

ATT November 2023

Paper 1: Personal Taxation

Examiners' report

Part I

Question 1

Generally very well answered. Most common error was looking to claim the business miles proportion of the car's running costs and the 45p per mile allowance.

Question 2

Generally well answered although many still thought that Leslie took her domicile of origin from her unmarried father.

Question 3

Poorly answered. Often a lot of unstructured calculations and not enough focus on the amounts on which Floyd and Priya would be taxed.

Question 4

Reasonably well answered.

Question 5

Most candidates answered well, gaining most of the available marks. The point that tended to be overlooked was the exemption from CGT on a sale of the SEIS shares after three years.

Question 6

Well answered. The only significant difficulty was whether to round the decimal up, down or leave it alone.

Question 7

Generally well answered. Few candidates recognised that allowing the options to be exercised over the 3-12 year period did not undermine the tax-effectiveness of the whole CSOP, it merely raised the possibility that some exercises might not be tax-advantaged.

Question 8

Many candidates overlooked the NIC liability on the mileage payment. A small minority tried to deal with things on a weekly or annual basis. Otherwise, most candidates managed reasonably well.

ATT November 2023

Paper 1: Personal Taxation

Examiners' report

Question 9

Not terribly well answered although candidates benefitted from there being 5 marks available for a 4 mark question. Particular lack of understanding of how the base cost of Cooper Ltd would be allocated across the elements of the consideration received from Bloom plc.

Question 10

Generally well answered although many candidates didn't attempt any "brief explanation" of why they deemed the sale proceeds of the painting to be £6,000 or why they restricted the gain on the vase via the 5/3 calculation.

Question 11

Generally well answered.

Question 12

Poorly answered. Very few candidates recognised that Elon was connected with Brent but not with Carrie. Many candidates thought connectedness with the company was achieved by way of acquiring 30% of the shareholding. Some candidates wrote about the implications of being connected rather than explaining whether Elon is connected. A number thought Stanley Ltd was an individual.

Part II

Question 13

Overall this was a well answered question by a majority of candidates, with some really excellent answers mixed in with some very poor answers.

The better candidates were able to flesh out their explanations, including things like the fact the property income would be assessed on the cash basis, as receipts did not exceed £150,000. There is always the suspicion a lot more candidates knew this sort of detail than wrote it down – remember, the examiner cannot mark what is in your head, you have to write it down.

The most common problems were confusion over how to deal with the marriage allowance (MA). A lot failed to state that because Zeena was a basic rate taxpayer, they were able to take advantage of transferring some of the PA to her. Some candidates clearly had no idea how the MA worked, nor how to calculate it and where it went on the income tax computation, for example some added the amount transferred to Zeena's personal allowance. Some candidates wasted their time showing a full income tax layout for Keith, which was not part of the question.

It is still worrying the number of candidates who did not apply the correct tax rates to the various types of income, or thought that the first £500 of savings income was taxed at 0% rather than the first £1,000. Candidates must remember that these sort of details are fundamental when sitting an ATT exam and they need to make sure they have practised tax computations.

ATT November 2023

Paper 1: Personal Taxation

Examiners' report

Even more worrying was how many candidates still do not know how to treat ISA income. This is one of the most basic things to know what the tax treatment is and a competent tax technician would always know how to deal with it.

Candidates are reminded that for a question such as this, always complete the computation to ensure you get as many follow through marks as possible. A lot of candidates miss one or two things when laying out the income, but using the correct tax rates, score very high marks from the follow through aspects of the calculation.

Question 14

This question was a real mix. A lot of candidates ended up grouping together with their overall marks, but for different reasons. Some did very well on part 1 of the question, but then had no idea how to deal with part 2, and vice versa.

In the main, part 1 was answered better, with a lot of candidates noting the key aspects of this being a sale at under value, but with no gift relief being available. The better candidates – on both parts – noted that the annual exemption was set against the gain with the higher CGT rate. As always, it is the best candidates that both spot this level of detail, and also write it down rather than being passive and only showing it in the calculation, without explaining why.

As outlined above, some candidates really struggled with part 2, having no idea how being an FHL affected things. It was quite common for candidates to correctly identify it qualified for either gift relief or BADR, but only a minority spotted both. Again, it was only the very best candidates who got into the real detail and noted that gift relief must be applied first.

The weakest candidates, who were clearly desperate, listed what the requirements were to qualify as an FHL. This is an example of where you can write a lot of information that is technically correct, but score absolutely no marks because the question stated it was an FHL, there were no marks available for listing the requirements. When the examiner has given you that detail, they want to see your knowledge being applied to the scenario you have been given.

Question 15

This scenario based question involved an individual who has been living and working abroad for 12 years, thinking of returning and disposing of a portfolio of assets before returning. Application of the non-resident capital gains (NRCG) legislation was required.

The question had two distinct parts: part (1) to comment on conflicting advice given by two friends, and part (2) to apply the rules to the specific portfolio of assets owned by the individual. Many candidates merged the two parts and their answers were disorganised/disjointed, jumping from one part to the other and back. Quite a few other candidates simply repeated what they said in part (1) in part (2) in different words with no new content ... and a few just copied and pasted their answer to part (1) to be the answer to part (2) presumably in the hope that at some point they answered something right!

