

AW FOR APS IND – FA20 CHANGES GUIDE

BUSINESS TAX

Note that all chapters have been updated for 2020/21 thresholds, rates and allowances.

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Adjustment of Profit - General Principles			✓	
2	2	Common Adjustments			✓	
3	3	Current Year Basis and Opening Year Rules			✓	
4	4	Overlap Relief and Closing Year Rules			✓	
5	5	Change of Accounting Date			✓	
6	6	Losses - Continuous Trades			✓	

7	7	Losses - Opening and Closing Year Rules			✓	
8	8	Classes 2 and 4 National Insurance			✓	
9	9	Introduction to Partnerships			✓	
10	10	Partnership Changes			✓	
11	11	Partnership Admissions and Retirements			✓	
12	12	Partnership Losses			✓	
13	13	Limited Liability Partnerships			✓	
14	14	Partnership Capital Gains - basic principles			✓	

15	15	Partnership Capital Gains - further aspects			✓	
16	16	Partnership Capital Gains - asset revaluations			✓	

IHT, TRUSTS AND ESTATES

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to IHT			✓	
2	2	Chargeable transfers			✓	
3	3	Chargeable lifetime transfers – calculation of tax			✓	
4	4	Lifetime transfers – “grossing-up”			✓	
5	5	Additional tax on death			✓	
6	6	Business Property Relief			✓	
7	7	Agricultural Property Relief			✓	
8	8	APR & BPR on death			✓	
9	9	“Fall in value” relief			✓	
10	10	The death estate			✓	
11	11	Nil Rate Bands		✓		Amended for increase in RNRB
12	12	IHT valuation rules			✓	
13	13	Quick Succession Relief			✓	

14	14	Gifts with reservation of benefit			✓	
15	15	Pre-owned Assets			✓	
16	16	Domicile & double tax relief			✓	
17	17	Deemed domicile			✓	
18	18	IHT administration		✓		Updated to reflect syllabus change to IHT late return penalty rules that apply in practice rather than the harmonised regime which does not yet apply to IHT.
19	19	Payment of tax & the instalment option			✓	
20	20	Introduction to trusts			✓	
21	21	Income tax on interest in possession trusts			✓	
22	22	Income tax on discretionary trusts			✓	
23	23	Exit charges on relevant property trusts			✓	
24	24	Inheritance tax - principal charges			✓	
25	25	Other trusts for children			✓	

26	26	Interest in possession trusts – IHT issues			✓	
27	27	Interest in possession trusts – further aspects			✓	
28	28	Trust income taxed on the settlor			✓	
29	29	Estates in administration			✓	
30	30	Beneficiaries of deceased estates			✓	

STAMP TAXES

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Stamp duty on shares	✓			<p>Note: Temporary changes implemented as a result of COVID-19 are not examinable in the 2021 exams. This applies to all taxes.</p> <p>Where shares are transferred in a target company to an acquiring company, with the acquiring company issuing shares to all shareholders of the target company, they are exempt from SD.</p> <p>Cryptoasset exchange tokens eg bitcoin can be given as consideration for stock and marketable securities. HMRC does not consider exchange tokens to be currency or money so they do not meet the definition of money. They are also not 'stock or marketable securities' either. They can count as the release of a debt.</p> <p>A general market value rule was enacted in 2020 for transfers of unlisted securities sold to a connected company for a consideration. Tax is charged on the higher of the consideration or the market value of the shares. For listed securities the same market value rule applies but here there does not need to be any consideration provided.</p>

2	2	Stamp duty land tax	✓		<p>Note that although the bands for calculating SDLT have undergone temporary changes due to COVID-19, the rates on the tax tables are the ones to use for the exam. The temporary increases have, therefore, not been included in the manual.</p> <p>A purchase of residential property made by a non-resident (individual or company) on or after 1 April 2021 will have a 2% surcharge (on top of existing rates).</p> <p>As a result of a number of tribunal cases residential properties include a meadow, barn to the side of a house and a public bridleway; a paddock adjoining a cottage and garden; and an equestrian property, with a home office above the garage and a paddock let for a nominal rent. Where grazing animals are kept for leisure purposes the land is residential.</p> <p>From September 2019 payments are made electronically.</p> <p>In the Consultus Care case a property let to carers while there were attending a training course enhanced other aspects of the business and was not therefore used exclusively for a rental business. There was no relief from the 15% rate.</p>
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2	2	...continued				<p>In the Pensfold case an intention to carry on a qualifying trade at the time of purchase is sufficient for the relief from the 15% rate to apply.</p> <p>HMRC has updated their manual and emphasised that just because two transactions are concluded with the same buyer and seller it does not automatically make them linked. HMRC will look at whether they are part of a single bargain or if one transaction is dependent on or affected by another.</p> <p>Multiple dwellings relief can be claimed where a number of residential properties are bought together. In the Flanders tribunal case an annexe connected by a corridor from the main house with no door between the two parts of the property did not constitute two dwellings. MDR is also available for student flats in a single property in certain circumstances.</p> <p>A new section has been added concerning spousal transfers.</p>
3	3	Stamp duty land tax - administration		✓		<p>A land transaction return can be amended outside the 12 month time limit in certain circumstances, for example, where rescission takes place more than 12 months after substantial performance.</p> <p>There is no appeal against a Revenue determination, even if the taxpayer would have won. This was the decision of the tribunal in Said Mashoof in February 2020.</p>

OTHER TOPICS

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Annual Tax on Enveloped Dwellings			✓	
2	2	Personal service companies			✓	
3	3	Employment Intermediaries and the Public Sector			✓	