passenger payments

5p

**Note:** (3) For NIC purposes, a rate of 45p applies irrespective of mileage.

### INCOME TAX - BENEFITS

#### Car benefits – 2024/25

Emissions

Electric  
range (miles)

Car benefit %<sup>(4)</sup>

0g/km

N/A

2%

1-50g/km

>130

2%

1-50g/km

70-129

5%

1-50g/km

40-69

8%

1-50g/km

30-39

12%

1-50g/km

<30

14%

51-54g/km

15%

55-59g/km

16%

60-64g/km

17%

65-69g/km

18%

70-74g/km

19%

75g/km or more

20%

+ 1% for every additional whole 5g/km above 75g/km

160g/km or more

37%

**Note:** (4) 4% supplement for diesel cars excluding those that meet the Real Driving Emissions Step 2 (RDE2) standard (not to exceed maximum of 37%).

#### Fuel benefit base figure

2024/25

£

27,800

2023/24

£

27,800

# CTA EXAMINATIONS

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## TAX TABLES



Van benefits	2024/25	2023/24
	£	£
No CO <sub>2</sub> emissions	Nil	Nil
CO <sub>2</sub> emissions > 0g/km	3,960	3,960
Fuel benefit for vans	757	757
<b>Official rate of interest</b>	2.25%	2.25%

### INCOME TAX - CHARGES

Child benefit charge	Withdrawal rate
Adjusted net income >£60,000	1% of benefit per £200 of income between £60,000 and £80,000
Adjusted net income >£80,000	Full child benefit amount assessable in that tax year

### CAPITAL ALLOWANCES

Annual investment allowance for plant and machinery (AIA) <sup>(1)</sup>	100%
WDA on plant and machinery in main pool <sup>(2)</sup>	18%
WDA on plant and machinery in special rate pool <sup>(3)</sup>	6%
WDA on patent rights and know-how	25%
WDA on structures and buildings (SBA) <sup>(4)</sup>	3%

- Notes:** (1) On first £1,000,000 of investment in plant & machinery (not cars).  
 (2) The main pool rate applies to cars with CO<sub>2</sub> emissions of not more than 50g/km (prior to April 2021 not more than 110g/km).  
 (3) The special pool rate applies to cars with CO<sub>2</sub> emissions greater than 50g/km (prior to April 2021 greater than 110g/km).  
 (4) A 10% rate applies in respect of special tax site expenditure.

### 100% First year allowances (FYA) available to all businesses

Capital expenditure incurred by a person on research and development.

New zero-emission goods vehicles (until 1 or 6 April 2025).

New cars that either emit 0g/km of CO<sub>2</sub> (50g/km prior to April 2021) or are electric (until 1 April 2025).

Electric vehicle charging points (until 1 or 6 April 2025).

### First year allowances (FYA) available to companies only

	Main pool assets	Special rate pool assets
Expenditure on new plant and machinery (other than cars) from 1 April 2023 onwards <sup>(5)</sup>	100%	50%
Expenditure on new plant and machinery (other than cars) in a special tax site	100%	100%

- Notes:** (5) 130% for main pool expenditure and 50% for special rate pool expenditure between 1 April 2021 and 31 March 2023.

### INCOME TAX - SIMPLIFICATION MEASURES

	2024/25	2023/24
	£	£
<b>'Rent-a-room' limit</b>	7,500	7,500
<b>Property allowance/Trading allowance</b>	1,000	1,000

### Flat Rate Expenses for Unincorporated Businesses

Motoring expenses		
Cars or vans	First 10,000 business miles	45p per mile
	Additional business miles	25p per mile
Motorcycles		24p per mile
Business use of home	25 – 50 hours use	£10 per month
	51 – 100 hours use	£18 per month
	101+ hours use	£26 per month
Private use of business premises	No of persons living there:	
	1	£350 per month
	2	£500 per month
	3+	£650 per month

# CTA EXAMINATIONS

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## TAX TABLES



### NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits	2024/25			2023/24		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
Lower earnings limit (LEL)	£6,396	£533	£123	£6,396	£533	£123
Primary threshold (PT)	£12,570	£1,048	£242	£12,570	£1,048	£242
Secondary threshold (ST)	£9,100	£758	£175	£9,100	£758	£175
Upper earnings limit (UEL)	£50,270	£4,189	£967	£50,270	£4,189	£967
Upper secondary threshold for under 21 (UST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Apprentice upper secondary threshold for under 25 (AUST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Special tax sites upper secondary threshold	£25,000	£2,083	£481	£25,000	£2,083	£481

#### Class 1 primary contribution rates

Earnings between PT and UEL

8%

12%

Earnings above UEL

2%

2%

#### Class 1 secondary contribution rates

Earnings above ST <sup>(1)</sup>

13.8%

13.8%

**Note:** (1) Rate of secondary NICs between the ST and the UST, AUST & special tax sites upper secondary threshold is 0%.

	2024/25	2023/24
<b>Employment allowance</b>		
Per year, per employer	£5,000	£5,000
<b>Class 1A contributions</b>	13.8%	13.8%
<b>Class 1B contributions</b>	13.8%	13.8%
<b>Class 2 contributions</b>		
Rate	£3.45 pw	£3.45 pw
Small profits threshold (SPL) <sup>(2)</sup>	£6,725	£6,725
Lower profits limit (LPL)	N/A	£12,570

**Note:** (2) From 2024/25, self-employed individuals with profits below the small profits threshold can pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension.

<b>Class 3 contributions</b>	£17.45 pw	£17.45 pw
<b>Class 4 contributions</b>		
Annual lower profits limit (LPL)	£12,570	£12,570
Annual upper profits limit (UPL)	£50,270	£50,270
Percentage rate between LPL and UPL	6%	9%
Percentage rate above UPL	2%	2%

### OTHER PAYROLL INFORMATION

<b>Statutory maternity/adoption pay</b>	First 6 weeks @ 90% of AWE Next 33 weeks @ the lower of £184.03 and 90% of AWE
<b>Statutory shared parental pay /paternity pay/parental bereavement pay</b>	For each qualifying week, the lower of 90% of AWE and £184.03
<b>Statutory sick pay</b>	£116.75 per week



# CTA EXAMINATIONS

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## TAX TABLES



<b>Student Loan</b>	Plan 1:	9% of earnings exceeding £24,990 per year (£2,082.50 per month/ £480.57 per week)
	Plan 2:	9% of earnings exceeding £27,295 per year (£2,274.58 per month /£524.90 per week)
	Plan 4:	9% of earnings exceeding £31,395 per year (£2,616.25 per month /£603.75 per week)
<b>Postgraduate Loan</b>		6% of earnings exceeding £21,000 per year (£1,750 per month/£403.84 per week)

**National living/minimum wage** (April 2024 onwards)

Category of Worker	Rate per hour £	Category of Worker	Rate per hour £
Workers aged 21 and over	11.44	16–17 year olds	6.40
18–20 year olds	8.60	Apprentices	6.40

**Accommodation Offset** £9.99 per day

### HMRC INTEREST RATES (assumed)

Late payment interest	7.75%
Interest on underpaid corporation tax instalments	6.25%
Repayment interest	4.25%
Interest on overpaid corporation tax instalments	5.00%

### CAPITAL GAINS TAX

	2024/25	2023/24
Annual exempt amount for individuals	£3,000	£6,000

### CGT rates for individuals, trusts and estates

Gains qualifying for business asset disposal <sup>(1)</sup> /investors' relief	10%	10%
Gains for individuals falling within remaining basic rate band <sup>(2)</sup>	10%	10%
Gains for individuals exceeding basic rate band and gains for trusts and estates <sup>(3)</sup>	20%	20%

- Notes:** (1) Formerly called entrepreneurs' relief  
 (2) The rate is 18% if the gain is in respect of a residential property  
 (3) The rate is 24% (28% in 2023/24) if the gain is in respect of a residential property

Business Asset Disposal relief	2024/25	2023/24
Relevant gains (lifetime maximum) <sup>(4)</sup>	£1 million	£1 million

Investors' relief		
Relevant gains (lifetime maximum)	£10 million	£10 million

**Note:** (4) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million.

### Lease percentage table

Years	Percentage	Years	Percentage	Years	Percentage	Years	Percentage
50+	100.000	37	93.497	24	79.622	11	50.038
49	99.657	36	92.761	23	78.055	10	46.695
48	99.289	35	91.981	22	76.399	9	43.154
47	98.902	34	91.156	21	74.635	8	39.399
46	98.490	33	90.280	20	72.770	7	35.414
45	98.059	32	89.354	19	70.791	6	31.195
44	97.595	31	88.371	18	68.697	5	26.722
43	97.107	30	87.330	17	66.470	4	21.983
42	96.593	29	86.226	16	64.116	3	16.959
41	96.041	28	85.053	15	61.617	2	11.629
40	95.457	27	83.816	14	58.971	1	5.983
39	94.842	26	82.496	13	56.167	0	0.000
38	94.189	25	81.100	12	53.191		

# CTA EXAMINATIONS

2025

## TAX TABLES



### Retail Prices Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	—	—	79.44	81.04	81.62	81.85	81.88	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9	264.8	265.5	267.1
2017	265.5	268.4	269.3	270.6	271.7	272.3	272.9	274.7	275.1	275.3	275.8	278.1

### CORPORATION TAX

Financial year	2024	2023
Main rate	25%	25%
Standard small profits rate	19%	19%
Augmented profit limit for standard small profits rate	£50,000	£50,000
Augmented profit limit for marginal relief	£250,000	£250,000
Standard marginal relief fraction	3/200	3/200
Marginal rate	26.5%	26.5%
Patent rate	10%	10%

### EU definition of small and medium sized enterprises

	Small <sup>(2)</sup>	Medium <sup>(2)</sup>	Extended definition for R&D expenditure
Employees <sup>(1)</sup>	< 50	< 250	<500
Turnover <sup>(1)</sup>	≤ €10m	≤ €50m	≤ €100m
Balance sheet assets <sup>(1)</sup>	≤ €10m	≤ €43m	≤ €86m

**Notes:** (1) Must meet employees criteria and either turnover or balance sheet assets criteria.

(2) Thresholds apply for transfer pricing and distributions received by small companies.

