APS OMB Assessment narrative

Structure

A simple pass or fail will be awarded.

Identification and Application

The following are the relevant topics for assessment with their weighting:

1	15%	Incorporation
		CGT issues/reliefs on incorporation, Different options for incorporation method, Tax savings from sale for outstanding consideration.
2	30%	Capital allowances
		No AIA/WDAs in year of cessation, Relief at CT rates less valuable if purchased after incorporating, Delaying incorporation secures AIA/WDAs, Possible to restrict AIA claim to avoid personal allowance wasting, Possible to elect to transfer at WDV.
3	20%	Loss relief
		Trading loss arises if CAs secured in current year, Possible use of losses, including terminal loss relief
4	20%	Remuneration for Danielle
		Options for bringing Danielle in as employee, shareholder, director or director shareholder, Matching best option with James' wish not to give away control Employment allowance available due to second employee paid at secondary threshold.
5	15%	Other issues
		IHT issue no BPR if James dies within 7 years of gifting property Issues if James is paid rent by company, personal allowance abatement

Relevant Advice and Substantiated Recommendations

The following are the relevant topics for assessment with their weighting:

1	40%	Timing of machinery purchase
		Three options, bring forward planned purchase, wait until after incorporation, or delay incorporation slightly to secure AIA and WDAs and a trading loss. Another option is to sell the plant and machinery to the company for £1 to claim balancing allowance.
2	35%	Method of incorporation
		Gift of trade and assets, incorporation relief, sale for outstanding consideration at MV – final option meets client's needs and provides a saving from drawing the DLA credit (compared to CGT amount). Income Tax refund will cover CGT liability
3	25%	Danielle's remuneration
		James does not wish to give away any control, so shareholder or director shareholder not suitable – employee or director? Director fits better with intention to involve Danielle in business decisions. Note paying second salary at secondary threshold will access employment allowance. Director's legal obligations.