Paper 1: Personal Taxation

Examiners' report

It is important to note that candidates should take time to plan their answers such that they address only the specific requirements of each part of the question, without repetition, which wastes valuable time.

Disappointingly there were a higher than usual number of 'non-attempts' at this question and an equally surprising number of candidates who started but wrote very little. Unfortunately many other candidates who seriously attempted the question did not pick up the main point of the question, and wrote about different overseas topics entirely, gaining very few marks.

Accordingly, the overall marks for this question were low.

Part 1

The two conflicting pieces of advice were both partially right, but neither were totally incorrect.

Common errors included:

- Writing everything the candidate knew about overseas aspects (even though this part is worth only 3 marks) and most of the content was not relevant to the question asked
- Agreeing 100% with one friend or the other
- Writing about the following, which were not relevant:
 - income tax not capital gains tax
 - the remittance basis applying and the remittance basis charge
 - statutory residence tests and split year basis
 - temporary non-residence rules in detail, rather than dismissing them as not applicable in the circumstance given

Part 2

This part required the application of the NRCG rules to four distinct assets, of which only two were chargeable in the UK. A tabular approach would have been the best and most succinct way to answer the question, but many wrote either very little or reams of unnecessary comments.

Common errors included:

- Not understanding that the individual was UK domiciled but not resident in the UK
- Writing about Remittance basis versus Arising basis
- Discussing what happens if he disposed of the assets after returning to the UK, but the question makes it clear that the disposals will be completed prior to returning
- Advising whether or not he should make the disposals pre or post returning, but the question just asks for whether they will be chargeable if the planned disposals take place
- Writing about how to calculate the capital gains tax (e.g. deducting AEA, rates of tax applicable etc) but the question just asked how the gain is calculated (if applicable)
- Many came to the correct conclusion re-whether chargeable or not, but for the wrong reasons
- Just mentioning the default method and ignoring the straight-line and retrospective methods
- Incorrectly
 - treating the antiques as if they were UK property and stating they were chargeable, and then long explanations about the chattels £6,000 rule
 - stating the storage unit is exempt as not residential property
 - stating that 6 April 2015 is the important date for the storage unit
 - stating that the straight-line method is available for the storage unit

Future candidates should be advised that they should read the requirements carefully, and pay particular attention to the detail/dates and other information given.

Paper 1: Personal Taxation

Examiners' report

Question 16

Candidates should have scored highly on this question.

However, there was evidence of poor exam technique in the rest of the paper which resulted in too many candidates surprisingly not attempting the question at all, or their attempts were clearly rushed and incomplete.

The question had three independent parts which could have been answered in any order. For each part, attempts were either very good or very weak and many did not attempt some parts at all.

Part 1

This part required an explanation as to whether the individual could claim damages for treatment at a previous employment. The facts given pointed to a clear breach of contract/constructive dismissal claim worthy of compensatory damages.

Candidates either ignored this part or gave brief answers, a minority of which were very good. However some were outraged on the individual's behalf and threatened punitive action that should be taken – but did not recognise the key legal points and remedies actually available in such circumstances.

Part 2

This part was about the provision of an in-house benefit.

Sadly, out of hundreds of candidates, only a handful of candidates recognised that the employers were travel companies and the proposed benefit was one of the companies own package holidays.

A considerable number of candidates ignored the part completely, and those that attempted it did tend to mention that it was a taxable benefit and valued at the 'cash equivalent' or 'cost to the employer' but did not elaborate what that might be in these circumstances. A few erroneously believed the benefit would be exempt.

Part 3

This was a standard valuation of employment benefits part and should have provided easy marks.

For those that worked smartly and attempted the question in full, they scored very well.

However many did not attempt this part or rushed and made silly mistakes and presentation visibly deteriorated.

Common errors included:

- Incorrectly picking the price paid by the company for the car, rather than the list price
- Choosing the incorrect appropriate % for the company car
- Deducting the full capital contribution towards the car and not restricting to a maximum of £5,000
- Not recognising that the car parking space and free electric charging point are tax free benefits
- Giving statutory mileage allowance for private miles, or only calculating the benefit based on business mileage, or using the wrong rates
- Incorrectly using the cost plus extension for the additional accommodation benefit, rather than using the market value when the employee moved in
- Adding the furnishings to the market value when calculating the additional accommodation benefit
- Incorrectly deducting the cost of the household bills paid by the employee
- Giving advice as to which employment to choose, despite this not being a requirement

ATT November 2023

Paper 2: Business Taxation

Examiners' report

Part I

General comments

Overall Part 1 was well answered, with many candidates getting high marks.

Question 1

Question 1 was in general well answered. Candidates sometimes struggled with associating the year ended 30 April 2022 with the correct tax year. Some candidates also allocated the profits on a time basis across the tax years.

Question 2

The problem with many of the answers for this question arose from a failure to read the question correctly. Candidates gave a lot of irrelevant information about late payment and late filing penalties.