**Research and development expenditure**

<b>Financial year</b>	<b>2023</b>
Total relief for Small & medium enterprises (SMEs)	186%
R&D tax credit for SME losses	10%
Large companies – RDEC	20%
<b>Financial year</b>	<b>2024</b>
Enhanced R&D Intensive Support (ERIS) - total relief for loss making R&D intensive SMEs	186%
R&D tax credit for R&D intensive SME losses	14.5%
RDEC (merged scheme RDEC) <sup>(1)</sup>	20%

**Note:** (1) From 1 April 2024 the merged scheme RDEC is available to all companies.

**VALUE ADDED TAX**

	<b>Standard rate</b>	<b>VAT fraction</b>
Rate	20%	1/6
<b>Limits</b>	<b>2024/25</b>	<b>2023/24</b>
	£	£
Annual registration limit	90,000	85,000
De-registration limit	88,000	83,000
<b>Thresholds</b>	<b>Cash accounting</b>	<b>Annual accounting</b>
	£	£
Turnover threshold to join scheme	1,350,000	1,350,000
Turnover threshold to leave scheme	1,600,000	1,600,000

**ADVISORY FUEL RATES (as at 1 March 2024)**

<b>Engine size</b>	<b>Petrol</b>	<b>LPG</b>	<b>Engine size</b>	<b>Diesel</b>
1400cc or less	13p	11p	1600cc or less	12p
1401cc to 2000cc	15p	13p	1601cc to 2000cc	14p
Over 2000cc	24p	21p	Over 2000cc	19p

**Electricity rate** 9p

**OTHER INDIRECT TAXES**

	<b>2024/25</b>	<b>2023/24</b>
<b>Insurance premium tax<sup>(2)</sup></b>		
Standard rate	12%	12%
Higher rate	20%	20%

**Notes:** (2) Premium is tax inclusive (<sup>3</sup>/<sub>28</sub> for 12% rate and <sup>1</sup>/<sub>6</sub> for 20% rate).

**Landfill Tax** (pro rated for part tonnes)

Standard rate	£103.70 per tonne	£102.10 per tonne
Lower rate	£3.30 per tonne	£3.25 per tonne

<b>Landfill Communities Fund (LCF) <sup>(3)</sup></b>	5.3% x landfill tax liability	5.3% x landfill tax liability
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**Notes:** (3) Relief for 90% of qualifying contributions

<b>Aggregates Levy</b> (pro rated for part tonnes)	£2.03 per tonne	£2 per tonne
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<b>Plastic Packaging Tax (PPT)</b> (pro rated for part tonnes)	£217.85 per tonne	£210.82 per tonne
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# CTA EXAMINATIONS

2025

## TAX TABLES



### Climate Change Levy (CCL)<sup>(1)</sup>

Electricity	0.775p per kwh	0.775p per kwh
Natural gas	0.775p per kwh	0.672p per kwh
Liquified petroleum gas (LPG)	2.175p per kg	2.175p per kg
Any other taxable commodity	6.064p per kg	5.258p per kg

### Carbon Price Support (CPS) rates

Natural gas	0.331 per kwh	0.331 per kwh
LPG	5.28p per kg	5.28p per kg
Coal & other taxable solid fossil fuels	£1.5479 per GJ on GCV	£1.5479 per GJ on GCV

### Tobacco products duty

	From 22.11.2023	From 15.03.2023
Cigarettes	16.5% x retail price + £316.70 per thousand cigarettes (or £422.80 per thousand cigarettes <sup>(2)</sup> )	16.5% x retail price + £294.72 per thousand cigarettes (or £393.45 per thousand cigarettes <sup>(2)</sup> )
Cigars	£395.03 per kg	£367.61 per kg
Hand-rolling tobacco	£412.32 per kg	£351.03 per kg
Other smoking/chewing tobacco	£173.68 per kg	£161.62 per kg
Tobacco for heating	£325.53 per kg	£302.93 per kg

### Alcohol Duty<sup>(3)</sup>

From 1 August 2023 to 1 February 2025

	Duty in £ for each litre of pure alcohol in the product		Duty in £ for each litre of pure alcohol in the product
<b>Beer (ABV)</b>		<b>Spirits/Spirit based products (ABV)</b>	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.27	1.3% to 3.4%	9.27
3.5% to 8.4%	21.01	3.5% to 8.4%	24.77
8.5% to 22%	28.50	8.5% to 22%	28.50
Stronger than 22%	31.64	Stronger than 22%	31.64
<b>Cider (not sparkling) (ABV)</b>		<b>Wine/sparkling wine (ABV)</b>	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.27	1.3% to 3.4%	9.27
3.5% to 8.4%	9.67	3.5% to 8.4%	24.77
8.5% to 22%	28.50	8.5% to 22%	28.50
Stronger than 22%	31.64	Stronger than 22%	31.64
<b>Sparkling cider (ABV)</b>		<b>Other fermented products like fruit ciders (ABV)</b>	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.27	1.3% to 3.4%	9.27
3.5% to 5.5%	9.67	3.5% to 8.4%	24.77
5.6% to 8.4%	24.77	8.5% to 22%	28.50
8.5% to 22%	28.50	Stronger than 22%	31.64
Stronger than 22%	31.64		

- Notes:** (1) For holders of a Climate Change agreement (CCA), the rate charged is a percentage of the main rate given in the table. For 2024/25 (2023/24 in brackets) for electricity the rate is 8% (8%), for gas it is 11% (12%), for LPG it is 23% (23%) and 11% (12%) for any other taxable commodity
- (2) The £422.80/£393.45 per thousand cigarettes is a minimum excise duty (if higher than the first calculation)
- (3) There are reduced rates for qualifying draught products

**INHERITANCE TAX**

Death rate	40% <sup>(3)</sup>	Lifetime rate	20%
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**Note:** (3) 36% rate if 10% or more of the deceased person's net chargeable estate is left to charity.

**Nil rate bands**

6 April 1996 – 5 April 1997	£200,000	6 April 2003 – 5 April 2004	£255,000
6 April 1997 – 5 April 1998	£215,000	6 April 2004 – 5 April 2005	£263,000
6 April 1998 – 5 April 1999	£223,000	6 April 2005 – 5 April 2006	£275,000
6 April 1999 – 5 April 2000	£231,000	6 April 2006 – 5 April 2007	£285,000
6 April 2000 – 5 April 2001	£234,000	6 April 2007 – 5 April 2008	£300,000
6 April 2001 – 5 April 2002	£242,000	6 April 2008 – 5 April 2009	£312,000
6 April 2002 – 5 April 2003	£250,000	6 April 2009 – 5 April 2026	£325,000

**Residence nil rate bands<sup>(4)</sup>**

6 April 2017 – 5 April 2018	£100,000	6 April 2019 – 5 April 2020	£150,000
6 April 2018 – 5 April 2019	£125,000	6 April 2020 – 5 April 2026	£175,000

**Note:** (4) An additional nil rate band is available where a main residence is passed on death to a direct descendant. Tapered withdrawal for estates > £2million.

**Taper relief**

Death within 3 years of gift	Nil%
Between 3 and 4 years	20%
Between 4 and 5 years	40%
Between 5 and 6 years	60%
Between 6 and 7 years	80%

**Quick Succession relief**

Period between transfers less than one year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

**Lifetime exemptions**

Lifetime exemptions		
Annual exemption		£3,000
Small gifts		£250
Wedding gifts	Child	£5,000
	Grandchild or remoter issue or other party to marriage	£2,500
	Other	£1,000

**ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)**

Residential property value	From 1.4.24	From 1.4.23
>£0.5m - ≤ 1m	£4,400	£4,150
> £1m - ≤ 2m	£9,000	£8,450
> £2m - ≤ 5m	£30,550	£28,650
> £5m - ≤ 10m	£71,500	£67,050
> £10m - ≤ 20m	£143,550	£134,550
> £20m	£287,500	£269,450

**STAMP DUTY/SDRT**

<b>Stamp duty<sup>(1)</sup></b>	- On shares transferred by physical stock transfer form	0.5%
<b>Stamp duty reserve tax (SDRT)<sup>(2)</sup></b>	- On agreements to transfer shares <sup>(2)</sup>	0.5%
	- On shares transferred to depositary receipt schemes	1.5%

**Notes:** (1) Does not apply to UK securities traded on a recognised growth market (eg AIM).

(2) Does not apply to units in UK unit trust schemes or shares in UK OEICS bought from fund managers.

