

## **NOVEMBER 2024 EXAMS**

### **ATT CHIEF EXAMINER'S COMMENTS**

Congratulations to all exam candidates who achieved at least one of the 1,300+ exam passes at the November 2024 session. There were some excellent exam scripts across all six of the Certificate exams.

One of the key factors to achieving a pass in the ATT exams is to practice as many exam-standard questions as possible. Since the exams became open book in 2020 our exam team has adapted the style of exam questions to require more application of knowledge to specific scenarios (rather than pure regurgitation of knowledge). Many candidates have adapted well.

However, at this session, an increased number of candidates regurgitated large volumes of knowledge from study manuals and search engines, without then applying it to the specific scenario of a question. This approach gains very few marks and is unlikely to lead to a pass in the exam.

Unfortunately, at this session evidence was found of a number of candidates using GenAI during their exam. Regulation 1 of the ATT online exam regulations states "The direct use of GenAI is not permitted. Your answers must be your own work." (<https://www.att.org.uk/att-online-exam-regulations>)

Where candidates have been found to be in breach of any of the examination regulations, they have been both disqualified from this exam session and referred to the Taxation Disciplinary Board (TDB) to consider any further action. Thankfully such cases are relatively few.

Overall, the exam results at the November 2024 session were pleasing with 72.9% of all exams attempted being passed. We look forward to welcoming many new members into the Association of Taxation Technicians in the near future.

**Part I**

**General comments**

Overall, disappointingly, there was a noticeable deterioration in the quality of answers offered for this section of the paper compared with previous sittings.

The majority of students passed this section. However, at the top end, there were less excellent answers than in the past, and at the other extreme, there was an increase in the number of students who did not attempt questions at all.

In too many cases, across the board, answers were inadequate to score well. Many were too short, generic, lacked depth, missed the key point, did not attempt to apply the knowledge to the scenario given, and/or demonstrated in the application that they did not understand the topic.

There was also evidence of an over-reliance on looking things up in the exam and an underestimation of how difficult it is to research a topic and then apply it to a scenario in the allotted time for the question.

To be successful, candidates need to know the content of their exam preparation materials and not rely on looking things up. Also, an appreciation that the level of application required to be successful needs a deep understanding of the topics and considerable practice of application questions in the revision period.

All questions in the exam required application of knowledge. There were some testing questions to enable good students to shine, but there were sufficient basic marks available to provide a comfortable pass for a well-prepared student. Many students did not obtain these basic marks.

As stated in the last sitting, candidates need to be aware that very few marks are given for answers which give generic facts on a topic which were not applied to the specific scenario given. A scattergun approach to give all the knowledge on a topic in the vague hope that some of it may be relevant will not score highly.

Sadly there was also an increase in the number of students who (erroneously) believe that just providing a list of numbers with no words/labelling of the work performed is acceptable. It is not professional work and is not acceptable.

**Question 1**

Surprisingly, this question was answered badly and many demonstrated that a considerable number of candidates did not understand gift relief at all.

Some wasted time writing out all the rules on gift relief from the manual, which was not required and scored nothing.

In the application of the rules to the four scenarios, the rules were applied incorrectly. Many did not get all, or indeed any, of the decisions correct and provided flawed explanations.

Common mistaken statements were:

- Only unquoted shares are eligible
- For unquoted shares you must own at least a 5% interest
- Not eligible as not gifting a 5% interest
- Quoted shares are not eligible
- Quoted shares only eligible if you own less than a 5% interest
- Gift Aid is not available

Only a few students were aware of s260 TCGA 1992, and that it takes priority over s165 TCGA 1992. Consequently, they ignored the immediate charge to inheritance tax and commented that gift relief was not available for C plc shares as they were investment company shares.

Most candidates said that gift relief was available for D Ltd shares, as they are shares in an unquoted trading company. They failed to notice that there was no gift element to the transaction and it was a straightforward sale at full market value, and therefore gift relief is not available.

**Question 2**

Candidates scored the full two marks because they knew the rules, or one mark because they knew one or other of the rules, or no marks as they either didn't know the rules or missed the question out completely.

Common errors were:

- incorrectly used the same rules for quoted shares and units in an authorised unit trust
- calculating the average price for units
- not calculating the market value of the whole investment in shares and units (i.e. just giving the price per share and price per unit)
- not noticing that the prices given in the question were quoted in pence, and therefore calculated the value of the whole investments as millions of pounds rather than thousands.

**Question 3**

Far too many generic 'book' answers were given to this question without application to the specific scenario.

Common statements made without explanation or application to the scenario:

- DTR is a tax credit
- Foreign income is taxed as the 'top slice'

Most candidates ignored the relevance of there being two sources of overseas income, the need to calculate DTR on a source-by-source basis, and the importance of the order of calculating the relief to maximise the DTR available.

Many ignored the question and gave a full blown (generic) description of how the entire income tax computation with overseas income would be prepared and eventually (towards the end of the answer) mentioned quickly that DTR is the 'lower of' rule.

Far too many explained how DTR works (in general) for capital gains tax, making no mention of income tax, when clearly the question is all about income tax. Some talked about treaty relief and expense relief – both of which were irrelevant to the question asked and wasted time.

**Question 4**

This question was poorly answered and ignored by many.

A significant proportion incorrectly talked about the beneficial loan interest benefit and gave long descriptions of the £10,000 rule and the average versus the strict methods of calculation.

Those that correctly discussed 'qualifying loan interest' relief against total income tended to score reasonably well, although many answers lacked the specific detail required to score very well.

