ATT May 2026 Paper 3

Question 1

Part 1

This was done really well, with a high proportion of candidates scoring full marks. The weaker answers mixed up the rules between occupational and personal pension schemes and often the due date for payment into the pension scheme was omitted.

Part 2

a - This part caused no problems. Some candidates did thing £3,395 was the figure for both PAYE and NIC purposes.

b- Candidates were not as well prepared for this part of the question and often forgot to take into account the employer contribution when calculating the remaining annual allowance. They also failed to restrict the maximum amount payable by 80%.

Part 3

This was generally well done. The lower scoring answers treated the export of goods to France as being subject to 20% VAT and also stated that the place of supply of the surveyor services was the UK. Candidates did commonly omit the amount of VAT for the reverse charge.

Part 4

Whilst most candidates stated that Peng would need to register for MTD, answers tended to focus more on the general obligations of being a VAT registered trader in terms of penalties and record keeping; instead of focussing on how MTD works from a practical perspective. There were some well prepared candidates however who scored really well on this part.

Question 2

Part 1

a- The majority of candidates knew the conditions for claiming pre registration input VAT. Very rarely did they discuss evidence of the actual amount of VAT which could be reclaimed.

b- This was done really well with candidates frequently scoring full marks. Where they did not this was because they had not included the amount of the discount and the resulting amount on which VAT should be calculated.

c – Candidates were also well prepared for this part and did well, but again, often omitted the actual amount of VAT which should be accounted for.

d- A significant number obtained full marks for this requirement. It is an area which they find straightforward.

Part 2

This part was less well done. Candidates instead adopted a very general approach to their discussion and included irrelevant explanations on contingent fees and then general contents and function of an engagement letter. The better answers did actually answer the question set and made sensible suggestions about how the retainer and commission should be dealt with. This was clearly an area of the syllabus with which they were not as familiar as others.

Question 3

Part 1

A surprising number of candidates failed to realise that the close company rules were in point and instead just discussed the benefits to Emma and Nick. Nick was incorrectly treated as being assessed under employment income rules.
Where candidates had identified the close company rules, answers showed good knowledge. However, full marks were not awarded frequently as key factors such as Class 1A on the benefit, the loans for Emma being over £10,000 and the dividend for Nick not being deductible were overlooked.

Part 2

This part was done really well with the majority scoring full marks.

Part 3

Likewise, this part caused no problems with very accurate answers produced. Sometimes candidates failed to explain the correct reason as to why no Employer NIC was due for Liam and stated instead that his earnings were under the threshold.

Part 4

a – Whilst candidates could readily state the conditions for a number of share option schemes, this part of the paper was not well done. This was because candidates did not apply their knowledge. The scenario had been developed in a way that only the EMI or CSOP scheme conditions were met. Candidates wasted their time discussing SIP's and Partnership shares which showed a lack of skill. Where candidates did correctly identify the relevant potential scheme, full marks evaded them because they failed to make a recommendation.

b- This was well done with candidates correctly identifying the tax implications. Some did fail to consider NIC.

Question 4

Part 1

The partnership allocation was mostly well handled. Common errors included incorrect pro rating and inclusion of drawings as if these were extra salary. A few candidates did not split the profits into two to deal with the change in sharing arrangements.

Part 2

There were few really good explanations of deregistering for VAT as it applied here. Many answers gave generic information, including detail about the voluntary deregistration threshold and accounting for assets held, while few referred to the change in status of the business.

Part 3

Some candidates wasted time here suggesting informing the client about interest and penalties. Most identified the steps needed if ceasing to act. The answers regarding breach of professional behaviour were often lacking, with some writing generally about the danger of the adviser acting in an 'unprofessional' way rather than addressing the specific fundamental principle of professional behaviour.

Question 5

Part 1

The calculation of coding was better than the written explanations given here. There were many correct calculations of Kerrin and Sean's coding’s, but few answers which fully explained the position of Cody, the new joiner on an emergency code.

Part 2

NIC calculations were mostly well done. A few showed Class 2 or employer NICs which was not necessary. A handful of candidates mentioning the possibility of NIC maxima were given credit if they had not already scored full marks.

Part 3

Candidates didn't always explain well points they most likely knew well regarding PAYE documentation. There was some uncertainty in particular as to what should be included on a P11D.

Part 4

Ethics answers here were mixed. Some candidates omitted to state clearly that Paolo's return should not be prepared as he was requesting. Others made general comments about it being inappropriate to do so, but without linking this to specific fundamental principles.

Question 6

Part 1

Most candidates gained full marks for the straightforward corporation tax calculations. A few made errors in relation to the marginal relief.

Part 2

There were some good explanations of the payment dates for Proove Ltd as a large company.

Part 3

Answers varied from fully correct interest calculations to candidates who omitted this part. The best answers recognised that in addition to late payments, some amounts were paid early, with interest due to the company.

Part 4

Most candidates scored full marks for this part on record keeping.