**STAMP DUTY LAND TAX (SDLT)**

Qualifying purchases in a Freeport receive full SDLT relief

**Stamp Duty Land Tax on purchase price / lease premium / transfer value – England & NI**

Basic Rate % <sup>(3)(4)(5)(6)</sup>	Residential <sup>(3)(4)(5)(6)</sup>	Rate %	Non-Residential
0	£0 - £250,000	0	£0 - £150,000
5	£250,001 - £925,000	2	£150,001 - £250,000
10	£925,001 - £1,500,000	5	£250,001 +
12	£1,500,001 +		

- Notes:** (3) The basic rates are increased by 3% (the 'higher rates') where the purchase is of an additional residential property for individuals. Companies and trusts pay the additional 3% on all purchases of residential properties, subject to Note 4 below.
- (4) Companies (and certain other entities) pay 15% on purchases of residential property valued > £500,000 (subject to exceptions).
- (5) First-time buyers purchasing a single dwelling as their only/main residence may benefit from a reduced rate. (This includes qualifying shared ownership properties.) SDLT will not be due on properties up to £425,000. For homes between £425,000 and £625,000, SDLT will be payable at 5% on the amount above the £425,000 threshold. Homes bought for more than £625,000 will incur the rates as per column 1 in above table.
- (6) Non-resident individuals and companies will pay an additional 2% surcharge for purchases of residential property. This is in addition to the basic rate, the higher rate (where applicable, in Note 3), and the 15% rate (where applicable, in Note 4).

**New leases – Stamp Duty Land Tax on lease rentals – England & NI**

Rate (%)	Net present value of rent	
	Residential	Non-residential
0	Up to £250,000	Up to £150,000
1	Excess over £250,000	£150,001-£5m
2	N/A	Over £5m

**Land and Buildings Transaction Tax (LBTT) on purchase price – Scotland**

Basic Rate % <sup>(1)(2)(3)</sup>	Residential	Rate % <sup>(1)</sup>	Non-Residential
0	up to £145,000	0	£0 - £150,000
2	£145,001 - £250,000	1	£150,001 - £250,000
5	£250,001 - £325,000	5	£250,001 +
10	£325,001 - £750,000		
12	£750,001 +		

- Notes:** (1) Rates are charged on the portion of consideration that falls in each band. The same tax is payable for a premium granted for a land transaction, except for residential leases which are generally exempt. Special rules apply to a premium for non-residential property where the rent exceeds £1,000 a year.
- (2) The 'Additional Dwelling Supplement' of 6% of the relevant consideration applies broadly to purchases of an additional dwelling by individuals & trusts (over which the beneficiary has substantial rights) & to purchases of a dwelling by certain businesses, companies & other trusts.
- (3) There is a relief for first-time buyers where a 0% rate is applied to the first £175,000 of the purchase consideration.

**New leases – Land and Buildings Transaction Tax (LBTT) on lease rentals - Scotland**

Rate (%)	Net present value of rent <sup>(4)</sup>	
	Non-residential	
Zero	Up to £150,000	
1%	£150,001 to £2,000,000	
2%	£2,000,001 +	

- Note:** (4) Residential leases are generally exempt

## CASE STUDIES

### 1. A BHATT LIMITED

You work for Simon Origan who owns Origan Tax Solutions, a firm of Chartered Tax Advisers. A. Bhatt Limited, which is a property development company owned by Abjit Bhatt aged 66, has been one of Simon's clients for the last few months. The corporation tax returns for the years to 31 March 2024 were prepared and filed by the previous accountant.

Abjit's wife died many years ago and he has never remarried. Abjit is, however, in good health and has one daughter, Chandra, who is 42 years old.

After a quiet period in the construction industry, Simon is aware that Abjit is considering the future of A. Bhatt Ltd and has recently received a letter (**EXHIBIT A**) from him regarding his future plans.

Simon Origan has asked you to draft a report to Abjit Bhatt covering the issues contained in his letter.

The following exhibits are provided to assist you:

**EXHIBIT A:** Letter from Abjit Bhatt to Simon Origan dated 29 April 2025

**EXHIBIT B:** Summarised Corporation Tax computations of A. Bhatt Limited for the two years ended 31 March 2024 as filed with HM Revenue & Customs

**EXHIBIT C:** Draft accounts for the year ended 31 March 2025

**EXHIBIT D:** Pre-seen information

**Requirement:**

**Prepare a draft report from Origan Tax Solutions to Abjit Bhatt which addresses the issues contained in his letter to Simon Origan dated 29 April 2025.**

**Assume that you are writing in May 2025 and that 2024/25 rates and allowances continue.**

**EXHIBIT A**

Letter from Abjit Bhatt to Simon Origan dated 29 April 2025

Simon Origan  
Origan Tax Solutions  
24 Orbital Way  
Ringtown  
RG1 2CD

3 Roundway  
Ringtown  
RG3 4GH

29 April 2025

Dear Simon

A.Bhatt Limited

I trust you are well.

As you will be aware A. Bhatt Limited has traded as a property development company for many years, specialising in the construction and sale of commercial properties. Up until 2023 things were going well with good profits, but due to a slowdown in our sector in this area, in 2024 continuing into 2025 the company has not done so well. Indeed, a decision was made in the year ended 31 March 2025 to temporarily suspend building work until we could sell some of our accumulated stock.

We do, however, still own some completed industrial units which we are trying to sell as well as some building land on which we have planning consent for the construction of some further industrial units.

To generate some income during this lean period, we managed to temporarily let some of our yard to a local building company. We can get vacant possession on this property within three months if required. I anticipate that for the six-month period to 30 September 2025 rental income of £4,000 will be received.

Whilst we are expecting an upturn going forward, I am getting on a bit now and my motivation is perhaps not quite what it used to be. I think it is time to ease back and as part of this I am trying to work out the best way forward for the company.

I have done some research and have concluded that there is no significant market at the moment for a profitable sale of the company to a third party. One option is therefore to simply stop trading, retire and just realise the company's assets in the best way.

Whilst neither I, nor the company, have paid any contributions for a few years, I do have a sizeable accumulated pension pot that I am planning to draw upon next April. I decided to defer my state pension until next April as well. This will enable me to live quite well post retirement and I am not interested in making any further contributions either personally or via the company.

The other option I am considering is to transfer my shares in the company to Chandra. She has worked in the construction industry for some time for a rival company. Whilst she is settled in her job, she has expressed a keenness to take over A. Bhatt Limited so maybe now is the right time. I would like Chandra to pay me £200,000 for my shares which will be quite a bit below their market value.



I am aiming to make a final decision by the end of September this year at which point the company will either cease trading and be wound up, or my shares will be transferred to Chandra. Either way I do not think we will be building any more units before that time and I am sure we will be able to sell the assets of the company by then if we decide to just wind up. If it helps, at that point I would imagine the equipment and vehicle will be worth approximately £18,000 and £2,000 respectively (with nothing worth more than its cost). I would imagine that we will get around £420,000 for the stock whilst the yard is probably worth £70,000. No equipment will be purchased (or sold) between now and the end of September. I estimate that tax-deductible administrative costs for this period will be around £32,000 (excluding VAT)

In the event that Chandra decides to take over I would imagine that, including the proceeds from selling the stock, the market value of my shares in September will be approximately £440,000.

Apart from me, the company does not have any staff at the moment. As you know, in recent years I have only drawn a small salary of £7,500 per year from the company. I have then topped this up with dividend payments. I have not however, drawn anything so far for the current tax year. If the company ceases trading I believe I will be entitled to statutory redundancy pay of around £6,500.

I would be grateful if you could let me know the principal taxation implications arising from the above two options. I like to keep things simple so you do not need to consider any alternatives. I do not need anything too specific at this stage just a clear statement of the most important taxation issues and principles involved.

It would also be helpful if you could briefly outline the legal procedures involved in winding up a solvent company and transferring shares.

I look forward to hearing from you soon.

Yours sincerely,

Abjit Bhatt

**EXHIBIT B**

Summarised Corporation Tax computations of A. Bhatt Limited for the two years ended 31 March 2024 as filed with HM Revenue & Customs

Computation of Trading Profit/Loss

	Note	Year Ended	
		31 March 2023	31 March 2024
		£	£
Net Profit/(Loss) Per Accounts		45,596	(63,947)
Add:			
Depreciation		12,422	11,238
Entertaining		585	111
Less:			
Interest receivable		(769)	(253)
Property income			(5,880)
Capital allowances		<u>(7,948)</u>	<u>(4,082)</u>
Trading Profit/(Loss)	1	<u>49,886</u>	<u>(62,813)</u>

Capital Allowances Computations

	<u>AIA</u>	<u>Main Pool</u>	<u>Claimed</u>
	£	£	£
<u>Year ended 31 March 2023</u>			
TWDV b/fwd		24,134	
WDA x 18%		(4,344)	4,344
Additions – equipment	2,772		
FYA x 130%	<u>(3,604)</u>		<u>3,604</u>
			<u>7,948</u>
TWDV c/fwd		<u>19,790</u>	
<u>Year Ended 31 March 2024</u>			
Additions – car		2,888	
WDA x 18%		(4,082)	<u>4,082</u>
			<u>4,082</u>
TWDV c/fwd		<u>18,596</u>	

Note

- The previous tax agents have confirmed that claims have been made to use the trade loss arising for the year ended 31 March 2024 against the profits of year ended 31 March 2024 and 31 March 2023.

**EXHIBIT C**Draft accounts for the year ended 31 March 2025

## Profit and Loss Account

	Note	<u>31 March 2025</u> £
<u>Sales</u>		<u>75,000</u>
<u>Cost of Sales</u>		
Opening stock		450,000
Costs		<u>450,000</u>
Less: closing stock	1	<u>(392,000)</u>
Cost of Sales		<u>58,000</u>
Gross Profit		17,000
<u>Other income</u>		
Rental income	2	<u>7,949</u>
		24,949
<u>Expenditure</u>		
Administrative costs	3	<u>(36,147)</u>
Net Profit/(Loss)		<u>(11,198)</u>

Balance Sheet

Year Ended	Note	<u>31 March 2025</u> £
<u>Fixed Assets</u>		
Tangible	4	70,487
<u>Current Assets</u>		
Cash & bank		1,015
Debtors	5	20,000
Stock		<u>392,000</u>
		<u>413,015</u>
<u>Current Liabilities</u>		
Creditors		<u>(53,023)</u>
Net assets		<u>430,479</u>
<u>Represented by</u>		
Share Capital		10,000
Reserves		<u>420,479</u>
		<u>430,479</u>

Notes

1. Stock comprises completed commercial buildings and land stock valued at historical cost.
2. Rental income is derived from the temporary letting of some surplus space in the company's yard.
3. There are no disallowable items within administrative costs for the year ended 31 March 2025.