Common incorrect statements made were:

- the interest was an 'allowable deduction in the income tax computation' but no detail as to how and where (i.e. deduct from total income, before the PA)
- the deduction is calculated as 20% of the interest paid and deducted from the income tax liability
- the interest on the loan to buy shares was available because it was a close company (and many, unnecessarily, went on to explain in detail what a close company is)

**Paper 1: Personal Taxation**

**Examiners' report**

**Question 5**

Answers to this question were mixed.

Success depended on whether or not the candidate understood how trust income is taxed in the hands of the recipient of the income, as opposed to how it is taxed in the hands of the trustees.

Common errors were:

- grossing up the income at the wrong rates
- calculating the tax credit incorrectly
- failing to state how each source of trust income would be taxed on the recipient (i.e. as Savings income or Non-savings income)
- incorrectly stating that the dividend income would be taxed as dividend income on the recipient

**Question 6**

Overall, this question was answered well with the majority demonstrating that they did understand how termination packages are taxed to income tax and NICs.

Common errors:

- ignoring the information about Harry being an additional rate taxpayer and therefore incorrectly
  - calculating the income tax after deducting a PA and working through the income tax bands
  - calculating Class 1 Primary NICs partly at 0%, 12% and 2%
- ignoring the requirement to only calculate the NICs payable by Harry (i.e. Class 1 Primary NICs) and therefore wasted time calculating Class 1 Secondary and Class 1A NICs payable by the employer
- incorrectly calculating Class 1 Primary NICs on the total amount taxable to income tax, instead of on the contractual restraint of trade payment only (i.e. the s401 ITEPA 2003 termination payment is subject to income tax and Class 1A NICs, but is not subject to Class 1 Primary NICs)
- treating the contractual restraint of trade payment as part of the s401 termination package and consequently not calculating Class 1 primary NICs on this amount
  - treating the company car as a normal taxable employment benefit rather than part of the s401 termination package and therefore incorrectly calculating Class 1 primary NICs on the car

**Question 7**

This question was either completed very well or very badly.

The requirement was for the due dates, there was no requirement for explanations, so application of the rules was of paramount importance. There were no marks given for generic quoting of rules.

There were three marks available and six dates to give, so no time for explanations.

Most candidates got the first two dates correctly. However, the accuracy of quoting the other due dates was varied and the most incorrect answers were given to the last two due dates.

Given the importance of due dates for paying tax, submitting returns, amendments, appeals and claims in practice, it is a worry that the majority of candidates would do so late and thereby expose their clients to potential fines and penalties and their firms to reputational risk.

Future candidates should be aware that the administration rules will remain an important part of this exam going forward.

**Question 8**

This was a challenging question, and pleasingly, a few candidates scored perfect marks. However, a significant number demonstrated that they did not have any idea how to deal with the granting of a short lease out of a short lease for capital gains tax purposes.

Common errors included:

- Use of incorrect lease table percentages
- Applying the rules for the granting of a short lease out of a long lease
- Not calculating, or incorrectly calculating, the income element of the premium
- Not deducting the property income element of the premium in the chargeable gain computation

**Question 9**

The Furnished Holiday Lettings (FHL) part of this question was answered quite well, however the following were some very common errors made by many:

- Wasting time stating (at length) all the generic rules for FHL, but not applying to the scenario, or incorrectly applying to the scenario
- Stating Bramble Cottage was not a FHL as it was actually let for less than 105 days, but ignoring/not mentioning the possibility of the averaging rule applying
- Stating Orchard House was not a FHL as it was available for letting for less than 210 days, but then stating it may be included as a FHL due to the averaging rule
- Incorrectly applying the averaging rule
  - For actual letting periods:  
by averaging all four properties (instead of just the three that qualified based on the other conditions)
  - For available for letting days:  
Mentioning it was possible and doing some calculations on it, but there is no averaging rule for available letting days

The Rent-a-Room part of this question was answered well.

Common errors were:

- Forgetting this part existed and not answering it
- Stating, and calculating, taxable rental income for the tax year due to incorrectly
  - Calculating a full year of rental income (which gives rental income above £7,500), but the room was only rented for nine months in the tax year (which gives rental income below £7,500)
  - Time apportioning the £7,500 Rent-a-room limit by nine months, but the limit is an absolute limit for the full year
- only nine months, some time apportioned the £7,500 limit and incorrectly said there was some taxable rental income

**Question 10**

A good question trying to draw out the difference in treatment of a connected person disposal and an interspousal disposal. Many answered this question well, but unfortunately the difference in treatment was not known by a significant number of candidates. Only a handful of students obtained full marks.

The most common error was to the failure to clearly state that Gift Relief is not available on investment land, and then to calculate the gains accordingly. Some incorrectly gave gift relief, but most ignored Gift Relief and made no mention of it at all.

Some candidates believe that there is no difference in treatment at all.

**Question 11**

This was a challenging question on a Venture Capital Trust (VCT) investment which was not well answered.

In part (1), most calculated the maximum investment relief for income tax purposes correctly.

However, some applied the wrong rate of relief (e.g. 20% or 50%), and some did not appear to be aware that the relief is only given on a maximum £200,000 investment.

In part (2), many stated that all of the dividends received were exempt and gained no marks.

However, investment relief is only given on the first £200,000 of Sally's investment, therefore £200,000 is 80% of the cost of investment (£200,000/£250,000). Accordingly, only 80% of the dividends received by Sally from this investment are exempt.

Some of those who knew this then unfortunately

- Failed to calculate the income tax on the dividends, or
  - Calculated the income tax incorrectly.
- Many ignored the information in the question that Sally is an additional rate taxpayer and that she had not received any other dividends. This information was crucial as it indicates that the £1,000 dividend allowance is available when calculating the tax on the dividends, and the appropriate tax rate to apply is 39.35%.