Question 3

Most candidates had little difficulty with the allocation of the profits. The problems were with the correct calculation of the profits for the 2022/23 tax year: some candidates allocated nine months or a full year of the profits for 31 December 2023.

Question 4

As with question 2, problems with this arose from failure to read the question. Candidates included irrelevant information on late payment penalties and interest. Where the answers were restricted to late filing most points were covered, although few considered the effect on the penalties of the amendment. Some forgot that penalties are calculated on the total tax due, not reduced by payments on account.

Question 5

Some candidates missed this question, however in general the answers were good. Candidates sometime failed to split the accounting period into two, treating it as a sole trader. The cost of the forklift was sometimes not split into two and sometimes no AIA claimed on the basis that it was second hand. The hire purchase agreement was often included on the date that the agreement was signed rather than the date of first use and occasionally claimed on the basis of payments made, rather than the full cost of the truck.

Question 6

Candidates often got full marks on this question, only occasionally was Indexation Allowance not considered or an Annual Exemption included.

ATT November 2023

Paper 2: Business Taxation

Examiners' report

Question 7

The question asked for the treatment for Corporation Tax purposes, not just trading profits so single word answers such as "allowable" or "disallowable" were not sufficient. Many candidates didn't know that PAYE interest is not allowable at all and either thought it was deductible from trading profit, as relating to payroll, or treated the same as Corporation Tax interest. The employee loan was often said to be deductible from trading profits as additional salary.

Question 8

Candidates seem to have a good understanding of Structures and Buildings Allowance. Some did think the consultant and the plumbing and heating costs qualified.

Question 9

A lot of candidates knew the filing dates and due dates for payment of tax. Errors were that candidates either referring to one payment date or only filing one return.

Question 10

Most candidates were aware that there needed to be some adjustment of cost due to it being a short lease. However, some struggled to find the correct factors to use and others used a straight percentage basis.

Question 11

Most candidates covered the main points of the three situations. Some explained gift relief in some detail which was not relevant and some also missed that the reinvestment was in a depreciating asset. The use of the vintage car in Alice's business did confuse some candidates.

Question 12

Where this was answered answers were comprehensive and gained full marks.

Paper 2: Business Taxation

Examiners' report

Part II

General comments

Answers were generally good enough, although too many candidates omitted parts, sometimes many, or even whole questions. This seemed to be a timing issue, and poor use of the open books may be a reason for this.

The successful use of an open book is a skill which many candidates have clearly not acquired. A common behaviour is to copy out sections of the manuals without thinking how this information applies to the actual question being asked. In addition to causing the evident time pressure, this restricts the marks possible, gives false comfort that 'enough' has been written for the marks available, and risks loss of presentation skills marks.

A successful candidate is likely to refer to the tax manuals only for quick fact checks or reminders, while devoting most of their attention to application to the scenario. Conversely, the Ethics and Law manuals should be more useful in the exam itself, but candidates seem insufficiently aware of their contents.

Question 13

Part 1

Most candidates achieved $\frac{1}{2}$ or 1 mark, often by copying from the study manual, but very few applied this to this scenario to score full marks. Many copied out far too much, for example noting that the limit for receipts is reduced for a short basis period – irrelevant here.

Part 2

There were decent, but very few perfect, answers. The usual errors involved the computer sale, interest received and sometimes drawings. Too many candidates calculated taxable total profits of a company, despite this taxpayer being a sole trader. A significant number of candidates struggled to understand the calculation required, for example, adding back disallowable items without them having been deducted. A few candidates produced convoluted calculations with construction of a profit figure, followed by numerous adjustments, with some items being adjusted two or three times. As well as loss of technical marks, this risked loss of presentation skills marks if difficult to follow.

Some candidates wrote explanations and so wasted time as these were not asked for.

Part 3

Many candidates scored full marks on this calculation of national insurance contributions.

Part 4

There were many decent attempts. Most understood the flat rate deductions, although were sometimes confused how these fit with the other option. Some candidates thought capital allowances were only available when using the accruals basis, although were still able to gain marks such as for recognising restrictions for private use. A significant minority gave the wrong WDA percentage.

Again, there was sometimes too much information replicated, for example, about leasing the car when the question concerned a purchase.

Part 5

This ethics part was one of the more frequently omitted. Many who answered were unaware of the specific ethical guidance on 'disclosing information to other third parties' and sometimes repeated the

ATT November 2023

Paper 2: Business Taxation

Examiners' report

actions that the question stated had already been taken. Candidates need to be more familiar with the content of the Ethics manual.

Question 14

Part 1

This part was occasionally omitted (in some cases, along with several or all parts of the question) but most candidates who answered scored well. However, relying too heavily on the study manual without application and so failing to identify which partners were taxed now, risked presentational skills marks.

Part 2

There was a full range of answers (and omissions) with some candidates clearly understanding the accounting entries, but others giving double entries which did not balance. Candidates did use the Accounting manual more successfully here but occasionally then (using the example therein) referred to a van which did not exist in this question. They also wrote out how to clear the disposal account (using words from the manual) but did not actually do this.

