



Examiners Report

Exam Name and Code: Tax Compliance 2025/B

Date of exam: December 2025

Paper Performance Overview

A high level overview of areas in which candidates performed well and areas in which their performance was weaker.

Overall, performance on this exam was good. Most candidates were able to produce work of a quality sufficient to secure a pass in the exam. This was heartening to see.

There were still some longstanding issues that continue to cause students issues, as follows:

- VAT - there are only 5 or 6 areas that are commonly examined - Overseas transactions are one of them. Candidates simply **MUST** be comfortable with these areas.
- Layout of IHT calculations - with IHT being relatively complex, it remains critical that candidates have a clear logical layout to this question. This is something that candidates still are not doing
- Understanding the interaction of tax rules is also important. Too many candidates simply treat tax as a rote learning exercise, without considering how rules work in conjunction with each other.

Also worryingly was the fact that some candidates opted to simply leave questions out of their responses - this approach makes it difficult to pass the exam. Learners should always attempt *some element* of every question, even if understanding is limited. Often candidates can at least pick up *some* marks, that will aid a pass

Question 1 Performance

Area of the syllabus examined: 1a

Most candidates did well on this question, which was good to see. As AI, and the use of it increases, we will need to be on the look out for instances where AI is being utilised in inappropriate ways. Therefore it was great to see that the majority of candidates were not only able to see the issue, but also relate it back to the 'traditional' set of ethical principles.

Question 2 Performance

Area of the syllabus examined: 2b, 2e, 2f, 2i

VAT continues to produce a wide variety of answers with regard to quality. This was a relatively straight forward requirement to produce a VAT return. There were some complex elements, particularly in relation to overseas transactions, but nothing that a well prepared candidate should have found too 'taxing'. Sadly candidates continue to make the same errors where overseas transactions are concerned.

Other areas where learners struggled included:

- Basic misreading of question elements - VAT inclusive and exclusive continues to frustrate
- Continually being 'vague' when it comes to even the most basic elements of postponed accounting rules
- Confusing zero rating and exempt transactions

The SD element was well answered, but candidates MUST remember to use the available resources when looking at filing dates!

Question 3 Performance

Area of the syllabus examined: 3a, 3b, 3d, 3e, 3f, 3j

The CGT question was reasonably well answered. There were, however, some worrying trends.

The question surrounded a choice that a tax payer had over the choice of disposal date for an asset. The date of disposal would then in turn impact the availability of relief. This is a relatively obvious consideration in reference to the asset being sold, yet some candidates missed this completely.

More worryingly was the fact that some simply missed, or ignored the fact that there are consequences to the rates of CGT payable depending on the nature of the asset being sold, and the amount of income the individual earns

IHT is also a frustrating area - Candidates simply must have a coherent approach to dealing with this tax, as the process is complex, but very mechanical.

Question 4 Performance

Area of the syllabus examined: 4a, 4c, 4d, 4f, 4g, 4h

Happily, it appears that this cohort of learners seemed to be slightly more comfortable with (at least) the basic elements of CT. The completion of the elements of the question relating to R&D and Capital Allowances were generally answered well.

However, candidates seemed to struggle with the element of the question relating to the sale of a subsidiary, which is odd, as this is a very commonly examined area. Candidates struggled in the following areas:

- Understanding the linkage between the disposal of a company and the impact of the disposal on the availability of trade losses.
- Appreciating that SSE (which is a VERY examinable area) is still relevant when considering a subsidiary being sold at a loss.

In addition, candidates struggled with the rules relating to the deductions allowance, which is perhaps not that surprising, as it isn't the most commonly examined area of CT, and many learners may have wilted when they saw it on the exam. Candidates often ignored the requirement completely, or applied the rules quite incorrectly.

Question 5 Performance

Area of the syllabus examined: 5a, 5g, 5h, 5l, 5m, 5n, 5q

This question produced a real mixed bag of responses.

The first part of the question dealt with the submission of tax forms. A simple scan of the Tax Tables would have revealed all of the answers. Yet many candidates were vague, or simply incorrect. Learners simply MUST learn how to use the Tax Tables, as they are often a source of relatively simple marks

The question element dealing with assessment of profits on the cash basis was answered well, which was good to see, though the pre trade expenditure element often oddly produced responses relating to VAT?

Losses continue to be an area of concern for candidates. With responses to questions continuing to be vague and meandering, often ignoring the (very) obvious cues within the question itself.

The major issue with this question was the element dealing with property income. This is not a commonly examined area, but it does come up often enough for candidates to see it in revision materials. This question dealt with a choice for the taxpayer (which is always an achilles heel for candidates). Candidates often missed the point of the question, which was to decide whether it would be beneficial for the taxpayer to use some of his savings to reduce the mortgage on his rental properties. Candidates struggled, as they simply misunderstood the rules relating to how mortgage interest is dealt with for an individual.

Summary and Helpful Hints

Overall, candidates cannot leave questions of the exam unanswered, and expect to be successful. A good grasp of the basic tax principles will serve candidates well, as there are many simple marks available for somebody who is brave enough to make a start on questions where perhaps the latter elements are looking a little more complex.