

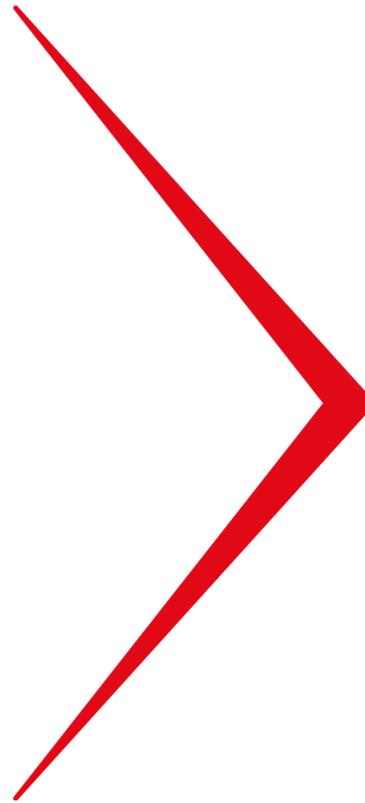
# *Business Planning: Tax*





# *Session Agenda*

1. **BACKGROUND TO THE BP:T EXAM AND 2024 SYLLABUS CHANGES**
2. **LEARNING MATERIALS CHANGES FOR 2024**
3. **HOW TO PASS BPT?**
4. **SUGGESTIONS FOR THE STUDY MATERIALS?**
5. **ANSWERS TO PRE-SEEN QUESTIONS**
6. **ANY MORE QUESTIONS?**



*Background to the  
BP:T Exam  
and  
2024 Syllabus  
Changes*

# *Weighting between knowledge and skills*

	Weighting (%)
<b>Knowledge</b>	<b>25-35</b>
<b>Skills</b>	<b>65-75</b>

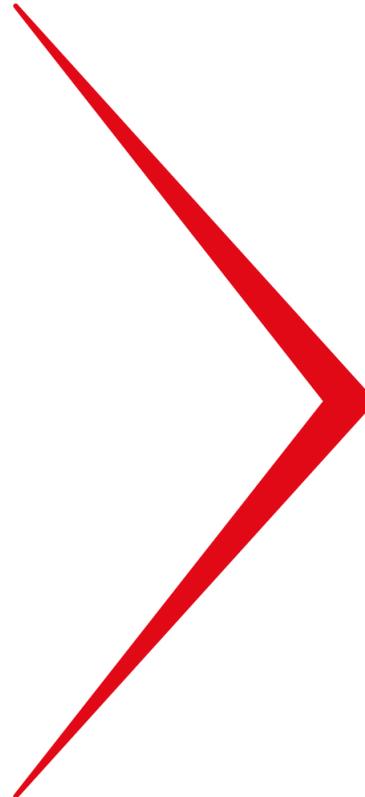
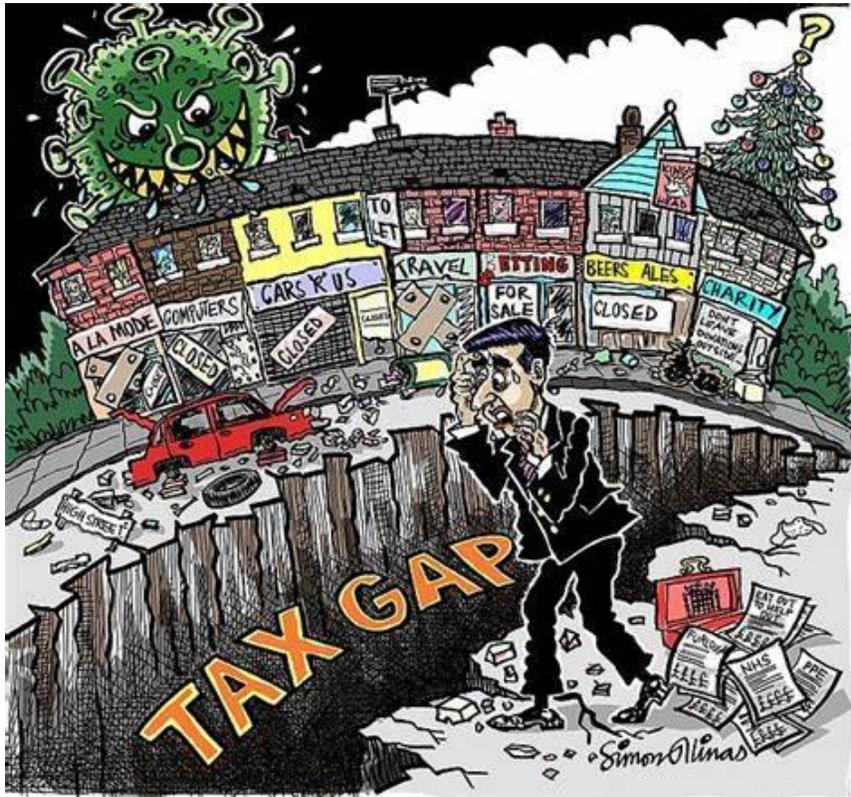
## *Learning outcomes: Changes from 2023 to 2024*