Part 3

There were often decent answers to the calculation of input VAT, usually with an error or two, but this part was occasionally omitted. Candidates wrote far too much – only a calculation was required.

Part 4

Most candidates scored well but again were not discriminating in what they copied from the study manual. Many embarked on explaining compulsory deregistration, some then realising that this was not relevant, but they should have thought of this **before** writing anything down and wasting so much time.

Question 15

Part 1

This part was occasionally omitted. Most candidates who attempted the question gained a few marks, through a variety of sources. Some failed to address the specific requirement in terms of purpose, and binding items. It was disappointing that some candidates appeared unaware that this topic is covered in the Law manual. Some candidates gave answers relating to partnership agreements, irrelevant for a sale of assets between two companies.

Part 2

There were many decent answers to the calculation of trading loss, although some candidates had given up by this stage. Common errors included not answering the requirement to show the treatment of each item, or incorrectly increasing the loss by add backs. There were also usually some errors in the capital allowance calculation, particularly the treatment of the car and the solar panels. Candidates who had not prepared well ignored disposals and treated them instead as purchases.

Part 3

This part was a discriminator and was occasionally omitted. While many candidates were able to gain enough marks, there was also much confusion. Candidates applied loss relief rules for individuals to this company, and gave unnecessary calculations of terminal losses. Too many failed to realise the cessation of trade at all despite this being stated in the first sentence of the question, and many suggested carrying the loss forward. There were plenty of contradictory answers with statements

Paper 2: Business Taxation

Examiners' report

declaring loss relief against trading profits, but giving relief against total profits, or vice versa. Many candidates knew (or perhaps deduced from the years of data given) that a three-year carry back was possible, but then showed they did not understand which three years by performing unnecessary apportionments. There were too many answers which detailed all loss reliefs, whether relevant or not, and made no attempt to apply them to the scenario. Again, candidates wrote without thinking.

Question 16:

Part 1

There was some confusion over why there was no availability of BADR on the storage unit. However, most candidates were able to identify that the Tigret plc shares did not qualify due to Jacob holding less than 5% of the shares and/or not having been employed by the company and therefore scored at least one mark for this part of the question.

Part 2

Common mistakes in this part of the question were claiming deduction for the enhancement expenditure against the gain on the storage building, missing the 30-day bed and breakfast rule on the sale of the Tigret plc shares, and failing to claim the £200 broker fees and the annual exemption. Arithmetical errors were also a common feature in this section losing candidates' marks although follow through marks were awarded so as not to penalise candidates.

Part 3

Most candidates were able to identify the badges of trade but there was mixed application of the badges to the facts of the question. Marks were awarded according to how well candidates were able to appropriately match each badge of trade to the question facts. Those that simply listed the potential badges of trade were therefore limited to half marks for this part of the question.

ATT November 2023

Paper 3: Business Compliance

Examiners' report

Part I

General comments

Candidates generally scored well enough, although answers were rarely impressive.

Question 1

Candidates did well on this question. There was some confusion on the amounts of the instalments and the balancing payment by some. The lower scoring answers did not apply their knowledge to the scenario by stating specific dates and just wrote down the rules on the operation scheme.

Question 2

Some candidates explained the default surcharge system showing a lack of up-to-date knowledge. Answers were generally of a good standard, but there was often a failure to explain the fact that the points reset after on time returns for a 12-month period.

Question 3

A common error on this question was to include Iris as part of the group. This again displayed that candidates are good at explaining the rules but they often struggle to then deal with the scenario in the question. It was very obvious that Iris was not making taxable supplies and so in future, candidates need just to step back and consider the facts they have!

Question 4

A number of candidates scored full marks. Where they did not it was either because they had failed to round down or had confused the 9% and 6% and applied the incorrect rates for Reece and Ahmed.

Question 5

The first part of the question was well done, as candidates are familiar with the CIS deduction questions. It was surprising that in part 2, candidates either left it out completely or said that input tax could not be recovered. Whilst this is a relatively new area, it was expected that the answers would be of a better standard.

Question 6

This question was not done well. Candidates opted to discuss the statutory residence tests and the remittance basis instead of dealing with the actual question set. Where candidates did spot that the short term business visitor rules were in point, they then failed to fully explain the consequences in terms of income tax and NIC. Again, this is an area where more practice is needed.

Question 7

There were some good answers but generally answers revealed insufficient study of basis periods, despite the current year basis still being examinable in 2023 exams. Some candidates omitted the opening year 2020/21 entirely. Too many candidates could not determine the basis period of the closing year. There were some contradictory answers.

Question 8

A well-answered question with occasional omissions of fuel benefits or misunderstanding of van benefits.

ATT November 2023

Paper 3: Business Compliance

Examiners' report

Question 9

Some good answers but sometimes omitted, and usually many errors including calculating quarterly interest and the tax thereon. Many candidates did not consider how the net tax suffered would be recouped by the company. While it was pleasing many candidates took note of the requirement, some still did not label their calculations as requested.

