Institution **CIOT - CTA**
Course **APS Taxation of Individuals**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID [redacted]

Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 1	**2350**	**11099**	**13203**
Total	**2350**	**11099**	**13203**

To: Alan Baird

From: Chartered Tax Advisors LLP

Date: 30 April 2026

Subject: Taxation advice surrounding the funding of your Northern property, which property and job offer is most tax efficient, and further tax considerations.

(A) Introduction

This report considers:

1. The way you can fund the deposit for your new house in the most tax efficient way.
2. Which property you should choose from a UK tax perspective.
3. Which job you should choose from a UK tax persepective.
4. Further tax compliance considerations

This report has been prepared for your sole use. No responsibility is taken for any reliance placed upon the contents of this report by third parties.

This report has been prepared using the information we hold on you in our permanenet files, along with your email of 25 April 2026 to Sally Bainbridge including various attached exhibits.

We have prepared our recommendations from a UK tax perspective only. Further advice should be sought from qualified mortgage advisors and investment advisors regarding the potential rental of your Oxford property, and your solicitor regarding the employment and partnership contracts.

This report has been prepared based on the UK legislation as it stands at the time of

writing. Any future changes to the legislation may affect the conclusions drawn in this report.

(B) Executive Summary

(B1) The way you can fund the deposit for your new house

1. You should sell your Oxford property in order to fund your new house, as the rental business would loose money every year over the five years.

(B2) Which home should you choose from a UK tax perspective

1. You should choose the English property, as the English tax rates are lower than the Scottish tax rates.

(B3) Which role should you choose from a UK tax perspective

1. You should schoose the Scottish job offer, as this offers a better net cash position, whether it will be taxed on English or Scottish tax rates.
2. You should accept the £7,200 car allowance and spread the £5,000 budget over five years in order to utilise your full personal allowance.
3. If you do not accept the private medical benefit, your net cash position will be greater due to tax on the benefit. Therefore, you should reject this if you feel you do not require it.
4. We recommend that you join the company pension scheme.

(B4) Further tax compliance considerations

1. You should claim to reduce your payments on account in your 2025-26 tax return for

2026-27 on the basis that the majority of tax will be collected via PAYE.
2. You should aim to make a personal pension contribution of apporximately £5,500 gross before 5 April 2027 to ensure you will have the full personal allowance for the 2026-27 tax year.

(C) The way you can fund the deposit for your new house

(C1) Drawing from your ISA

You have noted that you are able to fund the deposit of your new home using the funds held in your stocks and share ISA. As you are aware, you can deposit £20,000 per tax year into an ISA, which can then grow tax free. The deposit of £50,000 plus the associated legal fees, stamp duty land tax and other purchase costs would therefore need to be withdrawn.

There are no tax consequences of withdrawing from your ISA, and this is therefore a viable option. The negative of this option is that it would take at least three tax years in order to replace the money taken from the ISA for the deposit.

As this is within five years of Jake beginnning university, the timing of this option could work. However, the implications of taking out just under £55,000 mean this amount cannot grow tax free over the five years.

(C2) Selling your Oxford property

You have stated that you do not wish to sell your Oxford property. However, we have calculated per appendix 1 that you will have negative cash if you rent your Oxford property of approximately £1,157 per tax year, based on the fact that you will be at least a

higher rate tax payer, regardless of which job offer you take.

You can deduct allowable expenese to arrive at taxable income, however, your total mortgage payments are not tax deductible. The interest element of the mortgage attracts basic rate tax relief. The calculation does not take into account the clawback of your personal allowance, which will be likely given the taxable income compared to both employent packages. It is likley you will actually be an additional rate taxpayer.

Should you sell your property, you will recieve 475,000 after paying back the outstanding mortgage. You would then have the funds to pay the full asking price of the new property, although it may be advisable to pay the deposit and keep the extra cash for a purchase in the future. However, this should be discussed with a qualified mortgage advisor.

Although you wish to keep the property, you will loose money each year through renting the property out, and therefore we cannot recommend this course of action from purely a tax perspective.

There would be no capital gain on the property as it would attract full private residence relief.