### **Between 2023 and 2024 exams:**

- **No changes to the learning outcomes**
- **No changes in skills assessed**
- **No changes in the knowledge grid**

# *So, what has changed?*





## *Learning Material changes for 2024*

*As you know, the syllabus is interpreted to be bounded by the contents of the Learning Materials.....*

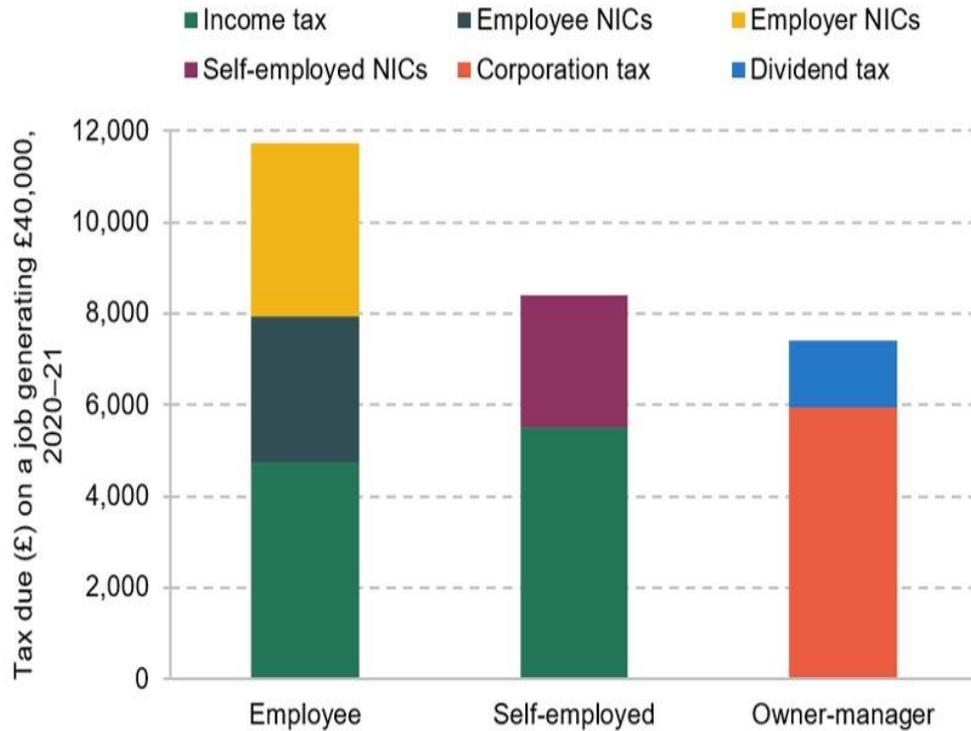
• What are the  
'Learning  
Materials'?

- **BP:T Workbook**
- **BP:T Question Bank**
- **Mock Examinations**
- **EQB**
- **Hardman's Tax Rates and Tables**

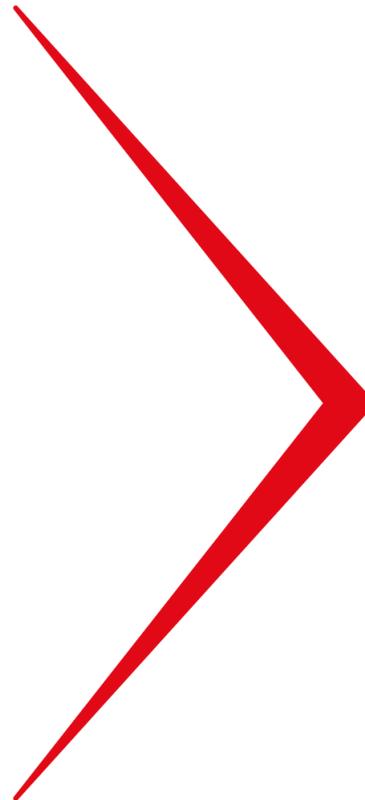
# ***FA2023 & BPT workbook changes***

- **The LMs reflect the tax rates, allowances and rules to be used throughout 2024 exams.**
- **The workbook has been restructured and there are now upfront sections on Tax Compliance revision**
- **There is a summary of FA2023 Finance Act changes in response to feedback**
- **New sections in the workbook on;**
  - - **Cryptocurrency in the context of individuals and corporation tax**
  - - **Exempt dividend rules for companies**
  - - **Plant & machinery full expensing**
  - -**TOCG**