4. Tangible fixed assets comprise £20,000 for a freehold yard. This property is not depreciated from year to year and was acquired in January 1999. The balance consists of construction and office equipment and a vehicle.

During the year ended 31 March 2025 computer equipment with an accounts net book value of £1,342 was scrapped. The depreciation charge for remaining tangible fixed assets for the year ended 31 March 2025 is £9,122.

5. Debtors for the year ended 31 March 2025 comprise an estimated amount of £10,000 for amounts owed by HM Revenue & Customs with the balance comprising various other collectible sundry amounts.

**EXHIBIT D**Pre-seen information

- Client Name - Abjit Bhatt
- Client Background
- Abjit Bhatt was born on 1 March 1959 in Norwich
  - Widower
  - One child Chandra (DOB 12 February 1983)
  - Valid will dated 23 February 2016
  - Abjit Bhatt is the sole shareholder and a director of A. Bhatt Limited
  - The company was set up by Abjit Bhatt in June 1997 when he subscribed £10,000 for the entire 10,000 issued ordinary £1 shares
  - Main asset is family home in Ringtown worth £850,000.
  - Pension scheme valued at £1,000,000. Other savings and investments are held within ISAs.
- VAT
- Registered entity: A. Bhatt Limited
  - Registration number 987654321
  - Registration date 1 June 1997
  - No option to tax has been made

A.Bhatt Ltd Financial Information

## Profit &amp; Loss Accounts:

Year Ended	<u>31 March 2023</u>	<u>31 March 2024</u>
	£	£
<u>Sales</u>	<u>760,000</u>	<u>130,000</u>
<u>Cost of Sales</u>		
Opening stock	260,000	400,000
Costs	<u>780,000</u>	<u>160,000</u>
	1,040,000	560,000
Less: closing stock	<u>(400,000)</u>	<u>(450,000)</u>
Cost of Sales	<u>640,000</u>	<u>110,000</u>
Gross Profit	120,000	20,000
<u>Other income</u>		
Interest receivable	769	253
Rental income		<u>5,880</u>
	<u>120,769</u>	<u>26,133</u>
<u>Expenditure</u>		
Administrative costs	<u>(75,173)</u>	<u>(90,080)</u>
Net Profit/(Loss)	<u>45,596</u>	<u>(63,947)</u>

Balance Sheet

Year Ended	<u>31 March 2023</u>	<u>31 March 2024</u>
	£	£
<u>Fixed Assets</u>		
Tangible	89,301	80,951
<u>Current Assets</u>		
Cash & bank	85,673	28,975
Debtors	100,000	
Stock	<u>400,000</u>	<u>450,000</u>
	<u>585,673</u>	<u>478,975</u>
<u>Current Liabilities</u>		
Creditors	<u>(169,350)</u>	<u>(118,249)</u>
Net assets	<u>505,624</u>	<u>441,677</u>
<u>Represented by</u>		
Share Capital	10,000	10,000
Reserves	<u>495,624</u>	<u>431,677</u>
	<u>505,624</u>	<u>441,677</u>

**2. JONATHAN PETERS**

Jonathan Peters, aged 48, has run JP Engineering, a high precision engineering business, since April 2023. The business has grown steadily since commencement. Jonathan has recently met with your boss, Arthur Patch of Patch & Co Tax Advisers to discuss the future running of the business (**EXHIBIT A**). It was agreed that Patch & Co would write a report to Jonathan dealing with the main tax issues arising from this meeting. The report would form the basis for a further meeting to be arranged at a later date to decide the way forward.

The following exhibits are reproduced to assist you:

**EXHIBIT A:** Notes of meeting between Jonathan Peters and Arthur Patch held on 26 October 2025

**EXHIBIT B:** Forecast Profit and Loss Account and adjustment of profit computation for the year to 31 March 2026

**EXHIBIT C:** Pre-seen information

**Requirement:**

**Draft a report to be sent to Jonathan Peters addressing the main taxation issues arising from the meeting between Arthur Patch and Jonathan Peters held on 26 October 2025.**

**Assume that you are writing in November 2025 and that 2024/25 rates and allowances continue.**

**EXHIBIT A**Notes of meeting between Jonathan Peters and Arthur Patch held on 26 October 2025

Jonathan Peters explained that he started JP Engineering on a sole trader basis on 1 April 2023 after having been made redundant by his former employer. He used his redundancy payment and personal savings to equip a workshop that he is renting. His current lease can be terminated by giving two months' notice. His only employee at the moment is his wife Melissa, who helps him with administration. She has no other income. Jonathan confirmed that his only source of income is from JP Engineering.

Jonathan and Melissa are currently funding their lifestyle from savings held in ISAs but hope that with the improvement in business results the trading profits will replace this as their main source of funds.

Since inception his tax affairs had been looked after by a local accountant who had dealt with the initial registration for Income Tax/National Insurance Contributions purposes and the filing of his tax returns for the 2023/24 and 2024/25 tax years. The accountant is happy to continue the basic tax and accounting work but didn't feel he had enough experience to offer Jonathan the advice he is seeking about the future.

Jonathan confirmed that JP Engineering is currently registered for VAT purposes.

Jonathan mentioned that it had taken a while for the business to 'get going' but the business has steadily grown. He has recently picked up a couple of very good long term contracts which will commence in April 2026 and will involve taking on several employees. As a consequence he anticipates that profits would substantially increase going forward and be maintained at levels of around £150,000, possibly a bit more, per year.

Jonathan was concerned that the projected expansion of his business may entail increasing the level of his personal risk. He mentioned that he knew of a former work colleague who had also started his own business around the same time as him but had recently run into serious financial difficulties following the non-payment of a customer debt. He therefore wondered whether continuing as a sole trader was the best way forward and required us to consider other options.

Jonathan considers that the value of JP Engineering's assets at present are as follows:

	£
Plant and machinery	40,000
Van	5,000
Car	4,500
Goodwill	100,000



**EXHIBIT B**Forecast Profit and Loss Account and adjustment of profit computation for the year to 31 March 2026

	£
Turnover	104,300
Cost of sales	(28,868)
Gross Profit	<u>75,432</u>
Wages	(2,500)
Telephone	(765)
Other office costs	(1,250)
Insurance	(2,375)
Rent and rates	(6,700)
Vehicle	(4,345)
Repairs	(2,035)
Accountancy	(1,000)
Legal	(1,400)
Customer entertaining	(465)
Sundry	(675)
Bank charges	(400)
Overdraft interest	(800)
Depreciation	(20,461)
Net Profit	<u>30,261</u>

Forecast Adjustment of profit computation

Year Ended	31 March 2026
	£
Profit per accounts	30,261
Add: Depreciation	20,461
Customer entertaining	465
Car private usage	933
Less: Capital allowances	(18,370)
	<u>33,750</u>

Forecast Tax Written Down Values at 31 March 2026

- Main pool	<u>£11,053</u>
- Car	<u>£12,561</u>

**EXHIBIT C**Pre-seen information

- Client Name – Jonathan Peters
- Client Background – Jonathan Peters was born on 1 May 1977 in Birmingham  
 – He is married to Melissa (married 12 July 2006)  
 – Melissa was born 5 November 1976 in Norwich  
 – The couple have two children Rory age 12 (DOB 2 January 2013) and Rosie age 10 (DOB 13 March 2015)  
 – The couple updated their will 2 years ago  
 – Apart from the business the couple own a house worth £800,000 (mortgage of £350,000) in Redditch  
 – Jonathan's business is JP Engineering  
 – An election has been made to calculate taxable trade profits using the accruals basis
- Business – JP Engineering is a high precision engineering business  
 – It commenced 1 April 2023  
 – It operates out of rented premises
- VAT – Registered entity: Jonathan Peters.  
 – Registration number 987654321  
 – Registration date 10 April 2023  
 – Last VAT return quarter to 30 September 2025 showed output tax of £3,270 and input tax of £1,032.

Information received from local accountantAdjusted Profit Computations

Year Ended	31 March 2024	31 March 2025
	£	£
Profit per accounts	21,050	17,467
Add: Depreciation	16,375	16,783
Customer entertaining	250	375
Legal fees	750	-
Car private usage	865	910
Less: Capital allowances	(26,834)	(14,340)
	<u>12,456</u>	<u>21,195</u>

Balance sheet as at 31 March 2025

	£
Plant & machinery	50,000
Debtors/inventory	10,750
Bank current account	14,250
deposit account	45,000
Less: creditors	<u>(9,500)</u>
	<u>110,500</u>

## ANSWERS TO CASE STUDIES

### 1. A BHATT LIMITED

#### REPORT

From: Simon Origan, Origan Tax Solutions  
To: Abjit Bhatt  
Date: 4 May 2025  
Re: Cessation of your interest in A. Bhatt Limited

#### INTRODUCTION

This report is provided to you (Abjit Bhatt) in response to your letter dated 29 April 2025 and is based on the tax and financial information regarding the business which you have supplied.

The report is intended for use by you only. Liability is not accepted to others who may rely on the report.

You have requested advice in relation to your decision to retire from A. Bhatt Limited (ABL) and thereafter to either wind-up the company or alternatively sell the shares to your daughter Chandra.