(C3) Our recommendations

Although you wish to keep the Oxford property, from a UK tax persective you will loose money on the rental business year on year due to the mortgage payments.

We would therefore recommend that you sell the Oxford property in order to fund the

deposit on your new house up north.

You would save an additional £3,750 or £2,750 of stamp duty land tax if you sell the Oxford property and purchase the northern property, as you would not be subject to the additional property surcharge of 5% for owning an additional property.

You would also keep your ISA intact and not have to replenish the ISA for three years, taking advantage of the additional tax free growth of the apporximate £55,000.

However, our advice is purely from a tax perspective. You should seek further advice from a qualified investment advisor and mortgage advisor regarding the rental of the Oxford property and mortgage points. Our remaining conclusions are on the basis that you will sell the property.

(D) Which house should you buy

(D1) The Scottish property

Living in Scotland would most likely class you as a Scottish taxpayer, regardless of which job you choose to do. It would be hard to argue against this even if you chose the job opportunity in Engaland, as your main residence would be in Scotland. As a higher rate taxpayer, your income would be taxable at Scottish rates, which are higher than English rates, as shown in appendix two.

(D2) The English property

If you were to choose the property in England, it would be easier to argue the case that your main dependencies are in England, and therefore you would be taxable on the lower

English rates, even if you were to choose the job opportunity in Scotland. This is because your main residence will be in England, as well as your family (including your minor son). It would be hard for HMRC to determine you as a Scottish taxpayer purely on where you carry out your work.

(D3) Our recommendation

Based upon the higher income tax reates imposed in Scotland, we recommend that you choose the English property.

(E) Which job should you take from a UK tax perspective

(E1) The Scottish employment contract

Per appendix two, your net cash position will be £68,148 based on the English tax rates, and £66,118 based on the Scottish tax rates.

We have calculated this on the basis that you get the 5% bonus in a tax year, accept the £7,200 car allowance and £1,000 private medical benefit.

The budget of £5,000 for another benefit should be split over 5 tax years. This would mean that your taxable income is £99,200 per tax year, and therefore, there will be no clawback of your personal allowance in any tax year. This would save you tax at the marginal rate of 60%. We have based our caluclations on the presumption the £1,000 will be a cash allowance benefit.

You would be subject to employer rate national insurance contributions of 8% and 2% respectively. As you will be making net pay pension contributions, you will have an

additional 20% tax relief on your pension contributions in your tax returns. Although the gross pension contributions have decreased, the cost to you has also decreased. Your gross pension contributions will exceed £10,125 per tax year, and it will only cost you £4,500 salary sacrifice. The employer matched contribution is a tax free benefit.

Other non-tax benefits include your familiarity with the job requirements.

(E2) The English Partnership offer

On the face of the contract, this would seem to be a partner in an LLP, and therefore self-employed. However, on the basis that you have a guaranteed remuneration, and will not have little control over the partnership affairs, this would be deemed as employment income by HMRC under the disguised remuneration rules for partners in LLPs. This will need to be further investigated with your solicitor.

You will therefore be liable to PAYE and NIC rates at the employment rates of 8% and 2%. The £10,000 'profit share' will also be taxed as employment income.

As per appendix 3, your net cash position will be £62,546. The difference is mainly due to the pension contribution costing you £10,000 per tax year, rather than £4,500 in the employment contract, without the additional tax free employer contribution.

Were this role to qualify as self-employed, the difference would be £754 greater due to the decreased NIC rates of 6% instead of 8% on £37,700. However, this net cash position is still not as strong as the Scottish employment proposition.

(E3) Our recommendations

We therefore recommend that you choose the Scottish employment role, as this offers a greater net cash position.

We recommend that you accept the £7,200 car allowance, and choose to split the £5,000 additional benefit over 5 years in order to utitlise your full personal allowance in all tax years.

Even if HMRC were to argue that you should be taxed on Scottish rates based purely on where you work, this still works out a better position than the partnership offer being taxed at English rates.

If you want to better your net cash position, you should also reject the private medical benefit if you do not believe you will need it. Our calculations are based on you accepting it.

We also recommend that you join the company pension scheme.