Figure ES.1. The tax penalty on employment



Note: Income tax is slightly higher for the self-employed than for employees because the latter are charged income tax on income net of employer NICs. Excludes trading allowance and employment allowance where applicable.



## *How to pass BPT?*

In other words, 'What do students need to do and how can you help them do this?'

# *What are the main problems that prevent students from passing BP:T?*

- Lack of knowledge
- Lack of exam technique
- Lack of application of knowledge to the scenario
- Lack of understanding
- An inability to consider multiple taxes in a question
- Confusing companies and unincorporated business
- Copying out checklists and chunks of past answers making a question into what they want it to be and not what it is

# *Recent examples of areas where there is confusion....*

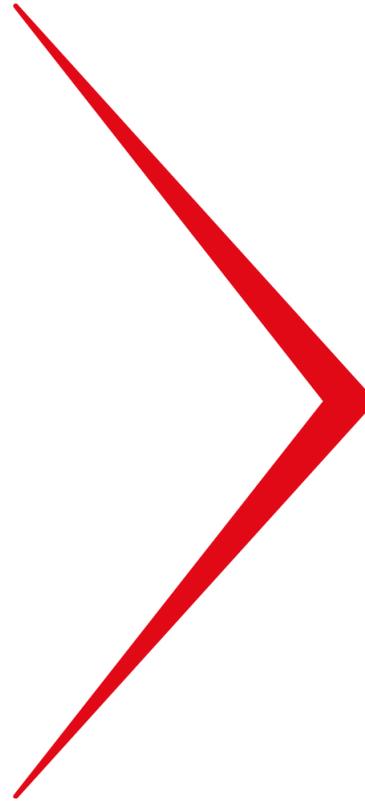
- **September 23**
- Treating a large company for R&D as a SME
- Thinking any type of loan is subject to corporate interest restriction
- Treating sale of an unincorporated business to a company as a share for share exchange
- Failing to spot there is a close company in point and just using average and strict methods for loans as the answer to a whole question

# *Recent examples of areas where there is confusion....*

- **December 23**
- Writing out the rules for every share option scheme possible
- Discussing QSR when there had been a transfer on death to a spouse
- Treating a loan by an individual to a company as a loan to a participator
- Wasting time discussing share disposals when the requirements directed students to a hive down discussion
- Discussing SSE in the context of an individual
- Loan confusion again – close companies was September!!!
- Ignoring requirements – explaining company rules when the requirement was employed v self employed or then ignoring the presence of a company and just copying sole trader v company from the learning materials

# *How can you help them to pass?*

- Apart from addressing all of the above.....
- Teach them to plan.....
- Multi tax scenarios so they should be thinking about what taxes are relevant, what the position is before reliefs, any reliefs available and how they impact the advice
- Think about future changes so is it worth disapplying incorporation relief or share for share relief and claiming BADR as the lifetime allowance has already gone down.
- Simple planning techniques – making gifts of cash for IHT, using spouse exemptions, utilising available nil rate bands, planning structures such as trusts
- Look at the after tax position of running a company v an unincorporated entity
- Teach them the difference between an exemption and a mitigation of CGT
- Teach them how to plan for life and death transfers of assets
- Consider the business lifecycle – start up, continuing, cessation.....
- End their dependence on knowledge and get them to think like a tax planner....



*Suggestions for the  
study materials*

# *Suggestions to improve the learning materials*

- **Let us know if you have any suggestions for how we could improve the learning materials:**
  - **Are there any topics where we have too much detail/too little detail?**
  - **Are there any topics where you would prefer an alternative presentation/ method of explanation?**
  - **Are there any topics you feel should be included in BP:T, but are missing?**
  - **Are there any topics you feel should be removed from BP:T?**



*Answers to pre-  
seen questions and  
to some FAQs*

# *Answers to questions sent in pre-conference*

- The rules regarding transfer of IFAs between group members were removed from the learning materials (and thus syllabus) in FA2022 then added back in for FA2023. This is somewhat confusing for tutors and those creating material. Can we understand the reason behind this?
- **It was put back in the syllabus at tutor request. Goodwill is examined in questions for unincorporated businesses and so there needs to be some consistency. The pre 2002 rules have been removed to prevent confusion.**