My report will cover 3 key areas namely;

- 1) The taxation implications of a cessation of trade by ABL and the subsequent winding-up of the company including advice on the most tax efficient way in which the accumulated reserves can be paid out to you;
- 2) The taxation implications of a sale of the shares in ABL to Chandra; and
- 3) Relevant legal considerations pursuant to the above.

Once you have digested this report, I would be delighted to meet with you to discuss any queries you may have.

#### EXECUTIVE SUMMARY

- A trading loss will arise in the year ended 31 March 2025. This together with the loss brought forward will be set against other profits in the year. The loss claim must be made by 31 March 2027.
- If you decide to wind up ABL, there will be a cessation of trade (presumed at 30 September 2025). Accounts should be drawn for the final 6 months of trading.
- You should extract £6,500 from ABL as statutory redundancy pay, £12,570 as a director's bonus and £37,700 as a pre-liquidation dividend. A tax liability of £3,255 arises on the dividend. There are no NICs payable by you as you are over pensionable age but employer's NICs will be due of £479. A trading loss will arise in the final 6 months of the company's trade which will be set against other income and gains in the same period. The brought forward losses will also be set against total profits of this period. The excess profits will be taxed at 19%.
- The cash available for distribution on winding-up will be around £391,000. It is recommended that a professional liquidator be appointed to wind-up the company as this will ensure that the proceeds paid out on liquidation are charged on you to capital gains tax (CGT). Business Asset Disposal Relief (BADR) will ensure that the resulting gain is only taxed at 10% to give CGT due of around £37,000.

- A sale of the shares to Chandra for £200,000 should be accompanied by a joint Gift Relief claim. This will result in a smaller gain taxable on you. BADR will be available. The CGT due will be around £19,000. The sale at undervalue will be a potentially exempt transfer for inheritance tax. An Inheritance tax charge could arise for Chandra if you die within seven years of the transfer. However, if Chandra still retains the shares on the date of your death, 100% Business Property Relief will be available and therefore no tax will be due.
- If you are wishing to maximise cash proceeds then a winding up of the company generates the most cash after taxes for you as opposed to a sale of the company to Chandra. This would be my recommended route if maximizing the cash you receive is your main aim. However, I appreciate that passing on wealth to Chandra may also be an aim so for completeness the report fully outlines the impact of that route too.

## SECTION 1: PRELIMINARY MATTERS

Your previous accountant only dealt with your company accounts for the years ended 31 March 2024. An allowable loss will arise in the year ended 31 March 2025, calculated as follows:

	£
Loss per accounts	(11,198)
Add: Depreciation	9,122
Loss on sale of computer	1,342
Less: Property income	(7,949)
Capital allowances (see below)	<u>(3,347)</u>
Adjusted trading loss	<u>(12,030)</u>

Capital allowances:

	Main pool	CA claim
Y/e 31.3.25:	£	£
TWDV b/fwd	18,596	
WDA @ 18%	(3,347)	3,347
	<u>15,249</u>	<u>3,347</u>

The loss of the year ended 31 March 2024 was offset against total profits of the two years ended 31 March 2024; so a loss of £6,025 (62,813 – 253 – 5,880 - 769 - 49,886) would have then been carried forward.

The loss brought forward together with the loss for the year ended 31 March 2025 can be set against the property income (£7,949) in the same period. The relevant loss claim must be made by 31 March 2027. The balance of the loss of £10,106 will be carried forward against future profits of the company.

## SECTION 2: WINDING-UP A. BHATT LIMITED

### Cessation of trade

You are prepared to wind-up ABL by means of a solvent liquidation. The net assets would then be distributed to you as sole shareholder.

The cessation of trade will bring an end to a chargeable accounting period (CAP) for corporation tax. The date on which the trade will cease will be the date on which you decide to permanently end the trade activity. For the purposes of this Report I will assume that this date is 30 September 2025.

Accounts and a CT return will be required for the 6 month period 1 April 2025 to 30 September 2025.

### Disposals of assets

The principal assets of the company are the stock (valued at £420,000), the yard (valued at £70,000) and the plant and machinery (valued at £20,000).

On the assumption that these assets have been sold to a third party, any profits or losses on sale will be reflected in the final trading accounts. Thereafter the net cash will be distributed to you and taxed either at CGT or income tax dividend rates (depending on how the winding-up is structured).

Looking at each asset in turn:

Stock:

The proceeds from the sale (assumed to be £420,000) will be included in sales in the final period.

Yard:

The chargeable gain on the sale of the yard is as below:

	£
Proceeds	70,000
Less: Cost (Jan 1999)	<u>(20,000)</u>
Gain	50,000
Less: Indexation allowance (Jan 1999 – Dec 2017)	
$278.1 - 163.4/163.4 = (0.702) \times £20,000$	(14,040)
Net gain	<u>35,960</u>

There may be some allowable expenses (for example, agents' fees or legal fees) which (if incurred) would reduce this gain. Note that indexation allowance (a relief for inflation) is only calculated to December 2017 where sales occur after this date.

Plant and machinery:

Assuming general plant is sold for £18,000 and the car for £2,000, balancing adjustments will arise as follows:

	Main pool £	Total £
TWDV b/fwd	15,249	
Sales proceeds	<u>(20,000)</u>	
Balancing allowance / (charge)	<u>(4,751)</u>	<u>(4,751)</u>

Even though a 130% first year allowance was claimed on part of the expenditure, the balancing charge is still only calculated at 100%.

The balancing charge of £4,751 will be treated as extra income in the final CAP.

### Redundancy pay

Statutory redundancy pay is an allowable deduction for ABL. It is tax-free income for you.

The position is more complex if ABL makes an "additional payment", for example an "ex-gratia" termination payment. I think it would be difficult to sustain an argument that an additional redundancy payment would be non-taxable. Thus, there would be no

advantage in the company making an additional ex gratia payment since it is likely that such a payment would represent taxable income in your hands.

Therefore, I would recommend that payments be limited to the statutory amount of £6,500.

### Utilising your personal allowances and basic rate band

As things stand, you have no taxable income for 2025/26. Therefore, in order to utilise your personal allowances and basic rate band, I would recommend the following:

- 1) ABL pays you a “bonus” of £12,570. This will not be taxable as it is covered by your personal allowance. You will not pay NICs as you have reached state pension age. ABL will have a small NICs liability of £479. The bonus and NICs are tax deductible for ABL.
- 2) ABL declares a dividend of £37,700 before commencement of winding-up proceedings. Your taxable income will be £50,270 (being £12,570 + £37,700). This income is fully covered by your personal allowance, dividend allowance and remaining basic rate band (which total £50,270).

Dividends, in excess of the dividend allowance of £500, falling within the basic rate band are taxed at 8.75%. Therefore, this strategy enables you to take £50,270 from ABL (in addition to statutory redundancy pay) whilst only triggering a tax charge of £3,255.

This also depletes distributable reserves within ABL and thereby reduces the tax you would have to pay when these reserves are eventually paid out.

### VAT

When the stock and plant are sold to third parties, VAT will be charged in the normal way. There is no VAT on the sale of the yard as it is more than 3 years old.

As ABL will no longer be making taxable supplies, it should deregister for VAT within 30 days of ceasing to trade.

### Corporation tax – period ended 30 September 2025

The corporation tax computation for the period ended 30 September 2025 is as follows:

	£
Stock sales	420,000
Less: Cost of sales	<u>(392,000)</u>
	28,000
Less: Administrative expenses	<u>(32,000)</u>
	(6,500)
Statutory redundancy pay	(6,500)
Director's bonus and NIC	<u>(13,049)</u>
	(23,549)
Add: Balancing charge	<u>4,751</u>
Trading loss for period	<u>(18,798)</u>

This loss and the loss brought forward of £10,106 will be set against other income and gains in the same period as follows:

	£
Property income	4,000
Gain on sale of yard	<u>35,960</u>
	39,960
Less: Trading loss for period	(18,798)
Less: Loss brought forward	<u>(10,106)</u>
Taxable profits	<u>11,056</u>
CT due @ 19%	<u>2,101</u>

**Tutorial Note:**

If the decision is made for the company to cease trading then part of the loss for the year ended 31 March 2025 will be a terminal loss and could be carried back to set against the profits of the year ended 31 March 2022. However, there would be an equivalent reduction in the loss to carry forward and set against the total profits of the final accounting period.

Credit would be given for this approach.

**Funds available for distribution**

My calculation of the estimated funds which will be available to distribute to you on a winding-up of ABL are at Appendix A. This assumes that:

- (i) All assets are sold to third parties at current market value; and
- (ii) The strategy of extracting £6,500 as statutory redundancy, £12,570 as a bonus and £37,700 as a pre-liquidation dividend is implemented.

The amount available for distribution is approximately £391,000.

Distributions made before the commencement of winding-up proceedings will be income distributions taxable at the dividend rates. As you will already have utilised your basic rate band and dividend allowance, the dividends will be taxed at 33.75% then 39.35% (to the extent that your income exceeds £125,140).

Distributions made after winding-up commences will generally be capital distributions liable to capital gains tax (CGT). However, CGT treatment only applies if either:

- (a) There is a formal liquidation of the company carried out following the appointment of a professional liquidator; or
- (b) There is an informal winding-up under the Companies Act dissolution procedure and the amounts distributed do not exceed £25,000.

As distributable funds clearly exceed £25,000, the only way in which CGT treatment can be guaranteed is via the formal liquidation process. This will bring with it additional professional fees.

If CGT treatment applies, capital gains will arise being the difference between the cash distributed (say £385,000 once legal, taxation and liquidator's fees have been paid) and the base cost of your shares (which is £10,000). The chargeable gain will therefore be around £375,000. Assuming you have made no other chargeable disposals in the year, the annual exempt amount (currently £3,000) is deducted leaving a taxable gain of £372,000.