In part (3), many spotted that because the sale was within 5 years of the investment, there would be a clawback. Unfortunately, however, only a handful of candidates calculated the amount correctly.

As the sale was at a loss, usually, 30% of the sale proceeds are withdrawn. However, the withdrawal only relates to the first £200,000 investment on which relief was originally given. Accordingly, if £200,000 is only 80% of the original investment of £250,000, only 80% of the (30% x sale proceeds) will be withdrawn.

**Question 12**

A classic Statutory Residence Test question which candidates should have been well prepared for. Answers were mixed, some excellent and some very poor.

Too many quoted all the generic rules and failed to apply them to Raoul.

Common mistakes made were:

- Dismissing the automatic overseas tests as not being satisfied, but without explanation as to why, and therefore failed to pick up easy marks
- Stating the UK home test was satisfied, but without explanation, thereby limiting the marks gained
- Incorrectly stating that the automatic UK tests were not satisfied and then wasted time talking about the sufficient ties tests (in a few cases, at great length) which scored no marks

## **ATT November 2024**

### **Paper 1: Personal Taxation**

#### **Examiners' report**

##### **Part II**

##### **Question 13**

###### **Part 1**

Generally, well answered. Some confusion as to whether pension payments/gifted shares are deductions in the IT comp or grossed up additions to tax bands. Surprisingly poor effort on most beneficial loan calculations.

###### **Part 2**

Only repetitive error here was to include the debt repayment as subject to Class 1A NIC.

###### **Part 3**

A few too many vague comments amount it seeming to be unfair without getting to the point that it is automatically unfair. Potential awards part of the question was dealt with better.

##### **Question 14**

###### **Part 1**

Only a relatively small minority picked up on the significance of Tomas's parent marital status, Aside from that, candidates tended to give some reasonably good analysis of the changes in Tomas's domicile status over his life.

###### **Part 2**

Poorly answered, with a lot of candidates making general comments about remittances rather than answering in the context of the specific scenarios.

###### **Part 3**

Although this is technically within the syllabus for Paper 1, it was deemed that this topic is requires specific specialist knowledge. Therefore this 2-mark question was withdrawn and candidates were given an overall percentage score out of 98 marks.

##### **Question 15**

A varied set of answers for this question, with some having little understanding of the correct approach.

Overall, the majority of candidates knew how to calculate the base cost of the shares using the part disposal rules. As always, candidates are reminded to show their workings, as they sometimes got the correct base cost allocation, but lost marks for not showing how they had reached that point.

As is typical, a number of candidates missed easy marks, such as forgetting to apply the CGT annual exempt amount entirely, or deducting it from CGT they had calculated. The vast majority got the rate of CGT correct.

A few candidates thought that the CGT annual exempt amount is deducted from the CGT liability itself.

Candidates are reminded to read the requirement carefully, as a lot did not answer how the gain should be reported, nor the due date for payment. These are simple marks being missed.

**Paper 1: Personal Taxation**

**Examiners' report**

**Question 16**

Overall, a reasonable number of candidates scored high marks on this question. They were generally the ones that did not just present a timeline, but explained each period of time and the impact on PRR.

Firstly, a reminder that stating generic rules, such as periods of absence allowable, are not sufficient to get marks alone. The answers must state how these apply given the circumstances presented in the question. Equally, applying the rules accurately is key, such as checking if there was occupation afterwards.

Secondly, candidates need to carefully read the requirement for how the answer should be presented – some candidates wrote a letter to the client for this question.

A significant number of candidates correctly identified that lettings relief was not available, but then went on to explain how the maximum amount of lettings relief would be calculated. This was a waste of time and is a reminder to apply your knowledge to the question scenario, rather than generically give information. No marks are available for doing so.

The poorer performing candidates thought that lettings relief applied, when the facts clearly showed it was not relevant.

There was confusion with a number of candidates not understanding how the gain would be reported. It was also a surprise to see some candidates still thinking CGT rates are a flat 40%. A lot of candidates in part 2) also identified that BADR could apply if the election to disapply the share for share rules was made, but did not mention the 10% tax rate that would apply by doing so.

Candidates are reminded to be precise with their descriptions, for example saying the time period Jamie lived there is “deemed” rather than “actual” occupation. Vague statements such as “last 9 months are always treated as exempt”, “initial renovations allowed” or “3 years any reason” without explaining *why*, are not sufficient to get full marks.



**Part I**

**General comments**

Overall candidates seemed to understand the concepts being tested. To obtain full marks, the information given in the question needed to be used.

**Question 1**

Question 1 was a straightforward calculation of the structures and buildings allowance that could be claimed. Some candidates thought planning permission was allowable but few that the plumbing and heating systems qualified. The main issue was the apportionment of the allowance as the question stated that the building had been previously used. Many candidates only claimed 2 months of allowances from the date the bedrooms were let.

**Question 2**

The motor expenses allowance caused few problems. The use of home was more of a problem. Many candidates calculated the restriction for the occupants (although some excluded Sue). However, they then said that the £6,600 was the amount that could be claimed. There was also some confusion about when the restriction for 1 floor private use should be used: some applied to all costs and some to none at all.

**Question 3**

This question concerned early years loss relief. One surprise was that a lot of candidates only considered tax years back to 2021/22 and also apportioned the rent for that year as well. Candidates were given credit for any claim, if properly applied. The restriction to sideways loss relief caused some problems as some candidates applied it all income rather than just non-trading income.

**Question 4**

In general, this question was well answered. The only issues seemed to be the calculation of the adjustment to profit: including a calculation of the benefit. Candidates also need to remember that the penalty applies to the tax and national insurance and not the error. It was good to see that the actual behaviour was considered rather than a table of potential penalties given.