# *Answers to questions sent in pre-conference*

- Can we confirm whether the treatment of leasing of land and building is examinable. We understood that it had been removed from the syllabus in FA2022 and FA2023 with a statement being made to this effect in the raising finance chapter. However the question ZD Holdings in the question bank includes the lease of a building with an errata being issued saying it is to be treated as for plant and machinery. This is confusing for students.
- **The workbook clearly states that the lease of land & buildings is not examinable at BP:T. ZD Holdings is a past exam question so we will look at this moving forward and ensure there is no confusion for students.**

# *Answers to questions sent in pre-conference*

- The transitional period rules in 2023/24 and the elections relating to this covered in BPT are quite complex. I think students who have not seen the old basis period rules might be particularly disadvantaged here - would we be able to confirm that this is likely to be tested in a more high level approach rather than detailed computations.
- **Students who sat TC under FA22 will have seen the “old rules”. Any students doing TC and BPT under FA23 will also have an understanding of the old rules. However, as we are a planning paper, we will not be expecting detailed calculations on the transitional rules as it is more a TC topic. Planning with transitional losses will still be relevant however.**

# *Answers to questions sent in pre-conference*

- A number of the model answers include paragraphs where the tax rules are restated or information in the scenarios is repeated. Can we confirm that doing things like this would not lead to the learners scoring well?
- **Candidates need to “apply their knowledge” and get marks accordingly. So if BADR is in point we would expect them to say it applies because – and apply the conditions. We don’t give (many) marks for pure regurgitation of rote learned knowledge, or copying out of the text – most marks are awarded for application and synthesis of knowledge. The balance of skills to knowledge is 65%-75%:25%-35%. This demonstrates that you could not pass this exam on copying out or rote learned knowledge.**

# *Answers to some FAQs*

- BP:T questions are challenging with no breakdown of marks.
- The level of information in the scenario and the requirements are designed so that students can exercise professional judgement and skill and ability to prioritise issues.

# *Answers to some FAQs*

- Some exam papers appear to be CT focussed whilst others are not.
- The syllabus weightings for each area of tax are achieved “over a period of time”. So there should not be expectation that on any one paper there will be exactly 40 marks on CT for example. There are some topics which fall into more than “tax area”. BP:T has a high volume of topics that can be tested across different sessions.

# *Answers to some FAQs*

- There is no function on the marking key to award or penalise students for presenting their answer in the correct format, e.g. a report. Therefore should they bother?
- There are no presentation marks in BP:T. It is a skills based exam and one of the skills we look at is communication. However, this is assessed by the content and not the prescribed format. We do expect students to tailor their communication to their intended audience (differentiating between, say, a client, or a fellow professional), but the difference in marks is reflected in the detail in the marking guide. We try not to ask for unnecessary presentational styles, wherever possible.

# *Answers to some FAQs*

- The mark allocation for ethics has been moving towards the higher end of the syllabus weighting in some recent exams. Is this likely to be a continued pattern (thus making it even more crucial that students allocate time to the ethical requirement)?
- The syllabus weighting states 5-10% for ethics and law. The questions so far have appeared to focus more on ethics. Can we confirm that law is only examinable in so far as it appears in the LMs, and not any assumed knowledge from the certificate law paper?
- Two questions on ethics (and law).
- Ethics is a key issue for tax planning, in particular – hence why we examine it towards the higher end of the possible syllabus weighting.
- At BPT students need to know more detailed rules around ethics for tax planning and be aware of PCRT. They also need to be professionally sceptical.
- Law can be examined – but it would be background, rather than specific knowledge such as employment status. Law is not repeated in the text (ethics is).

# *Answers to some FAQs*

- Students often ask if they can write in bullet points in the exam as this would allow them to get more down. If they do so (presuming they are still making full points) will they be penalised?
- Bullet points are not a problem. Provided the content is clear, relevant and understandable.

# *Answers to FAQs*

- “In the past the policy has generally been that if new technical areas have been added to the syllabus these have not been tested in detail in the first year, so as to not disadvantage students. Has this policy changed?”
- This has never been the case. If a topic is topical (new) it is highly likely to be examined.
- Where we as an examining team have been more cautious has been where topics have been neglected in previous exams – introducing them gently, so as not to disadvantage a particular cohort of students.
- It may seem harsh, but the syllabus is always fully examinable.....