(F) Further tax compliance considerations

(F1) 2025-26 Tax Return

Based on estimated profits, appendix 4 shows that you will have a balancing payment for 2025-26. This means that you will have to pay your 31 July 2026 payment on account of £15,205.

You will be able to reduce your payments on account for the 2026-27 tax year on the basis that the majority of the tax will be collected via PAYE.

(F2) 2026-27 Tax Return

There will be no tax consequences of the partnership returning your capital and loan amount.

You can make a gross personal pension contribution in this tax year of £5,267 (net £4,214) in order to reinstate your full personal allowance. This will therefore need to be done by 5 April 2027.

(F3) Our recommendations

We recommend that you reduce your payments on account for the 2026-27 tax year when submitting your 2025-26 tax return, in order to improve your cash flow.

We also remcommend that you make gross pension contributions of approximately £5,500 in order to ensure you have full personal allowance for the tax year.

Appendices

Appendix 1 - Your Oxford property income for a full year

		£	£
Gross Rents	2,500 x 12		30,000
Less: Expenses			
Agent fees	120 plus VAT	144 x 12 = 1,728	
Other	50 x 12	600	
			(2,328)
Taxable Income			27,672
Mortgage payments (full)	1,700 x 12		(20,400)

Higher rate tax	27,672 x 40%		(11,069)
Tax Credit Basic rate	(1,100 x 12) x 20%		2,640
Net Cash			(1,157)

Appendix 2 - Employment contract full Year Tax liability

	£	£	£
Employment			
Gross Salary (After salary sacrifice)	85,500		
Bonus	4,500		
Car allowance	7,200		
Private Medical	1,000		
Budget for another benefit (1,000 per year)	1,000		
Total	99,200		
	NS	S	D
Employment	99,200		
Less: PA	(12,570)		
Taxable Income	86,630		
NS	43,325 @ 20%		8,665
NS	43,305 @ 40%		17,322
Total			25,987
Net cash	90,000 + 7,200 + 1,000 - 25,987 - 4,065	NIC (37,700 @ 8%) + (52,430 x 2%) = 4,065	68,148
Scottish Rates			
NS	2,872 @ 19%		546
NS	12,094 + 5,625 @ 20%		3,544
NS	13,344 + 5,625 @ 21%		3,983
NS	31,338 + 5,625 @ 42%		15,398
NS	10,102 @ 45%		4,546
			28,017
Net Cash	90,000 + 7,200 + 1,000 - 28,017 - 4,065		66,118

Appendix 3 - Partnerhsip full year tax liability

	£	£	£
Remuneration	93,000		
Bonus	10,000		
Total	103,000		
Less personal allowance (fully allowable as gross pension contributions 12,500 lower net income under £100,000)	(12,570)		
Taxable income	90,430		
NS	50,200 @ 20%		10,040
NS	40,230 @ 40%		16,092
Total			26,132
Net Cash	103,000 - 26,132 - 10,000 - 4,322	NIC (37,700 @ 8%) + (65,300 @ 2%) = 4,322	62,546

Appendix 4 - Your 2025-26 tax return

Partnership Income	£ NS	£ S	£ D
25-26	106,667		
Interest 20,000 @ 8%		1,600	
Less: Personal Allowance (Entitled to full amount as gross pension is £12,500)	(12,570)		
Taxable income	94,097	1,600	
NS 50,200	20%		10,040
NS 43,897	40%		17,559

S 500	0%		0
S 1,100	40%		440
			28,039
NIC	2,262 + 877		3,139
Total Tax due			31,178
Less: Payments on account			(30,410)
Less Tax Credit on interest			(320)
Balancing payment			448

Appendix 5 - Your 2025-26 tax return

	£ NS	£ S	£ D
P'ship	26,667		
Employment (64,125 + 7,200 + 1,000 + 1,000 + 3,375)	77,000		
Interest	103,667	1,600	
Less personal allowance	(12,570)		
	91,097	1,600	
NS 42,967	20%		8,593
NS 48,130	40%		19,252
S 500	0%		0
S 1,100	40%		440
Total Tax due			28,285