You would appear to be able to claim Business Asset Disposal Relief (BADR). The tax rate applying to the taxable gain will then be 10% (clearly more attractive than the rate applying to income distributions). The tax saving under the CGT route will more than cover the additional costs of appointing a professional liquidator.

BADR will be available if:

- 1) ABL is a “trading company”;
- 2) For at least 2 years prior to the cessation of trade, you were an officer or employee of the company and held at least 5% of the shares; and
- 3) The deemed share disposal takes place within 3 years of the cessation of the trade.

Conditions 2) and 3) are clearly satisfied.

ABL will be a “trading company” provided non-trading activities are not substantial. I note that there is some rental income from sub-letting the yard but the income is relatively small and in any event HMRC has issued guidance indicating that they will not regard the temporary letting of surplus property as a non-trading activity. I can therefore see no reason why BADR would not be available.

BADR is available for a maximum of £1 million of lifetime gains so we will need to confirm that this limit has not been exceeded.

Assuming BADR is claimed, the CGT payable will be approximately £372,000 @ 10% = £37,200. This will be payable by 31 January 2027.

### **SECTION 3: SALE OF SHARES TO CHANDRA**

#### **Capital Gains Tax issues**

You and Chandra are “connected persons”. Therefore, for the purposes of calculating your capital gain, sale proceeds are treated as being the market value of the shares irrespective of any cash which changes hands.

You estimate that the shares will be worth £440,000 in September 2025. Given that I have calculated that you will have funds available for distribution of around £391,000 after the payment of a bonus of £12,570 and dividends of £37,700, this seems to be a reasonable estimate. However, HMRC has the right to query any valuation submitted and could refer the case to their specialist shares valuation division.

Assuming that the bonus and dividend are extracted as advised, I will use a share value of £391,000 for the purposes of this Report.

In the absence of any claims, you will make a chargeable gain of £391,000 - £10,000 = £381,000. After deducting the annual exempt amount of £3,000, the taxable gain is £378,000. For the reasons outlined in Section 2, BADR will be available so the CGT payable at 10% will be £37,800. This will be payable in January 2027.

Chandra’s CGT base cost for a future share disposal will be £391,000.

You have indicated that Chandra would pay you £200,000 for the shares. This does not change the chargeable gain. However, because a sale at undervalue is a “gift” and shares in unlisted trading companies are “business assets”, you and Chandra could make a joint claim for Gift Relief (GR).

GR defers the donor’s gain by reducing the donee’s CGT base cost. Assuming Chandra pays you £200,000 for your shares, if you claim GR you will make a chargeable gain of



£190,000 being the cash received in excess of your CGT base cost of £10,000. After deducting the annual exempt amount, the taxable gain will be £187,000. BADR will then apply so the tax liability will be £187,000 @ 10% = £18,700.

Chandra's CGT base cost for a future share disposal will be £200,000. She will therefore have a higher gain when she comes to sell the shares.

### **Inheritance Tax issues**

If you sell the shares to Chandra for £200,000, you are making a transfer of value for inheritance tax (IHT). The amount of the transfer is the reduction in your estate which will be £391,000 - £200,000 = £191,000.

This is a Potentially Exempt Transfer (PET). This means that there is no tax at the point the gift is made but the PET will be charged to IHT if you die within seven years. Any IHT due would be payable by Chandra.

However, shares in unlisted trading companies are eligible for Business Property Relief (BPR) at 100%. If BPR applies, no IHT would be payable (even if you die within seven years). For BPR to apply, Chandra must retain the shares until your death.

### **Stamp Duty**

Chandra will have a Stamp Duty liability of ½% of the consideration she is paying to you which will be £200,000 @ ½% = £1,000. This expense is added to her base cost for CGT.

### **VAT**

There is no VAT chargeable on a sale of shares.

## **SECTION 4: LEGAL CONSIDERATIONS**

### **Winding-up**

The shareholders will, by Special Resolution, make the decision to appoint a liquidator and wind-up the company.

The liquidator will realise the company's assets and settle any liabilities. Any surplus proceeds will then be returned to the shareholders. The company will then be struck off by the Registrar of Companies.

### **Transfer of shares**

Your ABL shares will be transferred to Chandra on completion of a stock transfer form.

The register of shareholders will then be updated by Companies House and a new share certificate issued to Chandra.

Simon Origan, Origan Tax Solutions  
4 May 2025

## APPENDIX A

Estimated funds available for distribution

	£
Cash b/fwd	1,015
Yard	70,000
Stock	420,000
Plant	20,000
Rent	4,000
Debtors	<u>20,000</u>
	535,015
Less: Administration costs	(32,000)
Corporation Tax liability	(2,101)
Creditors	(53,023)
Statutory redundancy pay	(6,500)
Director's bonus	(13,049)
Pre-liquidation dividend	<u>(37,700)</u>
Available for distribution	<u>390,642</u>

**ASSESSMENT NARRATIVE FOR A BHATT LIMITED****Structure**

A simple pass or fail will be awarded.

**Identification and Application**

The following are the relevant topics for assessment with their weightings:

1	25%	Identifying a cessation of trade explaining the consequences. Explaining and calculating the impact of the cessation on the company, including the final period loss
2	20%	Identification of the options for the withdrawal of funds following the cessation of trade and explain the tax effect of each.
3	10%	Identifying and explaining the disposal at an undervalue of the shares to the Daughter
4	10%	Identifying as appropriate and explaining business asset disposal relief in respect of both options. Applying to facts to determine whether currently available.
5	10%	Identifying as appropriate and explaining gift relief on the sale of shares at an undervalue. Applying to facts to determine whether currently available.
6	15%	Identification of the impact of other taxes - VAT and Stamp Duty and IHT for the cessation of trade / sale of shares. Outline of law issues for both options.
7	10%	Identifying possibility of BPR on the sale of shares at an undervalue and explaining the relief. Applying to the facts of the case to determine whether currently available.

A grade of 0, 1, 2, 3, or 4 is awarded to each topic. The weighting is applied to that grade to produce a weighted average grade. This is then converted to a final absolute grade by rounding up or down to the nearest grade. In order to secure a pass, a final grade of 3 or 4 is required.

**Relevant Advice and Substantiated Recommendations**

The following are the relevant topics for assessment with their weightings:

1	40%	Advice and recommendations on the best way to structure the cessation of trade.
2	30%	Advice and recommendations on the extraction of funds from the company.
3	30%	Advice and recommendations on the best way to structure the disposal of shares at an undervalue to the daughter.

The final grade will be determined for this skill in the same way as for Identification and Application.

## APS REFLECTION SHEET

	Yes/No	Comments: What should I do differently next time?
<b>GENERAL:</b>		
Did you finish in time?		
Did you do a plan?		
Did you use your plan when you wrote up the report (or letter)?		
<b>STRUCTURE:</b>		
Did you use the correct report (or letter) format?		
Did you include an introduction?		
Does your executive summary contain key issues only?		
Does your executive summary read as a stand-alone document?		
Did you use headings and subheadings to help navigation?		
Does your answer flow in a logical order?		
Did you use style/language appropriate for the reader?		
Are there only a few spelling/grammatical mistakes?		
Did you include appropriate calculations in an Appendix?		
Are your calculations linked to the narrative?		
Did you avoid including irrelevant material?		
<b>I&amp;A:</b>		
Did you identify all the issues? If not, go back to the Question and see where that issue was and try to work how you missed it?		
Is the technical information you provided correct? Has it been applied correctly to the scenario? Is it easy for a lay person to understand?		
Did you use the information provided in the question in appropriate way?		
<b>RA&amp;SR:</b>		
Have you told the client what to do?		
Have you explained to the client why they should do what you have recommended? Did you set out the pros and cons and weigh them up? Is your advice in relation to key areas technically correct?		
Did you consider the wider implications of your advice (such as commercial considerations and legal/ethical issues)?		
Having reviewed your answer, do you think that if you were the client, you would be happy paying for this advice?		

**2. JONATHAN PETERS****REPORT**

From: Arthur Patch (Patch & Co)  
To: Jonathan Peters  
Date: 7 November 2025  
Subject: JP Engineering – Taxation Issues

**INTRODUCTION**

This report is provided to you (Jonathan Peters) further to your meeting with Arthur Patch on 26 October 2025.

The report is intended for use by you only. Liability is not accepted to others who may rely on the report.

The report is based on information provided by you.

This report will discuss the potential options for JP Engineering (JPE) going forward, concentrating on the taxation implications of changing the medium through which the business is carried on and how any personal risks to you can be mitigated.

It will cover the following:

- 1) Continuing to carry on the business as a sole trader;
- 2) Carrying on the business as a traditional partnership with you and Melissa as partners;
- 3) Carrying on the business as a limited liability partnership (LLP) with you and Melissa as members; or
- 4) Carrying on the business as a limited company.

**EXECUTIVE SUMMARY**

- Running the business as a sole trader is not recommended going forward.
- You have a number of options for running the business going forward, the most attractive of which would seem to be either a limited liability partnership with you and Melissa as 50% members, or a limited company with you and Melissa as 50% shareholders.
- Both of these give you limited liability protection and reduce any personal risks to you should the business fail.
- The simplest route is to run your business as an LLP with you and Melissa as equal partners. This route would result in a tax liability of £40,378 on profits of £150,000 (Appendix 1) a saving of approximately £12,000 on remaining as a sole trader.
- More complex but achieving better tax efficiencies would be to run the business as a limited company with you and Melissa as shareholders and directors.
- The limited company route gives the most flexibility to extract funds in a tax-efficient way.
- Making Melissa a shareholder/director in the limited company option maximises the tax efficiencies available.

