



Tutor Conference 2024

TAX COMPLIANCE

MAIN RECEPTION ROOM 12:45 – 14:45

Notes – Summary of all notes taken

Question	Answer
Exam Software In the exam platform – is it possible to restrict functionality of the exam system eg to prevent use of decimal places.	Decimals no – as other modules may need this.
PoT Corporation tax – will the Long Form Question (LFQ) have capital allowances in it?	Capital allowances has been removed from the CT LFQ and have instead been moved to the OTQs. There will be one corporate capital allowances OTQ in every exam. The capital allowances element of the CT LFQ has now been replaced with some more adjustments to profit.
PoT In the LFQs if a student inputs an answer which is £1 more or less than the “correct” answer are any marks awarded?	Now that we have taken capital allowances out of the CT LFQ there are fewer instances of rounding issues. However, if for example the requirement was to calculate a taxable benefit and rounding were potentially an issue the correct answer would be based on rounding up or rounding down – ie rounding either way would be given credit and marked as correct.
TC How long does it take a marker to mark a full TC script?	Initially it takes longer as one becomes familiarised with the mark plan. I mark by

Question	Answer
	<p>question rather than by script (better for consistency) but as a rough estimate I would say it takes approximately 15 minutes to mark a script. At no point would I use a calculator. Scripts are marked based on labels, workings, and the method used in order to give follow through marks.</p>
<p>TC Background information to the question asked: The June 2023 exam contained a question requiring students to calculate the CGT liability for a husband and a wife. The expectation was that students would give two separate CGT computations as a married couple is taxed as two independent individuals. However approximately 30-40% of students gave a single CGT computation as if a married couple were a single entity.</p> <p>If students did a single CGT computation for the gains and then split the total 50:50 would they get more credit than the student who did the entire computation as a single entity?</p>	<p>We prepared a flowchart of options for markers to follow when determining how to award marks.</p> <p>Students who prepared two entirely separate computations with the asset disposed of by the correct spouse scored the highest marks.</p> <p>Students who added all the gains up and allocated 50% to each spouse were still able to score good marks as there were marks for calculating the gains, recognising the residency implications, allocating AEAs, using the correct tax rates etc.</p> <p>Students who taxed the couple as a single entity were given credit where correct knowledge was demonstrated – eg in calculating the gains, or the tax rates used.</p>
<p>TC Losses – do students need to learn the section numbers?</p>	<p>Learning materials state you don't need to learn the section numbers, but it can be a useful shorthand for students to use in the exam. Students need to give labels for their computations, they can use section numbers, abbreviations (eg "CY" for "current year"), or anything clear.</p>
<p>TC With a losses question that requires the student to explain would it be sufficient to just quote the section number?</p>	<p>No. If the question asks a student to explain they would need to state the relevant loss (which could be by giving the section number) and would then need to explain how it works, eg relief against which income/gains and the timing of that type of relief.</p>

Question	Answer
<p>TC Is it acceptable to work in pounds and pence?</p>	<p>Yes. But is not necessary. Students can work to the nearest £ (and the nearest month) unless a question specifically states otherwise.</p> <p>On a similar note it is not appropriate in TC to work to the nearest thousand. We expect answers to be in the same format as the question – ie numbers written out in full, not in thousands.</p>
<p>TC If students use shortcuts, is that acceptable? For example to calculate the CT liability using marginal rates rather than the full formula (ie CT @ main rate less marginal relief).</p>	<p>Students can use shortcuts where it gets them the correct answer, but in general our experience is that a student taking a shortcut often doesn't understand what they are doing and in the exam cannot recognise that the scenario is slightly different and so end up with the incorrect answer. We therefore do not recommend shortcuts.</p> <p>In respect of CT liability computations we expect students to use the correct formula to calculate the CT liability rather than use marginal rates. We award marks on the basis of what we expect.</p>
<p>TC In the transitional year for income tax when calculating assessable profits, there is a lengthy six-step process. Often it can be worked out in a single line. Would this be 2 marks or 6 marks?</p>	<p>Students need to be careful generally regarding using shortcuts. Marks tend to be awarded for each aspect of workings.</p> <p>We would expect students to clearly show their workings in order to gain full marks. Best practice would be to show all steps to gain full credit. Examples of mark allocations are shown in the appendix.</p>
<p>TC Will you test a short accounting period that straddles 31st March in a CT liability question?</p>	<p>For TC yes but not PoT</p>

KEY TAKEAWAYS

Please continue to encourage students to practise using the exam software, and remind them that they must copy their answers from the spreadsheet across to the marking area.

Students would often benefit from taking a moment extra before starting to write their answer to each requirement.

Marking is positive. Markers are looking for the places where marks can be awarded. Students can help them with clear layout and use of the spreadsheet for computations.

Students can't rely on passing based on computational questions only. In 2025 exams, the proportion of ethics, law and admin questions in the Tax Compliance paper will increase.

APPENDIX
TRANSITIONAL YEAR TYPICAL MARK ALLOCATION

Results	All profits		Loss at Step 1		Loss at Step 3		Loss at Step 4	
	£	Marks	£	Marks	£	Marks	£	Marks
Year ended 31 December 2023	20,000		(4,500)		20,000		5,000	
Year ended 31 December 2024	24,000		40,000		24,000		4,000	
Overlap profit	2,000		2,000		8,000		8,000	
Transitional rules 2023/24								
Step 1: year ended 31 December 2023	20,000	0.5	(4,500)	0.5	20,000	0.5	5,000	0.5
Step 2: 1 January 2024 – 5 April 2024								
Year ended 31 December 2024 x 3/12	6,000	1	10,000	1	6,000	1	1,000	1
	(2,000)		(2,000)		(8,000)		(8,000)	
Step 3: Step 2 - overlap	4,000	0.5	8,000	0.5	(2,000)	0.5	(7,000)	0.5
Step 4: Step 1 + Step 3	24,000		3,500		18,000		(2,000)	
Both Steps 3 & 4 are profits, so	Go to Step 5	0.5	Go to Step 5	0.5				
Step 3 only is a loss, so Step 4 is the taxable profit					18,000	1		
Step 4 is a loss, so taxable profit is Nil							-	1
DO NOTHING MORE ie stop here						0.5		0.5
Step 5								
lower of Steps 3 & 4	4,000	0.5	3,500	0.5				
Calculate 20% (usually)	800	0.5	700	0.5				
Step 6								
N/A if no step 5								
Step 1 + Step 5 (a loss at Step 1 is treated as £nil)	20,800	1	700	1				
Total marks		4.5		4.5		3.5		3.5
There may be more marks allocated at Step 1 or Step 2 if the calculation at that stage is slightly more complex. (eg for a partnership share)								