**Question 5**

This was a very straightforward question on the badges of trade and many candidates got full marks. Any problems were because of the failure to relate the badges to the scenario.

**Question 6**

This well answered. In order to get full marks, candidates needed to state the date, rather than a generic "within 30 days". Lower marks were for candidates who just considered the actual appeal rather than the steps to challenge the appeal.

**Question 7**

The majority of candidates answered this question and were aware of the rules, the only issues arose out of the calculation of the VAT to be reclaimed. Candidates did not realise that the deposit was gross of VAT whereas the total costs had been given as net.

## **ATT November 2024**

### **Paper 2: Business Tax**

#### **Examiners' report**

##### **Question 8**

Most candidates were aware of the rules around the late filing of Corporation Tax returns, although quite a few forgot the additional 10% charge for the return being filed more than 18 months after the end of the accounting period. Some candidates were confused where a return is filed more than 3 months late and added the penalties together to give a penalty of £300 instead of £200.

##### **Question 9**

Most candidates calculated the allowable cost for the lease using the  $A/(A+B)$  formula for a part disposal, but then forgot the Indexation Allowance or used the full cost figure rather than the share attributable to the disposal.

##### **Question 10**

If candidates missed a question then it tended to be this one. They also struggled with the idea that it was post trading income rather than post trading expenses. In this circumstance, the costs should only be set against the income. The relief for post trading expenses against net income, etc. and the restrictions on this were not relevant and so got no marks.

##### **Question 11**

Candidates seem to be aware of the basic rules concerning business asset disposal relief, but appear more used to dealing with a company than a sole trader/partnership. This meant that there was some confusion about 5% shareholdings and when this applied and the sale of the shop being a material disposal of a business asset rather than an associated disposal.

##### **Question 12**

Most candidates recognised that the question related to instalment payments. Problems occurred with calculating the amounts of the individual instalments and the correct dates of the instalments.

##### **Question 13**

Where candidates were aware of the trading allowance, this was answered well. The main problem was where they applied it to profit rather than income.

## **ATT November 2024**

### **Paper 2: Business Tax**

#### **Examiners' report**

#### **Part II**

Overall, a high majority of candidates passed this part of the paper. There were some very high marks awarded.

#### **Question 14**

This question tested candidates' knowledge of Corporation tax compliance.

The first two parts of the question was a Corporation Tax computation including the new marginal rate and Capital Allowances.

The majority of candidates attempted the entire question with most scoring well and passing this question comfortably.

Most candidates coped fairly well with this first part. A number of candidates added back of interest on the loan to purchase solar panels (a trade expense). In the Capital Allowance computation there was some confusion over the Balancing Charge for the sale of the cutting equipment that had received the super deduction and was therefore not part of the standard rate pool with very few candidates claiming this. Most candidates deducted it from the main pool before calculating the Writing Down Allowance thereon and gained follow through marks.

There were quite a lot of adding and transposition errors in this part of the question.

Candidates were not clear in their answers between trading profits and taxable total profits with a number deducting capital allowances after trading profits.

Some candidates erroneously applied the CT rate of 19% whereas others applied 25% to the augmented profits by mistake.

Marginal relief was for the most part calculated correctly, although the less prepared candidates failed to incorporate the augmented profits into this part of the calculation or failed to apply the fraction taxable total profits over augmented profits.

The last two parts of this question were less well answered. Part 3 asked how and what must be submitted to HMRC. Despite the question requirement being clearly stated a large number of candidates lost time giving the due dates for submission whereas what was actually required was the fact that this must be online and include iXBRL tagged accounts and supporting calculations.

In Part 4 candidates struggled with the time limit for enquiry into a late filed CT600 and lost easy marks by failing to give both the time limit and date as this applied to the year in question. Better candidates took the opportunity to gain full marks on this question by giving it proper attention to detail.

## ATT November 2024

### Paper 2: Business Tax

#### Examiners' report

##### Question 15

This was a Capital Gains Tax (CGT) question testing knowledge of part disposals of land, rollover relief and marginal rates of CGT. The last part of the question tested candidates' knowledge of chattels, spousal transfers and connected persons rules.

In Part 1 most candidates calculated the part disposal  $A/(A+B)$  formula correctly although some weaker candidates failed to do so, instead apportioning the base cost by the acreage which led to an incorrect result.

Whilst most candidates recognised that rollover applied some failed to realise that there was a residual gain as not all of the proceeds had been reinvested in the new asset. This led to the loss of marks in Part 2 which asked for a calculation of the CGT payable (this of itself should have provided a clue that there was something remaining from Part 1 on which to perform a calculation). Some candidates giving full rollover for the first part then proceeded to "assume" that rollover relief was not claimed in order to complete Part 2 and were awarded follow through marks accordingly.

The marginal rate of tax was incorrectly calculated by an alarming number of candidates. A very few candidates applied residential rate of CGT.

Part 3 was less well answered. Despite a high number of candidates gaining full marks for this part of the question by applying the various rules in a logical and methodical way, less well-prepared candidates did not spot the NGNL rule for the spousal transfer, instead recognising it as a connected person transfer and also assuming that the table was exempt as a wasting chattel and failing to recognise that it was disposed of in the following tax year.

Overall, a very mixed question in terms of score. This question also had a few non attempts.

## **ATT November 2024**

### **Paper 2: Business Tax**

#### **Examiners' report**

##### **Question 16**

This question tested candidates' knowledge of partnership taxation and Capital Gain and provided a unique opportunity to test the transitional rules for basis period reform.

Part 1 considered how a partnership capital gain was treated with most candidates correctly identifying that although this is returned on the partnership return it is apportioned to the individual partners and self-assessed by them in turn.