Question 10

Answers were usually decent. The best recognised the different time periods of withdrawal, and realised that for an increasing value of shares, the value at allocation must be lower than at withdrawal. Some did try to apply this fact from the question but drew the reverse conclusion, suggesting they did not understand the rule they were quoting. Occasionally, the maximum share award was not restricted. Many candidates did not calculate the actual number of shares.

Question 11

Answers were often sufficient but rarely scored full marks. Some answered the question they wanted (tax relief on the donation) rather than the one asked. Many did attempt to explain the process and time frames, but most revealed they did not understand what '14 days from the end of the tax month' means, instead giving a date of the 14th of the month. Too many did not actually state a date.

Question 12

Most candidates scored enough marks, but frequently wrote far too much. Credit was only given for actual dates, so a statement of rules scored nothing – they had to be applied. Some candidates do not know how many days are in each month – a recurring problem.

Part II

General comments

For a Business Compliance exam, there was a disappointing lack of knowledge and application of tax administration. Candidates usually scored enough marks overall but in terms of compliance, their answers were rarely comprehensive, particularly omitting relevant dates, which clients would need.

Question 13

Part 1

A number of candidates were awarded full marks. The lower scoring answers included the sale of the equipment in taxable supplies, mis-calculated the recovery % and were mixed up between the application of the simplified tests and the de minimis limits. Partial exemption is a fundamental topic area and performance overall should have been better.

Part 2

Answers to this part were very poor. Candidates either left out the part completely or made simple errors mixing up debits and credits, failing to realise all amounts were VAT exclusive, only dealing with the equipment transaction and generally failing to show any level of competence in accounting. It appears that candidates favoured revising the "tax elements" of the paper at the expense of the other areas. Accounting, ethics and law are a core part of the paper!

Part 3

This was done relatively well. There were some errors in the calculation of the standard rated supplies, however, candidates seemed to be well prepared for this type of question and there were no major issues.

ATT November 2023

Paper 3: Business Compliance

Examiners' report

Part 4

Bad debt relief is a recurring topic and candidates were comfortable with the question, discussing the conditions for bad debt relief and the operation of the relief. There was sometimes a failure to explain and apply the rules fully, such as stating that the payment would be allocated to the earliest debt first and that some of the debts did not meet the conditions for bad debt relief, but this was a familiar question and was done well.

Question 14

Part 1

A high proportion of candidates obtained full marks. Some candidates did not include the £3.1m at all and just left their answers as £15,000 being the levy allowance, but generally this question did not cause any issues.

Part 2

The lower scoring answers did not deal with the annual earnings period which is a basic mistake, but again, there were no issues with this question. Where full marks were not given, it tended to be because the Employer NIC calculation had been omitted.

Part 3

Candidates are very able when it comes to benefit calculations and so answers were of a high standard on this part. Candidates did often fail to discuss that Lyra would prefer the strict method whilst the P11D would adopt the average method, but calculations were very accurate.

Part 4

Some candidates did not read the question and instead wrote about the conditions for claiming SMP and the amounts. Those that tailored their answers to the question asked did very well.

Part 5

The weaker answers did not actually answer the question set and instead discussed the conditions and operation of CSOP. The higher scoring answers specifically dealt with the scenario. Marks were often missed on the fact that the company had to self-certify conditions were met and the fact that an annual return was needed. The 6 July was often not stated, with candidates just stating the scheme needed to be registered with 92 days.

Question 15

Part 1

This law part was sometimes omitted. There were few high scores, as answers did not concentrate sufficiently on the control and management asked about in the requirement. The relevant information is given in the Law manual but the best answers were selective in what parts they used.

Part 2

Answers varied across the cohort with some perfect answers, many with one or two errors, and some which confused accounting periods with tax years for individuals. Some marks were needlessly lost by candidates who did not know the last date of May or June, although follow through marks were awarded. Some candidates wrote far too much – no explanations were required.

Part 3

ATT November 2023

Paper 3: Business Compliance

Examiners' report

Answers were disappointing overall although the better-prepared usually scored enough marks. There were two notification rules to cover, including relevant dates and maximum penalties. Few candidates addressed each of these points and many gave plenty that were irrelevant, replicating rules from the study manual, on numerous areas of CTSA administration. There was too little application. The best answers recognised that the failure was likely to be careless and so gave the appropriate penalty, but most answers discussed all possibilities and minimum penalties too.

Part 4

This was generally well-answered. Candidates did not always tailor their answers for this higher rate taxpayer. Lower scores resulted from candidates not considering all aspects asked about, that is, the two different contributions, and the contribution limits.

Question 16

Part 1

Most answers were decent, with the main errors involving the value and treatment of the car transfer.

Part 2

Although there were many good answers, a surprising number of candidates struggled with this fairly standard calculation of deemed salary. Perhaps concentration on the off payroll working rules for larger clients has taken study time away from the small client scenario.

Part 3

This was not well-answered. It was sometimes omitted or answered at length but with one point repeated several times. Too few candidates covered both the actual and deemed salary payments, and both payment and reporting obligations. Too few candidates gave dates to fulfil these obligations, with those who did find some relevant information in the study manuals failing to apply it to this tax year. There was also some confusion with the rules where the client is not small.