- I would recommend you extract a salary of £12,570 each and then withdraw sufficient dividends to utilise the dividend allowance and the basic rate income tax band. This route would result in an aggregate tax liability of £36,553, a saving of approximately £3,800 compared to operating as an LLP. If further dividends are drawn tax will be paid at 33.75%.
- If the limited company route is chosen, the assets of the business should be transferred to the company in return for shares in the company, with some consideration left outstanding on loan account. This will defer the gain on goodwill and utilise your capital gains tax annual exempt amount such that no capital gains tax is payable.
- An election should be made for capital allowances purposes to transfer plant and machinery at tax written down value.

### POTENTIAL OPTIONS GOING FORWARD

As a business, JPE has 4 options:

- 1) To remain the same;
- 2) To trade as a traditional partnership with you and Melissa as partners;
- 3) To trade as a limited liability partnership (LLP) with you and Melissa as members;  
or
- 4) To trade as a limited company.

I will examine each in turn.

#### 1) Remaining as a Sole Trader

Given that profits are set to increase and may exceed £150,000 per annum, most of these profits will be taxed at 40% and some at 45%.

In addition, your annual tax free personal allowance of £12,570 will be withdrawn once your income exceeds £125,140.

As well as being an unattractive proposition from a taxation perspective, continuing as a sole trader does not address the issue with regard to personal risk as you will continue to be liable for any debts incurred by the business.

For this reason I have not considered this option any further and my advice is not to proceed with this business structure going forward.

#### 2) Trading as a Traditional Partnership with you and Melissa as Partners

Running your business as a standard partnership would not address the issue with regard to personal risk as you would continue to be liable for any debts incurred by the business. For this reason I have not considered this option any further.

#### 3) Trading as a Limited Liability Partnership (LLP) with you and Melissa as Partners

An LLP is like a limited company for legal purposes. It is formally incorporated and registered at Companies House and as a business medium it offers limitation of liability for its members. The members are not liable for the debts of the LLP and instead a member's liability is limited to their capital contribution to the business.

Although an LLP is like a company from a legal perspective, for taxation purposes, an LLP is treated in the same way as a traditional partnership. Using a partnership as a business medium means that (as with the current sole trader structure) the full amount of the trading profits will continue to be subject to income tax (IT) and Class 4 National Insurance Contributions (NICs) even if those profits remain undrawn and either accumulate within the business or are reinvested in business assets.

The business profits will be allocated between the partners in accordance with the agreed profit-sharing ratio. I would recommend drawing up a partnership agreement to formalise the share of income and capital gains between the partners.

There would be an overall reduction in the tax liability because profits will be redirected from you (a higher or possibly even additional rate taxpayer) to Melissa (a basic rate taxpayer). Melissa's wages would no longer be tax deductible once she is a partner as she will no longer be an employee.

An additional saving would be achieved if your share of the business profits were to be reduced below £100,000 as full personal allowances would then be restored. Ideally the split should also make sure that both your and Melissa's personal allowance (£12,570) and basic rate band (£37,700) are fully used (so a 50:50 split seems sensible).

From a capital gains perspective, if you take Melissa into partnership and allocate to her a 50% share of the capital assets, you are disposing of 50% of the assets of the sole trade business. However no chargeable gains (and hence capital gains tax liabilities) will arise as such inter-spouse disposals will take place at "no gain no loss". Instead, Melissa will inherit your CGT base costs for any chargeable assets that she acquires from you (which in this case is a zero base cost for the goodwill).

There are certain compliance obligations with an LLP – notably with regard to its obligations to Companies House – but these are not onerous.

Appendix 1 gives a comparison of the tax liabilities for running the business as a sole trader versus a LLP. The LLP option results in a lower overall tax bill for you and Melissa. Please note that for illustration purposes I have assumed that tax adjusted profits are £150,000 before any salary paid to Melissa. I have also assumed that if you did continue to operate as a sole trader you would increase Melissa's salary to the level of her personal allowance (on the assumption that this salary level would be payable to a third party undertaking the same level of duties). The additional salary would save tax at your marginal rate and would only result in a small Class 1 NIC liability.

If you wanted limited liability in law with the minimum change to how you have been running your sole trade business then my advice would be to run your business as an LLP.

However there is another way to run the business which is via a company and I will now consider this option.

#### **4) Trading as a Limited Company**

This is the most complex route from a taxation perspective as a separate chargeable entity will be created. However as you will see it does offer you the best tax savings if structured correctly.

##### **(4.1) Limitation of liability**

The obvious advantage of trading through the medium of a limited company is that the shareholders & directors of the company are not generally liable for the debts of the business. Liability is restricted to the amount subscribed for the shares.

This protection is sometimes eroded in instances where a third party seeks to transfer liability for a company debt to the director / shareholders (for example, a bank will often ask the shareholders to provide personal security for a company loan).

If this route is adopted, you should incorporate a company at Companies House (this is often done by using a Formation Agent who will make the necessary arrangements for a relatively small fee). You and Melissa would be shareholders. I would recommend that shares are issued to Melissa as this will create an alternative source of income for her (i.e. dividends). You could have more shares than Melissa if you wanted to retain voting control.

You (and Melissa if you wished) would be directors of the company. Naming you both as directors rather than employees avoids the need to consider national minimum wage issues.

#### (4.2) Income tax & NIC

For IT purposes incorporating your sole trade business to operate via the medium of a company would bring an end to your sole trade business. It makes practical sense for you to do this at the end of this current accounting period (i.e. 31 March 2026).

You and Melissa would be liable to IT only on the profits you extract from the company (not on the profits made by the company as was the case with the sole trade business) and this is discussed below.

Your business profits would no longer be liable to Class 4 NIC. Instead, you would pay Class 1 NICs if you extract funds from the company by way of salary or director's fees. Such earnings would also be liable to secondary NICs payable by the company.

#### (4.3) Capital Allowances (CAs)

The transfer of the business to the company would bring about a cessation of trade for CA purposes. Balancing adjustments will need to be calculated. There is no writing down allowance in the year of cessation.

The amount of the adjustments will depend on what disposal values are used. These disposal values will be the corresponding acquisition values to be used in the company's CA computation. The company will not be able to claim an AIA or FYA on any assets transferred.

The plant and machinery should not be given to the company free of charge as there would then be a deemed disposal at full market value which would generate taxable balancing charges.

It is possible for you to sell your plant and machinery to the company for a nominal amount (for example, £1) in order to benefit from balancing allowances which would reduce taxable profits in the final tax year of trading. However, tax will predominantly be saved at 20% and the company will then have a cost of only £1 to be able to claim CAs on assets transferred. Given that the marginal rate of corporation tax (CT) on the company profits will be 26.5% (see below), this would not be advisable if the tax saving is to be maximised, although relief would be obtained earlier.

The plant and machinery could be sold to the company for market value. In order to avoid a balancing charge as a result, a claim could be made for capital allowances purposes for the plant and machinery to be treated as transferred to the company at its tax written down value thereby avoiding any adjustments on cessation. This would allow the company to claim CAs based on the tax written down value of the machinery. On the assumption that cash flow is not an issue, this is the option that I would recommend.



#### (4.4) Corporation Tax & the Extraction of Profits

As the taxable profits of the company are likely to be between £50,000 and £250,000 per annum, the company will pay tax at the main rate of 25% less marginal relief. Marginal relief will be available such that the profits between £50,000 and £250,000 per annum will suffer a marginal rate of tax of 26.5%.

Trading profits are calculated in a similar way as for sole traders (who use the accruals basis) except that there is no adjustment for the private use of a company car. Instead if the car is transferred to the company and the car is then used for non-business purposes, a taxable benefit would arise on you as additional employment income. If this is likely to be an issue you might want to keep the car in your own personal ownership.

Profits are taxed again on you and Melissa when extracted from the company. There is no further tax on profits which are either accumulated within the company or reinvested by the company in business assets.

Profits can typically be extracted either by way of salary / director's fees or by dividends.

Amounts paid to employees or directors by way of earnings should be paid under payroll with IT and Class 1 NICs deducted at source under PAYE. A PAYE scheme will therefore need to be registered under the company's name with HMRC, although this will be required in any event for JPE's new employees (assuming that they are paid above the Lower Earnings Limit for NIC, being £6,396 per annum). Class 1 primary NICs are payable by employees on earnings above £12,570 per annum, with Class 1 secondary NICs payable by employers on earnings above £9,100. The total secondary NICs bill paid by the employer company can be reduced by an employment allowance (currently £5,000).

Any earnings and associated secondary NICs costs are deductible for CT purposes. Note that the salary costs of the other employees would also be deductible for IT purposes if you operated as a LLP (or continued as a sole trader).

Dividends can be paid to shareholders by Board resolution if the company has sufficient distributable profits.

The rates of IT on dividend income are lower than on earnings. In addition, dividends are not subject to NICs. However they are not CT deductible.

All taxpayers receive a "dividend allowance" which means that the first £500 of dividend income received in a tax year is charged at a rate of zero percent. This is why it is important that some shares are allocated to Melissa to make use of this nil band.

A common and effective strategy for small companies is to pay director / shareholders a small salary of up to the primary threshold for NIC (£12,570) to avoid a primary Class 1 NICs charge. Only a small secondary Class 1 NICs charge will be incurred (which is deductible for CT purposes). This is then supplemented by dividend income, up to the level of the basic rate threshold. This would enable you and Melissa to draw approximately £100,000 per year from the business at a very low effective rate of tax of 6.48%. See Appendix 2 for the calculation. For the purposes of the comparison, I have assumed that the tax adjusted profits (before salaries) are £150,000 per annum.