Part 2 was a partnership profit allocation covering two periods relevant to the transitional year. This involved the addition of a new partner part way through the second period and partnership salaries.

Too many candidates included drawings within their answers to this part of the question which was worrying. However, candidates generally fared well, and most were able to correctly apportion the profits amongst the partners.

Part 3 was the calculation of the transition profits for two of the partners and apportionment of the profit for the other to the tax year on normal starting year rules.

Candidates struggled with this part of the question. Those that were better prepared set out the steps of the transition profit calculation and worked through this methodically. A high number of candidates failed to correctly apportion Doug's profit for 2023/24 using 9/12 instead of 6/9 in their apportionment.

Part 4 tested candidates' accounting knowledge. Candidates were either very good at the double entries required to capture the profit share and Baptiste's drawings or very poor. A really differentiating part of the question.

Those candidates that performed weakly earlier in the question found this part difficult. Marks were awarded where the numbers were incorrect, but the narratives were correct, giving these candidates some marks.

Candidates lost easy marks on this last part of the question by not stating the dates that the partnership exceeded the VAT registration threshold and by which it was required to notify HMRC and despite stating that notification was required within 30 days a large number of candidates stated that the deadline for notification was then 31 December 2023 instead of 30 December 2023, again losing easy marks.

There was quite a few non attempts of this question or parts of the same. That said, those candidates who attempted the question generally did well.

**ATT November 2024**

**Paper 2: Business Tax**

**Examiners' report**

**Question 17**

This question tested candidates' knowledge of Company compliance, Company law and Ethics.

Part 1 tested candidates' knowledge of Corporation Tax chargeability and HMRC notification. Most candidates scored well here although it was worrying that some were ready to complete Ct600s from the date of incorporation rather than from the commencement of trade.

Part 2 looked at National Insurance Contributions liabilities of various parties. This was generally answered well although some candidates thought that a Company director was self-employed and tried to charge Rick to Class 2/4 NIC as well as to Class 1 on his salary, also attempting to charge the Company to Class 1 secondary contributions on the freelancer Geri who was then also subject to her own Class 2/4 NIC contributions.

Part 3 looked at the rights of shareholders and included a calculation of issued share capital. While most candidates were able to identify the right to vote, dividends and distribution of assets on wind up a number of candidate were not able to differentiate between issued and called up share capital giving mixed results.

Finally, Part 4 tested the treatment of payments in advance. This was either answered perfectly, poorly, or not at all.

Overall, this question was candidates' least favourite and scored least of all of the long form questions with better candidates continuing to score well.

**Part I**

**Question 1**

Candidates were confused between the zero rating on the residential building and reduced rating for the conversion. This showed a lack of knowledge in this area. The installation of mobility aids was treated mostly as a reduced rate supply, which was incorrect.

**Question 2**

Whilst the majority of candidates did really well, there were some candidates who either left this question out altogether or, adopted the approach of writing at length about what is needed as evidence to claim bad debt relief. Furthermore, some of the calculations clearly showed confusion between VAT inclusive and VAT exclusive prices. This is a basic concept.

**Question 3**

Candidates appeared well prepared for this question and showed detailed knowledge and a good understanding of the application of the penalty regime.

**Question 4**

Candidates dealt with Amira's situation well, correctly identifying the waiting days. The answers for Binger were very mixed with candidates showing excellent knowledge or very little. Many offered an answer of £109.40 and failed to acknowledge the amount of qualifying days. This question in particular, displayed that candidates do often struggle applying the rules to scenarios.

**Question 5**

Many candidates scored full marks on this question. Those that didn't simply took the value of the benefit and multiplied by 20% / 40% or 45% so arrived at incorrect amounts. There was no problem calculating the amounts of Class 1B and follow through marks were given despite earlier errors.

**Question 6**

Many candidates again scored full marks on this question. There were a number of candidates who instead of answering the actual question set instead wrote at length of the tax implications for employees of a CSOP. This was not relevant in the context of the question.

**Question 7**

Candidates found this question very straightforward. There were some errors however in rounding – many rounding up their answers to plan 1.

**Question 8**

A very well answered question. Most candidates were able to score full marks.

**Question 9**

A well answered question. Some candidates failed to deal with each payment individually for interest purposes.

**Question 10**

A well answered question. Some candidates jumped straight to calculating the s455 charge without explaining why it was due, or the alternative method for calculation.

**Question 11**

## **ATT November 2024**

### **Paper 3: Business compliance**

#### **Examiners' report**

Generally well answered question, although some candidates failed to acknowledge the prior year and how this was relevant. Most candidates drew a conclusion regardless which scored marks.

#### **Question 12**

A well answered question by nearly all candidates.

#### **Question 13**

Another well answered question. Candidates lost marks by calculating a late payment penalty on payments on account, which is incorrect.



**Part II**

**Question 14**

**Part 1**

Candidates were able to discuss the different VAT treatments of each transaction accurately. However, there was very little explanation of how the Postponed VAT accounting scheme worked and so a lot of easy marks were lost. Some candidates did not explain their treatment at all and instead produced journal entries or overall figures to be included in the VAT return. Candidates are encouraged to read the actual wording of the requirements, so they know how to structure their answers.

**Part 2**

This should have been a straightforward question. However, a number of candidates demonstrated a lack of knowledge in this area. Common errors were including the capital item in the calculation of the recoverable percentage and failing to round up. There was also some confusion on the difference between the simplified methods and the de minimis tests.

Candidates who had clearly practiced past exam questions and were well prepared tended to score full marks.

**Part 3**

Candidates did not seem well prepared for this type of question. There were inaccurate calculations on the mix and sales apportionment parts of the calculations with candidates using the sales total in the mix % calculations. More practice is needed in retail schemes in general. They are part of the syllabus and do get tested!