Part 4

There were some comprehensive answers, but too many struggled with this simple part on corporation tax administration (return and payment). Some answered the question they wanted or were expecting regarding the treatment of the deemed salary payment by the intermediary company – this was not asked. There were too few actual dates, and the final part of the requirement was sometimes ignored – although time may have run out for some candidates by this stage.

Part I

General comments

Overall lots of candidates did well on this part of the paper.

Candidates should remember to take care with dates – ie there is no such date as 31 April. They should take care that they use the correct year to avoid losing marks.

Candidates should read the requirement of the question carefully so that they are answering the question asked, not the one they wish had been asked. There were candidates that added unnecessary information.

Candidates should show their workings so that they can pick up marks even when they get part of the calculation wrong.

Question 1

Candidates in did well on this question. A small number of candidates lost marks for ignoring the disposal or deducting the difference between the cost of the equipment and the disposal proceeds. Most candidates recognised the manufacturing equipment additions were eligible for the 130% super deduction and that second hand additions were not. Care should be taken when adding the columns up to ensure that candidates don't lose marks unnecessarily. Candidates should use a proforma to set out the answer to this question and use the table functionality within the software.

Question 2

Most candidates did a chargeable gains calculation, but many didn't identify the chattels rule that was applicable. Marks were awarded if candidates referred to the gain not being exempt as capital allowances had been claimed or that the asset was treated as though it was a non-wasting chattel and therefore a chargeable gains calculation was required. Some candidates incorrectly ignored indexation on the gain. Candidates needed to conclude which was the actual chargeable gain, (£2,667) the lower of the two gain calculations in order to gain that ½ mark.

Question 3

This question was answered really well. Candidates should remember when answering questions like this though that they should be applying the rules for rollover relief to the facts in the question as marks were lost in that case.

Question 4

Candidates did less well on this question. A number of candidates misread the question and talked about ways of issuing shares to existing shareholders rather than the types of shares that a company can issue.

Question 5

Candidates didn't always spot the marginal relief requirement or if they did, that it only applied for one month. Candidates still received a couple of ½ marks if they did this, but they did lose most of the marks. Some candidates successfully calculated the marginal relief but didn't apportion the lower limit and lost ½ a mark, others didn't separate out apportioning the limits or the augmented profits but where these figures were shown in the marginal relief calculation, so these calculations had clearly been done, then they still received the relevant marks.

Question 6

Candidates did well with this, the majority correctly identified that there would be restrictions if there was a major change in the nature or conduct of the trade, however many mentioned group relief and the question clearly states that the losses will not be group relieved. Some candidates mentioned current year relief or carrying back the losses, again the question clearly asks for the use of the losses in the future. Many candidates talked about the restriction on amount of carried forward loss relief which wasn't relevant.

Question 7

This question was well answered. Many candidates said Scarlett Ltd **had** to make a corresponding adjustment which isn't correct as it doesn't have to, therefore they lost $\frac{1}{2}$ a mark.

Question 8

Candidates lost marks for not apportioning the original cost and enhancement expenditure using the proceeds and the market value of the remaining land and instead used the fraction 45/100 based on the number of acres. They still received one $\frac{1}{2}$ mark for apportioning this expenditure as long as they showed their workings out so that it was clear they were apportioning the correct costs.

Question 9

Candidates have done well on this question. Some candidates didn't gross up the income and lost marks but still received the follow through $\frac{1}{2}$ mark for taking the lower of the overseas tax and the UK tax correctly. Some candidates stated the correct way however they applied these to the total overseas income rather than on a source-by-source basis, but some marks were still awarded for the correct explanation.

Question 10

Candidates did well on this question, however some candidates talked about interest on late payment of tax and there were no marks available for this as the question was asking for late filing penalties. Candidates often said that the return wasn't filed more than 18 months after the accounting period end, so the tax geared penalties weren't applicable, but 31 October 2023 was 18 months after the year end.

Question 11

This question was answered well. Marks were lost where the wrong date was used, and an explanation of the next instalment date wasn't added. Where a candidate said that the second instalment was 3 months after the first they received follow through marks even if the date was wrong. Some candidates worked out the amount for each instalment which wasn't required.

Question 12

Some candidates only time apportioned the profit for Larners Ltd as this was the lower amount, however even though this may have given the correct answer of £112,500, marks were only awarded where it was clear the candidate knew they were comparing the common period (9/12) for each amount and not just the profit.

Part II

General comments

In general, the long form questions were answered well; but as with the short form candidates should ensure that they read the questions carefully and give relevant answers.

Question 13

Part 1

Most candidates answered well – however it was clear that Marchmain Ltd was a large company and therefore candidates – and there was a lot of them – who discussed the SME regime wasted time for no marks.

Part 2

Those candidates who understood this was “time of supply” answered well – however too many candidates didn't read the question (and discussed place of supply, for example) or interpreted slow payers as bad debts. The requirement and scenario are clear – candidates should answer accordingly.

Part 3

For candidates who recognised this as fixed vs floating charges, it was an easy question. However many didn't read the question properly or were not well-prepared.