#### (4.5) Capital gains

The only chargeable asset of your business is the goodwill. This is valued at £100,000 and has no CGT base cost, so a transfer of the goodwill to the company would give rise to a gain of £100,000. HMRC has the right to query your valuation.

Business asset disposal relief (BADR) reduces the rate of CGT to 10% on disposals of a business but unfortunately is not available on the transfer of goodwill to a close company where the transferor owns 5% or more, as in this case.

The applicable CGT rate will depend on your taxable income for 2025/26. The maximum liability you may suffer is  $\pounds(100,000 - 3,000) @ 20\% = \pounds19,400$ , payable in January 2027.

You could sell the goodwill to the company for its full value and leave the consideration outstanding on director's loan account. This account can then be drawn-down tax free at a later date thereby giving you another way of extracting funds in a tax efficient way. In addition, you could charge the company interest as another method of extracting profits from the company before dividends. Interest income is subject to IT but not NICs. The payment of interest is deductible for CT purposes. Therefore, you could utilise the  $\pounds1,000$  savings allowance ( $\pounds500$  if a higher rate taxpayer) and  $\pounds5,000$  starting rate band (available where taxable non-savings income is nil) such that the interest was chargeable at 0%.

However, it is possible to remove any liability on the transfer of the goodwill by either gift relief or incorporation relief.

Gift relief can be claimed if the goodwill is gifted to the company. Your gain on the goodwill "rolls over" and reduces the cost of the goodwill in the hands of the company. The company will inherit a nil base cost for the goodwill. This will potentially give rise to a "double charge" in the future – first on a sale of the goodwill and then when proceeds are extracted. It also means your shares in the company will also have a low base cost. For these reasons, gift relief can be an unattractive option.

Generally, it is more beneficial to use incorporation relief. This relief is available when all of the assets of the business (except any cash) are transferred to the new company in exchange for shares. The gain on the goodwill is then rolled-over and reduces the base cost of your shares.

If any non-share consideration is taken by you in exchange for your old business assets, this will give rise to a chargeable gain. It is therefore possible to leave some of the consideration for the transfer on director's loan account so as to use up your annual exempt amount. Assuming the business is valued at  $\pounds149,500$ ,  $\pounds4,485$  of the consideration to be paid by the company can be left on loan account and the remaining  $\pounds145,015$  paid in shares without any CGT liability arising; ie

		£
Gain		100,000
Less: Incorporation relief	$\pounds100,000 \times 145,015 / 149,500$	<u>(97,000)</u>
Taxable gain (covered by exempt amount)		<u>3,000</u>

The base cost of your shares in the company would then be  $\pounds(145,015 - 97,000) = \pounds48,015$ . Half of these could then be transferred to Melissa to give a CGT base cost of  $\pounds24,007$  each.

Where all the assets of the business will be transferred to the company and the owner does not want a CGT charge on transfer, incorporation relief is the most attractive option.

If you want to hold back any assets such as your car and not transfer ownership to the company you would not be able to claim incorporation relief. We could consider selling the car from the sole trade business to yourself some time prior to the incorporation so removing the car from your business and ceasing to claim capital allowances on it. Then at the date of incorporation all assets owned by the business are transferred to the company and the relief will be available.

(4.6) Inheritance Tax

The gift of any assets to Melissa is exempt for IHT as an exempt disposal to a spouse.

Whichever business medium you choose (Company or Partnership), the business (or shares in it) will be “relevant business property” for IHT purposes. This means that 100% of the value of the business will be exempt in the event of your death.

There is 2 year ownership requirement so Melissa will need to have held the business / shares for 2 years to qualify. Your 2 year ownership period is already satisfied.

(4.7) VAT

The “transfer of a going concern” is outside the scope of VAT. This means that no VAT needs to be charged on any assets “supplied” by the old business to the new one.

The new business must become registered as a result of the transfer. The same VAT registration number can be used.

Arthur Patch, Patch & Co  
7 November 2025

## APPENDIX 1

Forecast Taxation – Sole Trader (beyond 2024/25) /LLP with Melissa

	Sole Trader £	LLP £                  £	
Profits	150,000	75,000	75,000
Less:			
Wife's wage	(12,570)	-	-
Employer's Class 1 NICs (Note 1) (12,570 – 9,100) @ 13.8%%	(479)		
	<u>136,951</u>	<u>75,000</u>	<u>75,000</u>
Personal allowance (Note 2)	Nil	(12,570)	(12,570)
	<u>136,951</u>	<u>62,430</u>	<u>62,430</u>
Income tax:			
37,700 × 20%	7,540	7,540	7,540
87,440/24,730 × 40%	34,976	9,892	9,892
11,811 × 45%	5,315		
	<u>47,831</u>	<u>17,432</u>	<u>17,432</u>
Class 4 NICs			
(50,270 – 12,570) × 6%	2,262	2,262	2,262
(136,951 – 50,270) × 2%	1,734		
(75,000 – 50,270) × 2%		495	495
Class 1 NICs (Melissa) employer	<u>479</u>		
Aggregate Projected Tax Liability	<u>52,306</u>	<u>20,189</u>	+ <u>20,189</u> = £40,378

Notes:

- 1) Assumes employment allowance utilised in respect of salaries for other employees.
- 2) Income exceeds £125,140 so personal allowance fully abated.

## APPENDIX 2

Forecast Taxation Following Incorporation

	£
Limited Company	
Taxable total profits	150,000
Less:	
Salary £12,570 × 2 (JP and Melissa)	(25,140)
Employers' Class 1 NIC ((12,570 – 9,100) × 13.8%) × 2	(958)
Total taxable profits	<u>123,902</u>
Corporation tax	
£123,902 @ 25%	30,976
Less: Marginal relief 3/200 × (250,000 – 123,902)	<u>(1,891)</u>
	<u>29,085</u>

Potential dividend of £94,817 if all profits extracted (150,000 – 25,140 – 958 – 29,085)

JP and Melissa

		£
Salary		12,570
Less: PA		<u>(12,570)</u>
Taxable		Nil
Dividends (recommended level)		<u>37,700</u>
Taxable		<u>37,700</u>
Tax:		
£500 @ 0%		0
£37,200 @ 8.75%		<u>3,255</u>
Total tax		<u>3,255</u>
Effective rate on £50,270 of income:	3,255 / 50,270 × 100	<u>6.48%</u>
Total funds extracted	50,270 × 2	100,540
Less: Tax	3,255 × 2	<u>(6,510)</u>
Net funds available		<u>94,030</u>
Aggregate projected tax/NIC liability (29,085 + 958 + 6,510)		<u>£36,553</u>

**ASSESSMENT NARRATIVE FOR JONATHAN PETERS****Structure**

A simple pass or fail will be awarded.

**Identification and Application**

The following are the relevant topics for assessment with their weightings:

1	30%	Identifying the options available for the future business structure and applying those options to the facts of the case. Identifying as inappropriate remaining as a sole trader business. Explaining the impact of increasing profits. Applying the desire for limited liability to each scenario.
2	20%	Identifying as appropriate and explaining the impact of the inclusion of Melissa into the future structures proposed.
3	10%	Identifying the possibility of Incorporation Relief and explaining the relief. Applying to the facts of the case to determine whether currently available.
4	10%	Identifying the options for the withdrawal of funds (dividend or salary) and explaining the tax effect of each.
5	10%	Identifying possibility of business asset disposal relief and explaining the relief. Applying to the facts of the case to determine whether currently available.
6	10%	Identifying possibility of Gift Relief and explaining the relief. Applying to the facts of the case to determine whether currently available.
7	10%	Identifying and explaining the other taxes and issues that may be appropriate (VAT, capital allowances and IHT).

A grade of 0,1,2,3, or 4 is awarded to each topic. The weighting is applied to that grade to produce a weighted average grade. This is then converted to a final absolute grade by rounding up or down to the nearest grade. In order to secure a pass, a final grade of 3 or 4 is required.

**Relevant Advice and Substantiated Recommendations**

The following are the relevant topics for assessment with their weightings:

1	50%	Advice and recommendations on the best option for running the business going forward; LLP or limited company.
2	25%	Advice and recommendations regarding Melissa and maximising the couple's income in a tax efficient way.
3	25%	Advice and recommendations as to the best method of extracting funds from the limited company option.

The final grade will be determined for this skill in the same way as for Identification and Application.

## APS REFLECTION SHEET

	Yes/No	Comments: What should I do differently next time?
<b>GENERAL:</b>		
Did you finish in time?		
Did you do a plan?		
Did you use your plan when you wrote up the report (or letter)?		
<b>STRUCTURE:</b>		
Did you use the correct report (or letter) format?		
Did you include an introduction?		
Does your executive summary contain key issues only?		
Does your executive summary read as a stand-alone document?		
Did you use headings and subheadings to help navigation?		
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Did you include appropriate calculations in an Appendix?		
Are your calculations linked to the narrative?		
Did you avoid including irrelevant material?		
<b>I&amp;A:</b>		
Did you identify all the issues? If not, go back to the Question and see where that issue was and try to work how you missed it?		
Is the technical information you provided correct? Has it been applied correctly to the scenario? Is it easy for a lay person to understand?		
Did you use the information provided in the question in appropriate way?		
<b>RA&amp;SR:</b>		
Have you told the client what to do?		
Have you explained to the client why they should do what you have recommended? Did you set out the pros and cons and weigh them up? Is your advice in relation to key areas technically correct?		
Did you consider the wider implications of your advice (such as commercial considerations and legal/ethical issues)?		
Having reviewed your answer, do you think that if you were the client, you would be happy paying for this advice?		