**Part 4**

Disappointingly, a high number of candidates are still poor at journal entries. Common errors included entries to the VAT control account for both the car and the entertaining. Some candidates just wrote "VAT is blocked" which was not good enough to obtain marks. The question clearly asked for the journal entries to be shown.

**Question 15**

**Part 1**

Answers to this were generally excellent. It was very encouraging to see candidates doing so well in the ethics topics.

**Part 2**

This part was done well. Candidates did often waste time by listing what should be included in the FPS.

**Part 3**

A number of candidates obtained full marks on this section. Common errors from other candidates were failing to pro rate the salary and the benefits and including the full amount of £9,000 removal expenses in the calculation. It was extremely encouraging that the majority of candidates recognised that voluntary payrolling did not apply.

**Part 4**

## **ATT November 2024**

### **Paper 3: Business compliance**

#### **Examiners' report**

This was done well. Some candidates did often waste time explaining the implications of gross payment status for the contractor and subcontractor which was not relevant in the context of the question.

#### **Question 16**

##### **Part 1**

This question was reasonably answered by most candidates who scored enough marks to pass the question. Many candidates did not consider the PENP.

##### **Part 2**

A very well answered question. It was clear that candidates had prepared well for this candidate.

##### **Part 3**

Most candidates scored reasonable marks in this question, but some failed to answer the full question, not answering the query regarding disagreement with the decision.

##### **Part 4**

Candidates dealt well with the employment income, but most candidates incorrectly stated that the dividend income should also be declared.

##### **Part 5**

Most candidates correctly understood the difference in liabilities between corporate entities and sole traders, but did not give enough detail in their answers to gain full marks. Candidates should look at the marks available to determine the amount of information required.

#### **Question 17**

##### **Part 1**

A generally well answered question. Candidates lost marks by applying the wrong percentages, or applying a 25p mileage rate.

##### **Part 2**

A well answered question. Candidates understood the rules of SIPs and applied them to the question scenario.

##### **Part 3**

Generally well answered question with most candidates scoring good marks.

**ATT November**

**2024**

**Paper 4: Corporate Taxation**

**Examiners' report**

**Part I**

**General comments**

Overall candidates did well on this part of the paper. Candidates should always apply the scenario to their answer to ensure that they receive all marks. Candidates need to take care with dates, for example 31 June 2024 doesn't exist.

**Question 1**

This question was answered well. The odd candidate claimed the 130% super deduction which was not available for the period end in the question. Candidates lost marks where they didn't claim the best combination of FYA/AIA, however follow through marks were awarded. Take care with the calculations, marks were lost where the WDA was incorrectly calculated. Candidates should always use the table functionality in the software to answer the question.

**Question 2**

Another well answered question. No marks were available for mentioning Class 1A as this wasn't relevant to the question.

**Question 3**

Candidates again did well. Marks were lost for the grant income being calculated using the cost of the building. A ½ mark was awarded if the description of the Dr and Cr was correct and the numbers were wrong. If it wasn't clear whether the Dr or Cr was P&L or BS the marks were awarded for the correct description.

**Question 4**

A ½ mark was lost on this question where the first £100 penalty wasn't explained and the candidate just said the penalty was £200 as more than 3 months late. Some candidates calculated the 10% tax geared penalty on the total corporation tax liability not picking up that some had been paid by the 18-month point. Candidates should note that it is 18 months after the year end, not after the filing deadline that the tax geared penalty is calculated on.

**Question 5**

Candidates often correctly explained the date that the relief needed to be claimed by but then worked it out incorrectly, however they still received a ½ mark for this. Some candidates said that SSE is available which lost all marks as the shareholder is an individual and SSE is only available to companies. A ½ mark was available for mentioning that the gain in excess of £1 million was taxed at normal rates, where this was implied I still gave the mark.

**Question 6**

Candidates didn't always put the bonus issue in chronological order and therefore calculated the disposal incorrectly, follow through marks were awarded however. Some candidates got the answer correct but did not show the disposal within the share pool, these candidates were still awarded full marks. Candidates should show their workings in the correct share pool layout, however this wasn't penalised if they were effectively using a share pool. Some candidates rounded the percentage when calculating the cost of the shares sold which was wrong and so a ½ mark was lost.

## **ATT November**

**2024**

### **Paper 4: Corporate Taxation**

#### **Examiners' report**

##### **Question 7**

This question proved to be tricky for candidates with many not saying how the expense was deductible, i.e. as management expenses or as an expense against rental income. Candidates seemed to find it hard to explain that the QCD was deducted last, but where that seemed fairly obvious they were awarded that  $\frac{1}{2}$  mark.

##### **Question 8**

Most candidates did well on this question. Some candidates gave the wrong dates of payment but where they stated the rule such as, the second instalment being three months after the first as follow through marks were awarded for the second instalment even if the date was wrong. Candidates occasionally worked out the tax liability when this was given in the question.

##### **Question 9**

Candidates sometimes stated the loss relief rules for the company without referring to consortium relief but there were no marks available for stating these rules. Candidates needed to say that a current year claim was deemed to be made to get that  $\frac{1}{2}$  mark, if they just said a claim was made they didn't get that mark, although if they stated that the loss available was £200,000 they did receive that  $\frac{1}{2}$  mark.

##### **Question 10**

Some candidates didn't correctly gross up the payments paid and received and therefore lost marks. The explanation of why Ferdinand wasn't included on the CT61 often wasn't very clear. Marks were only awarded if they said something about no tax or being received gross. Lots of candidates got the quarter dates wrong so lost those marks.