Question 14

Part 1

By far the most poorly answered question. Nothing in it was technically difficult; but it did need an ordered approach. Common mistakes - not applying the losses b/f rules ; failing to understand that the shareholder had loaned money **to** the company and what amount was allowed ; understanding the capital nature of the replacement roof. Some candidates also added the gain from part 2 – despite the question clearly stating that these are two different accounting periods.

Part 2

In contrast, this was well answered – with full marks – for most candidates. Some didn't apply the 9-days before rule and s.104 pool rules ; and rounded the indexation.

Question 15

Part 1

Most candidates missed the point that no one company could have > 75% (it would then be group relief) but otherwise got the consortium members and that Abdul Khan is an individual.

ATT November 2023

Paper 4: Corporate Taxation

Examiners' report

Part 2

Barely any candidate realised that CS Investments lowest (and therefore applicable) percentage was 43% - and so full marks not given. Also the requirement clearly asked for the loss c/f, not a difficult requirement – again, reading and fully applying the requirement would have given the mark, but a lot of candidates didn't do this.

Part 3

Candidates who read the scenario and applied it did well. However some candidates – for example – discussed informal or invalid requests – the scenario clearly states the request is formal and valid.

Question 16

Part 1

There are many issues that can be considered re self employment, so points available for the points given. A well answered question.

Part 2

Well answered.

Part 3

Candidates did not read the scenario nor the requirement well enough. The new business is overseas – so no need to discuss the tax arising on UK profits of overseas companies. It was the requirement to discuss the tax on remitted income – which many candidates didn't do. At the basics, marks were available for identifying branch vs subsidiary, which too many candidates didn't do.

Part I

General comments

There was a wide variety in the quality of scripts. Candidates need to focus on the questions answered rather than spending time writing out parts of the manual that are not relevant.

Question 1

Well answered on the whole. Most candidates fully explained the mechanisms of tax relief available.

Question 2

Well answered question. Candidates fully understood the principle of the residence nil rate band.

Question 3

Poorly answered question. Most candidates falsely believed that HMRC would accept appeals based on "reasonable excuse" and didn't fully explore the "special relief" under Sch 1AB TMS 1970.

Question 4

This question was not answered well. Few candidates noticed the availability of gift relief and, where they did, candidates failed to calculate the restriction to the relief.

In Part 2 very few candidates identified the need to balance the interests of the beneficiaries.

Question 5

This question was answered well, although candidates lost marks by failing to explain why they were using the chattel rules.

Question 6

In general, well answered. Although many candidates failed to explain how to treat the share loss, and many discussed penalties that were not relevant, i.e. more than 12 months late.

Question 7

This question was well answered. Candidates understood the tax position of charities.

Question 8

This question was well answered in general. Where candidates used structured answers they scored well. Marks were lost where candidates did not show both scenarios (election vs. non-election) or only considered one party.

Question 9

Well answered with most candidates obtaining most of the marks available.

Question 10

Well answered on the whole. Some candidates confused the CGT and IHT valuation rules.

Question 11

This question was answered well. Candidates lost marks where they did not fully explain their conclusions.

ATT November 2023

Paper 5: Inheritance Tax Trusts & Estates

Examiners' report

Question 12

Well answered on the whole. Most candidates lost marks by not considering the domicile status of Sanjay in the second part of the question.

Part II

General comments

Candidates displayed a wide variation in abilities. Most candidates achieved the basic marks, particularly in the first two questions.

Question 13

Part 1

Very well answered.

Part 2

Some candidates failed to deduct the expenses but well answered on the whole.

Part 3

Most candidates identified that the pre-death income adjustment was required, and those who did achieved very good marks on this part of the question.

Part 4

Although most candidate identified that Luca was not a client of the firm and an engagement with him might be appropriate, many did not go into enough detail and consider the scenario in its entirety in order to achieve the full 4 marks available.

Part 5

Fairly well answered although candidates should ensure that they answer the question asked, i.e. what Luca's rights are, as opposed to the firm's position.

Question 14

Parts 1 & 2

Fairly well answered on the whole with candidates achieving the basic marks for using the nil rate band and applying the correct rates of tax. The main parts of the question for which some candidates were not so prepared were the correct use of annual exemptions, and the effect of APR withdrawal on the settlor's cumulative total. Candidates should also ensure that they do include explanations where required in the question and do work through the lifetime transfers before looking at the position on death.

Part 3

Most candidates identified that APR would no longer be available, but many did not go on to explain why this was the case.

ATT November 2023

Paper 5: Inheritance Tax Trusts & Estates

Examiners' report

Question 15

Part 1

Not particularly well answered. Many candidates either did not attempt to answer or stated that the IHT is paid by the executors not the legatees.

Part 2

Where candidates identified that QSR was available on both deaths, they were able to achieve good marks even if not calculated completely accurately. Those who did not identify that QSR applied scored poorly.

Part 3

Poorly answered on the whole, with many candidates not attempting this part of the question or achieving no marks.

Question 16

Part 1

The vast majority of candidates identified that the distribution would be a disposal for CGT, however quite a few did not then go on to consider the availability of gift relief.

Part 2

Poorly answered on the whole with only a handful of candidates obtaining the 2 marks available.

