Examiners Report

Exam Name and Code: Tax Compliance and Planning: TCP_A_2026

Date of exam – 23 July 2026

Paper performance overview. **What worked well with candidates and areas that they were weak on, how they responded.**
There was a wide range in the quality of answers. Many showed a good grasp of the technical issues and set out their answers clearly using a good professional style. These scripts achieved comfortable pass marks. The weaker scripts lacked an understanding of the basic principles of tax. Many students confused rules for companies with rules applying to sole traders. The syllabus for Tax Compliance and Planning is very wide and it does require a lot of effort to learn all the rules. It was apparent that some candidates had simply not learned the rules well enough. It was encouraging to see that the ethical aspects of the paper produced some impressive, comprehensive answers.
Question 1 performance
The syllabus areas covered were: 1a, 1b, 1e, 4a, 4b, 4d, 4e, 6j The question involved a company scenario featuring capital allowances, loss relief, and income allocations across accounting periods. There was also a separate ethical issue requiring candidates to consider professional behavior and responsibilities. A worrying number of students were not aware of the basic rules for dealing with corporate accounting periods longer than 12 months and how to correctly split them. This is basic corporation tax knowledge and students who did not know this rule lost a lot of marks. Another concerning error involved calculating a CGT liability for a company. Companies pay corporation tax on their gains. They do not pay CGT. References to BADR and investors' relief were equally horrible. These are reliefs available to individuals, not companies. On a brighter note, the ethical question was generally well answered. Students should note that they will only get 1 mark for a point no matter how many times they repeat that same point in their answer.

Question 2 performance

The syllabus areas covered were 1h, 3a, 3b, 3f, 3g, 3i, 3k, 5a, 6a, 6c

This question covered capital taxes, with a particular focus on IHT in the context of lifetime gifts and estates on death.

Candidates were first asked to discuss the availability and impact of IHT BPR relief and CGT gift relief. This offered easy marks to students who read the question and made sure their answer covered both the availability of each relief and the impact. Weaker candidates did not focus on answering the question set and also confused the two reliefs (and indeed the two taxes!).

The next two parts were standard IHT calculations on the lifetime gifts and the death estate. Stronger candidates scored well on these parts, but weaker answers rambled on endlessly with repeated and confused calculations. Students have to be ready to prepare standard IHT calculations in this paper.

The final part of the question was the trickiest as it involved tax planning around charitable giving. Very few answers realised that a post-death gift requires a deed of variation to be tax effective. Even fewer answers accurately evaluated and compared the relative tax savings of relief via gift aid against IHT exemptions and reduced estate rates.

Question 3 performance

The syllabus areas covered were 1g, 5b, 5c, 5g, 5k, 5l, 5m, 6i

The question involved a partnership in which the members changed their profit-sharing arrangements. There was a simple adjustment to profit followed by an allocation of profits to the partners.

Candidates were finally asked to calculate the income tax and NIC liability of one of the partners.

Many candidates scored highly on this question. The order in which calculations were performed was key. First, the profits of the accounting periods had to be tax adjusted. Then these profits were allocated to the partners. Finally, the tax year basis was applied. Weaker students got these steps in the wrong order and produced very confused answers.

The income tax and NIC calculations offered easy marks which most candidates gratefully accepted.

Question 4 performance

The syllabus areas covered were 2a, 2c, 2d, 2e, 2j, 2k, 2m, 3a, 3b, 6i

In this question, candidates were examined on the tax implications of a business incorporation.

The first requirement asked for the CGT consequences of the incorporation assuming no elections were made. This meant that incorporation relief would automatically apply. This was completely beyond the ability of weaker candidates. Several answers suggested that a gain would arise on all assets of the sole trader. Others had clearly never heard of incorporation relief. Stronger candidates correctly identified goodwill as a chargeable asset and showed the gain rolling into the base cost of the shares.

The second part asked for the VAT consequences of transferring property into a corporate entity. Performance in this part was significantly better than the first part with most answers achieving at least a pass.

Answers to the third element requiring stamp tax consequences of the incorporation were clearly split between those who had learned about stamp taxes and those who hadn't.

Question 5 performance

The syllabus areas covered were 1b, 1e, 4h, 5e, 5l, 5n, 6j

The final question had two distinct parts. The first involved a loan by a close company to a shareholder / employee. Students were asked to explain all of the tax consequences for both the company and the shareholder. Most students picked up on the charge to a close company for making a loan to a participator. However, many failed to mention the taxable benefit for the individual and the related class 1A NIC charge for the company.

The final element required a discussion of tax evasion and tax avoidance. This was generally well answered

Summary and helpful hints

Candidates should be aware that the syllabus for Tax Compliance and Planning requires an excellent breadth of tax knowledge. Though there are a lot of calculations involved, there will usually be more marks for explanations than for numbers. Some candidates wasted time with extensive calculations that were not required to answer the questions. They then lost easy marks later through lack of time.

Exam questions are always very specific about what an answer should cover. Typing all you know about a topic is not an efficient way of picking up marks. Make sure the answer directly relates to the requirements of the question.

When a question asks for "tax implications" this will almost always mean considering more than one tax. Before starting to produce their answer, candidates should ensure they are answering the full breadth of the question.