##### **Question 11**

Candidates needed to say that the software, consumables and staff costs needed to be actively involved in the R&D activities and that the consumables needed to be used up or similar to gain these marks. If they just said all allowed without explanation they were awarded  $2 \times \frac{1}{2}$  marks rather than the  $3 \times \frac{1}{2}$  marks available. Some candidates said the relief was 130% so need to pay more attention to the dates in the question. If candidates said that the large company relief was available they still gained some of the marks if they gave explanations about the allowable expenditure.

##### **Question 12**

Not many candidates mentioned that Biddle Ltd was a personal service company. Candidates also didn't often state that the deemed payment was subject to employer's NIC. Candidates mostly identified that as Rushy Ltd was a large company, it was Rushy Ltd that would have to issue a status determination, however if they just said that it was Rushy Ltd's responsibility to determine if the off payroll working rules applied I still gave that  $\frac{1}{2}$  mark.

**ATT November**

**2024**

**Paper 4: Corporate Taxation**

**Examiners' report**

**Part II**

**General comments**

Candidates should carefully consider the requirements and ensure they answer accordingly. Easy marks are lost by not, for example giving an explanation of the tax treatment of a figure.

**Question 13**

**Part 1**

If the candidate took an ordered approach - see the model answer – to this part there were some easy marks. The scenario needed to be read carefully. Far too many candidates ignored the instruction that Alltrees Ltd took enough deductions allowance to cover profits (£395,000) which then left a deductions allowance of £4,605,000 for Brownmere. Too few candidates could not apply/ didn't know that the losses available for Brownmere needed the calculation - deductions allowance + 50% relevant profit.

Many candidates ignored the requirement to state the losses c/f – again an easy ½ mark missed.

**Part 2**

Quite a difficult question as the legislation re the 3 associated companies is quite new.

The requirement was for CT payable by the companies – so an easy ½ mark was missed for those candidates who didn't state that Alltrees Ltd CT was nil.

There was no requirement to state when the CT was payable – some candidates wasted time doing so.

**Part 3**

If the candidate realised that Alltrees Ltd was associated for this purpose with Greenmoss Ltd then easy marks re tax evasion were available.

Unfortunately, too many candidates answered this question as though Alltrees Ltd was Greenmoss Ltd's tax advisor.

**Question 14**

**Part 1**

Generally, well answered, and easy marks were picked up for the gain on Unit 5 and the goodwill. Many candidates missed the computer equipment "no gain, no loss"

Most applied the gain x (vale of shares/total consideration) calculation correctly.

**Part 2**

Most candidates identified the availability of gift relief and its application. Well answered

**Part 3**

Very well answered - most candidates getting at least 4 marks ( only dropping marks re the building)

**ATT November**

**2024**

**Paper 4: Corporate Taxation**

**Examiners' report**

**Question 15**

This was an email question – PHS marks available for writing in the form of an email.

Part 1

Plenty of marks and candidates generally scored well, identifying the issues and what further information was needed

Part 2

If the candidates identified that the issue was tax planning then there were easy marks for the five standards - but to get full marks the candidate had to reference each one to the client's request

**Question 16**

Some easy marks were available

Part 1

The requirement included explaining why the particular tax treatment was adopted – marks were lost for not explaining this.

Candidates lost marks for not reading the scenario carefully enough and thus, for example – not understanding that the profit of £1,100k was after deducting the £250k loan write off; whereas it didn't include the £97k interest charge (despite the fact that this was stated twice, in two different places, in the scenario).

Most candidates knew how to gross up the overseas rental income.

Part 2

Too many candidates deducted the DTR from the TTP and not from the CT payable. However most knew that the deduction was the lower of UK CT and overseas tax suffered.

There was no requirement to state when the CT was payable – some candidates wasted time doing so.

**ATT November 2024**

**Paper 5: Inheritance Tax, Trusts & Estates**

**Examiners' report**

**Part I**

**Question 1**

Generally very well answered, with many candidates achieving full marks.

**Question 2**

Although this was one of the more difficult questions on the paper, it was fairly well answered on the whole with most candidates able to identify when a deed of variation and the IHT and CGT elections would be useful.

**Question 3**

Extremely well answered. The most common error was a miscalculation of the rental income.

**Question 4**

A variety in the standard of answers, quite a few candidates did not identify the correct procedure beyond informing the clients of the error and requesting authority to disclose it to HMRC.

**Question 5**

Well answered.

**Question 6**

Fairly well answered on the whole. Most candidates were able to correctly identify when the POAT charges would apply, achieving the basic marks available.

**Question 7**

A wide variety in the standard of answers. While some candidates clearly knew the criteria for requirement of form IHT 400, many didn't seem sure on how to apply the rules to the question scenario.

**Question 8**

Very well answered on the whole, particularly the first part of the question. Some candidates were not able to correctly state the gross CLT or initial value from their calculations.

**Question 9**

Not very well answered. Many candidates did not identify the claw back of the gift relief.

**Question 10**

Fairly well answered. Candidates should ensure they apply their knowledge to the question scenario.

**Question 11**

Well answered on the whole, although some candidates were unable to correctly calculate the UK IHT on the Utopia property for comparison.

**Question 12**

Very mixed answer standards. Many candidates achieved basic marks but were not able to correctly apply the PRR rules to the scenario, or did not write down how they had calculated the PRR available, which makes it difficult to award marks for workings.

## **ATT November 2024**

### **Paper 5: Inheritance Tax, Trusts & Estates**

#### **Examiners' report**

##### **Question 13**

Although most candidates achieved a fairly good mark for the application of income tax rules to the income, some attempted to deduct the annuity value from the trading profits, and most did not identify that the full tax repayment was required to be repaid to the trustees.

