Examiners Report

Exam Name and Code: Tax Compliance (TC A/2024)

Date of exam: 15th July 2024

Paper Performance Overview **A high level overview of areas in which candidates performed well and areas in which their performance was weaker.**
Overall, candidates performed largely as expected. Weak areas continue to be the higher skills question, and losses. A worrying number of submissions seemed to be poorly prepared for even the basic rules regarding CGT. Layout continues to be an incredibly weak point on IHT questions - Candidates are continually urged to find a good layout for IHT questions and apply it to questions. Happily, the submissions regarding VAT were better than usual, with only errors in dates and calculations causing the loss of marks, rather than the lack of fundamental understanding.
Question 1 Performance
Overall, this question tended to set the tone for the whole exam. Most candidates did very well on question 1.1, but this is not surprising as it is a very commonly tested area of the syllabus. Question 1.2 was less well answered, with weaker candidates not attempting the question at all. This was disappointing, as the answer to the question was on page 32 of the tax tables, and a simple search would have found the detail very easily. Even more worryingly, a large number of candidates started discussing Money Laundering issues, which were utterly irrelevant, and led to learners wasting time.

Question 2 Performance

Candidates largely answered this question well.

There were a couple of areas that continue to raise problems:

With regard to the CGS question, learners made errors with the dates of adjustments. This was actually encouraging, as in previous years, the CGS question has been met with consternation, and was left out. Seeing candidates attempting the question, and in most cases, making a decent fist of the question was heartening.

The SDLT question was a concern, as a significant number of candidates seemed to miss the fact that the property was residential, and therefore needed a different set of rules to be used.

Question 3 Performance

This question was relatively well answered, though worryingly, many candidates continued to make the same, relatively simple errors, as follows:

Question 3.1

Layout was consistently poor and confused. This led to many candidates losing relatively easy marks (such as using correct rates of CGT)

Simple errors were also made in a number of different areas, which meant that, again, easy marks were lost.

- Boats are wasting chattels (this theory is covered extensively at PTX), therefore doing any calculations on this disposal simply wasted time
- The disposal of the shares in Orca was also poorly dealt with - as an investment company, there were no reliefs available. Therefore the calculation of GR, or anything else was a total waste of time and effort. Again, this is very basic.
- A worrying number of candidates also continue to confuse IHT and CGT rules relating to the diminution of value principles.

Question 3.2

The layout of IHT questions continues to be the Achilles heel of many TC students. Candidates simply MUST have a coherent layout to IHT questions. Not having a dependable layout makes scripts very, very difficult to mark.

The main issue with the IHT element of the question was the fact that candidates missed the fact that the sale at undervalue of the shares did still constitute a 'partial gift', and

was therefore still within the scope of IHT

Question 4 Performance

This question produced the widest degree of responses from candidates.

Overall, the bulk of the question was well answered, though the 4.4 was very varied. It was a concern to see that the group relief was rarely, if ever, dealt with correctly. The most beneficial offset was to surrender some loss to Tate and then offset in Morgan. No students suggested this

4.5 was also poorly attempted by most students but it is an unusual situation. The basics of rollover relief were quoted incorrectly by a number of students though, or this question was missed out, which was surprising.

Candidates must remember that the best way of passing the exam is to ensure that all aspects of all questions are attempted, even if not completed fully.

Question 5 Performance

It was heartening to see that the cash basis questions was dealt with very well. This is not an area of the syllabus that is examined very often, and the fact that candidates dealt with it well is good to see.

The question on transitional rules was also dealt with very well, which is both surprising and unsurprising in equal measure. Unsurprising because, with this being the only year that transitional rules are really examinable, it was almost a certainty that it would be examined in some way, unsurprising, as the requirement was relatively complex.

The element of employment income was slightly disappointing, as there were some elements that one would expect to be almost second nature (NIC treatment of a director, BiK calculations and the different rules regarding the different classes of NiC), which were not answered well.

Finishing on a positive note however, the question dealing with overseas income was both answered, and laid out in a good way.