Part 3

Most candidates attempted to answer this part of the question and were able to achieve the basic marks. Some candidates did not fully apply the tax treatment to the facts of the scenario as set out in the question, and many did not go into enough detail to obtain the full 6 marks available.

Part I

General comments

Overall candidates were well prepared for the short form questions which covered liability, place of supply, registration, and recovery of input VAT, but found the questions on Making Tax Digital, and tax avoidance more challenging. Although as an open-book exam, marks are awarded for application, some candidates continued to provide a generic commentary of the principles, or other information not requested, for which no credit was given.

Question 1

This proved a challenging question despite being based on HMRC published guidance. A number of candidates provided generic information which did not score any marks. Most candidates failed to answer the question ie to state whether there was a digital link, and then whether a digital link was required by MTD.

Question 2

This question was well answered by most candidates.

Question 3

Many candidates identified the TOGC, but only some stated the conditions required, and very few confirmed the need for the purchaser to be registered for VAT. The second part of the question was more challenging but was answered well by some candidates.

Question 4

This question was answered well by most candidates.

Question 5

Parts 2-4 of this question were well answered by most candidates. Many candidates thought the place of supply for the exhibition was Belgium whereas this would be the general rule. Credit was given if candidates provided some justification for the POS being Belgium.

Question 6

Most candidates correctly advised that the supplier should charge UK VAT, and many correctly stated that the goods were technically an import. A number of candidates provided additional commentary on the appropriate rate of VAT, whether the customer would be able to recover the VAT paid as input VAT, or where the output VAT would be shown on the VAT return, which did not score any marks.

Question 7

This question was answered well by most candidates.

Question 8

This question proved quite challenging for candidates to bring together both the part payment by the customer and failure to settle the December VAT liability to HMRC. Most candidates failed to state the obligation to write off the debt in the accounting system.

Question 9

This question proved quite challenging for candidates, and many did not attempt the question.

ATT Nov 2023

Paper 6: VAT

Examiner report

Question 10

This question was answered well by many candidates.

Question 11

This question was generally answered well although a small number of candidates struggled to differentiate between exempt and outside the scope income.

Part II

General comments

This part of the paper was generally answered well with prepared candidates scoring high marks. For some parts of the questions many candidates appeared to answer the question they wanted to appear in the exam rather than the actual question in the paper, and many marks were lost in this way. Candidates are urged to read the questions carefully and to ask themselves whether they are simply repeating information they have already written in another part of the requirement or whether they are copying information out of a book with no application to the facts of the set question.

Question 12

Candidates who worked through the question methodically were able to deal very well with the time of supply requirements.

Requirement 4 of the question was answered very poorly with only a few candidates concluding correctly that M&E was able to recover the input VAT on the deposit paid.

Question 13

The majority of candidates scored well over half of the available marks in calculating the Capital Goods Scheme adjustments. A common mistake was incorrectly calculating the number of intervals left on the freehold property that was disposed of during the year. Another common mistake was unnecessarily calculating a CGS adjustment on the computer software which would have wasted time.

Only one or two candidates scored full marks on the accounting journal entries and the vast majority scored no marks or less than 1 mark. It is clear that candidates are not prepared for this requirement of the paper.

Question 14

This question was answered surprisingly poorly in the main. Well-prepared candidates scored well over half of the available marks but a large proportion of candidates did not seem aware of the rules around the disapplication of the option to tax. This manifested itself particularly when considering the sale of the property to potential purchaser 2 who wanted to convert the commercial building into apartments. Many candidates wrote about charging the reduced rate on the conversion services and that the first grant of the building would be zero-rated, all of which is totally irrelevant to the question.

Almost all candidates formulated their answer in an email which was a requirement of the question, and this would have helped them score maximum marks for presentation.

ATT Nov 2023

Paper 6: VAT

Examiner report

Question 15

Certain requirements of the question were poorly answered, namely the first requirement and the third requirement.

The first requirement invited candidates to categorise the types of offences committed by Sacha, with explanations, and how Sacha could reduce any penalties arising (e.g. through the quality of the disclosure). There was little point in simply copying out the penalty percentages for all the different types of offence both prompted and unprompted, particularly as the second requirement asked for a calculation of the potential penalties, which in itself would require the penalty percentages to be written out as a basis for the calculation.

Many candidates concluded that the inflated input tax was deliberate and concealed even though no action had been taken by Sacha to conceal this. Nevertheless, follow-through marks were awarded in the second requirement, and generally high marks were achieved by the vast majority of candidates.

The third requirement was answered as poorly as the accounting journal requirement in question 13. Candidates in the main all wrote that firstly the taxpayer should request a reconsideration/review from HMRC within 30 days before appealing to the First-tier Tribunal, and that is where the answer ended. The question, however, was a law question and asked candidates to talk about the role of the First-tier Tribunal e.g. that it is a court of first instance which establishes fact unless it is categorised as a complex case etc.

Question 16

Candidates who were able to follow the Apportionment 2 retail scheme calculation rules scored highly and generally this gave candidates a significant boost to their overall mark across Part 2 of this paper.