#### **Part II**

##### **Question 14**

###### **Part 1**

Generally well answered. A number of candidates failed to notice it was a mixed trust in 2022/23 so did not proportion the income between the basic rate and trust rates of tax. Trust expenses were generally well dealt with.

###### **Part 2**

The question was poorly answered. Candidates did not give full answers. Candidates should look at marks available to understand how in depth answers should be.

##### **Question 15**

A generally well answered question. Candidates were able to apply the principles of BPR to the different scenarios in the question.

##### **Question 16**

A very well answered questions. Most candidates scored well, scoring on most aspects of the IHT computation.

##### **Question 17**

Most candidates scored poorly on this question. Whilst most candidates completed a successful exit calculation, marks were lost were it was not identified as an 18-25 Trust.

Advice given was very vague, and didn't apply directly to the question, and the majority of candidates could not discuss or apply the *Crowe v Appleby* concept.



## **ATT November 2024**

### **Paper 6: VAT**

#### **Examiners' report**

##### **Part I**

Most candidates handled this part of the paper relatively well. However, as before, candidates are urged to carefully read the requirements of the question. Many spent a lot of time drafting lengthy answers that did not score even where the question specifically said there would be no marks for writing about that particular aspect (see question 2).

##### **Question 1**

This was well answered. Candidates who stated that admission to Vicky's yoga class was exempt without justifying why, did not get the mark. This was because the question clearly stated that the wellness centre was a commercial enterprise and therefore could not be an eligible body.

##### **Question 2**

This was answered extremely poorly. Very few candidates even commented on the fact that Paul had raised an invoice showing VAT. The examiner was looking for a recognition that a late registration penalty was due (based on PLR) and that a penalty for raising a invoice could also be due. However, as that would also be based on PLR the appropriate action would be to just charge one penalty (for late registration). Many candidates wrote out huge sections about different penalty percentages depending on behaviours - however, the question clearly stated that candidates are not required to comment on behaviours and candidates that did scored nothing for their efforts.

##### **Question 3**

This question on input tax recovery was answered well with many candidates scoring full marks.

##### **Question 4**

This was well answered with only the income from drafting sick notes causing the most problems.

##### **Question 5**

This question about tax points was answered very well with a large number of candidates scoring full marks.

##### **Question 6**

Full marks were earned by only the best prepared candidates. Many struggled with identifying the correct transitional accounting period, and the date by which the first payment would be due.

## **ATT November 2024**

### **Paper 6: VAT**

#### **Examiners' report**

##### **Question 7**

The quality of answers to this question was surprisingly mixed. Many candidates do not fully understand that if something is a non-business activity it cannot be described for VAT purposes as 'exempt'. Quite a few candidates also went down the rabbit hole of zero-rating for advertising services, which was not relevant. Some candidates missed marks by failing to answer the second part of the question: namely, whether Brex Brix was entitled to recover the input tax on its donations.

##### **Question 8**

This was generally answered well but many candidates missed the mark for saying that Saqib needed to pay the assessment before the FTT will hear the case.

##### **Question 9**

Disappointingly this was answered very poorly with only a handful of candidates understanding that this was a movement of own goods, so output tax was due with a corresponding input tax deduction on the same VAT return.

##### **Question 10**

In the main, the majority of candidates managed to score at least half of the available marks. The key to achieving full marks was understanding that a patent is an intangible asset and therefore counts as a service for VAT purposes (and hence no output tax due).

#### **Part II**

##### **General comments**

Overall most candidates appeared to handle this part of the paper to a satisfactory standard. It was pleasing to see that candidates were for the most part addressing the specifics of the scenarios presented.

##### **Question 11**

The partial exemption calculations were relatively straightforward for most, though rounding was an issue for some. The ability to round up in partial exemption is not available to all. Most candidates identified that the disposal of the office was distortive and should be omitted.

Despite having seen that VAT was charged on the disposal of the office a surprising number of candidates then went on to assume that it was exempt. Many struggled with how the legal bill should be treated and this was poorly answered, perhaps because it was probing more deeply the practical implementation of the partial exemption theory. As always, easy marks were missed by the majority of candidates on the accounting question.

**Paper 6: VAT**

**Examiners' report**

**Question 12**

This was a relatively straightforward saunter through the place of supply rules. Weaker candidates stumbled over the practical impact of the rules. They were able to identify that many of the supplies provided to Ronald were B to B and therefore supplied where the customer belonged but then faced with the fact that the suppliers were based in Austria, seemed to conclude that that must be the place of supply. A number of candidates appeared to be confused by royalties thinking that were a supply to Ronald rather than by him, despite lining up alongside a whole load of other services he had supplied. There were some good answers on the legal point, with most candidates scoring at least some points here.

**Question 13**

The first part of this question should have been straightforward having been clearly set up as a conflict of interest point and most got that, but then failed to pick up all the options that could be taken. A few candidates thought it was simply a matter of client set up and somewhat oddly a small number bolted down the rabbit hole of improper disclosure of private information by the customer.

Answers on the construction part of the questions were generally good. The most common loss of marks was through failing to address all the points in the question. In part b, there were several different elements – demolition, construction, garage, driveway, utilities, architects and surveyors, with a mark for each, but lots of answers did not pick up and deal with each of these elements.

**Question 14**

The basics of the flat scheme seem to be understood by most. It was slightly surprising to see how many candidates lost points on the easy part of the question which was calculating the VAT without the flat rate scheme in place. In both parts of the question, many candidates did not seem to understand how to deal with a reverse charge. It is perhaps understandable that this is tricky for flat rate scheme, but the 'normal' return should have been clear. As with partial exemption, this is perhaps an issue of understanding and applying the VAT rules in practice.