Institution **CIOT - CTA**
Course **Adv Tech Human Capital Taxes**

Event **NA**

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Exam ID

Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 1	**540**	**2643**	**3167**
Section 2	**1388**	**6033**	**7408**
Section 3	**959**	**4609**	**5525**
Section 4	**757**	**3421**	**4165**
Section 5	**660**	**2988**	**3623**
Section 6	**768**	**3510**	**4269**
Total	**5072**	**23204**	**28157**

Answer-to-Question-_1_

Notes:

- Disguised remuneration rules? Ch 7A take precedence over share code?

As the shares are employment related securities subject to a forfeiture clause, they will therefore be restricted securities.

At the time when the shares were awarded to Maya, the company was not a listed company, therefore the shares were not readily convertible assets. There will be no requirement to process the amount chargeable to employment income through PAYE, and no Class 1 NICs implications.

There will be a charge to employment income at acquisition, as the forfeiture clause is for 6 years (over 5 years). This will be the restricted market value of the shares at the time of acquisition, less any amount made good by Maya.

Restricted Market value (£10 x 2,000)	£20,000		
Less: amount made good by Maya	-		
Amount chargeable to employment income	£20,000		

Amount charged to tax as a percentage:

Unrestricred MV (2,000 x £12)	£24,000		
Amount charged to income tax	£20,000		

£20,000/£24,000 = 83% charged to tax.

This should have been charged to employment income in the 2017/18 tax year. However, as the shares are not RCAs, there is no requirement for PAYE and NICs to be operated on these amounts.

Instead, Maya should have reported this income on her self-assessment return by 31 January 2019.

However, Duggee Ltd should have reported the award of the options to HMRC via their employment related securities (ERS) report for 2017/18, due 6 July 2018.

If this has not been reported, then HMRC will issue penalties for the late submission of the return (£100 immediate penalty).

There will be a further chargeable event when the restriction lifts on 1 February 2024.

At this point, the amount chargeable to employment income should have been the percentage of the original unrestrcited market value not charged to tax times the current market value of the shares:

17% not charged to tax (see above) x (2,000 x £14) = £4,760.

Again, as the shares are not RCAs, these are not subject to PAYE and Class 1 NICs, but should have been reported on Maya's self assessment return for 2023/24 (due 31 January 2025).

[Sale chargeable event]

<u>Reporting Requirements</u>

The lifting of the restriction in February 2024 should have been reported on Duggee's ERS return for 2023/24 (due 6 July 2024).

In the years between 2017/18 and 2023/24, nil ERS returns should have been made by 6 July following the corresponding tax year.

s.431 Election

A s.431 election is an election made jointly by the employer and employee to disregard all restrictions on the shares.

Therefore, had Maya and Duggee made this election, the amount chargeable to income tax by Maya would have been the unrestricted market value at the date of acquisition, less any consideration by the employee:

MV at acquisition (£12 x 2,000) - 0 (amount made good) = £24,000

This would mean that, as the value of the shares have increased, Maya would have paid less income tax on the shares had a s.431 election been made.

There are no specific reporting requirements for a s.431 election, but it must be made within 14 days of the grant of the shares, and cannot be made retrospectively. Both employer and employee should keep a record of the election made.

--------------ANSWER-1-ABOVE---------------

--------------ANSWER-2-BELOW---------------

Answer-to-Question-_2_

Notes:

- Work out UK liability - will be UK res?

- If overseas when made redundant, FSR on termination payment.

Liability to UK tax is dependent on the individual's residence status. Residence status is determined by the UK statutory residence tests.

2023/24:

Although the BlueCo Ltd expected Rikka to be to be non-UK resident under the full-time work abroad rules, as she has spent more than 183 days in the UK in 2023/24, she will be considered UK resident under automatic UK test 1. She will not be eligible for the full-time work abroad test, as she will not work sufficient hours abroad for the year, nor will she have fewer than 30 UK workdays.

Therefore, she will be statutory UK resident in 2023/24, as well as Swiss tax resident. As there is a UK/Switzerland double tax treaty (DTT), her treaty residency status will therefore need to be reviewed.

Under Article 4 of the UK/Switzerland DTT, Rikka will be considered to be resident of the state in which she has a permanent home available to her. As she has a home available to her in both the UK and Switzerland during this time, she will be considered to be resident wherever her personal and economic relations are closer. As her husband and daughter do not move to Switzerland until the 2024/25 tax year, her personal connections are closer to the UK. ALthough her economic connection through work is in Switzerland, as this is a temporary assignment, it can be concluded that the UK is where her centre of vital interests lie. She will therefore be treaty resident in the UK in 2023/24.

She will therefore be liable to UK tax on her worldwide income and gains. Furthermore, as she is not eligible for treaty relief under Article 15(2) of the UK/Switzerland DTT (as her costs are ultimately borne by the Swiss entity), she is therefore liable to tax in both the UK and Switzerland.

However, under UK domestic law, Rikka will be eligible for Split year treatment in 2023/24. As she is a leaver, the cases applicable will be Cases 1 - 3.

Cases 2 and 3 are not applicable in this case, as Rikka's spouse does not move until the 2024/25 tax year, and she also does not give up her UK home. However, she will be eligible for split year treatment under Case 1 - Starting full time work abroad as she was resident in the UK in the previous year, and non-resident in the UK in 2024/25, depending on the option she picks regarding the redundancy.

Tax Compliance

If she elects to be made redundant in the 2024/25 tax year, and will be non-resident in the UK in that period, she will be eligible for Split Year Case 1, which means that BlueCo Ltd will only need to operate PAYE on her income which relates to the UK portion of the year. If this is the case, BlueCo were correct to obtain an NT code from HMRC for this portion of the year, as there were no non-incidental (substantial) UK workdays in the period of non-residence in 2023/24, and therefore no further tax is payable for this period.

As Rikka is liable to tax in the UK in 2023/24, BlueCo should be operating payroll on all of her worldwide earnings if she remains UK resident in 2024/25 as she will not be eligible for Split year treatment. If they have not operated PAYE correctly, a disclosure should be made to HMRC regarding the error, and an amended FPS should be submitted for the 2023/24 tax year.

As she is also liable to Swiss income tax, BlueCo should have applied to HMRC for an Appendix 5 agreement to estimate the Swiss tax due on Rikka's earnings. Under an Appendix 5 agreement, BlueCo can estimate the amount of Swiss tax paid by Rikka and use that amount to deduct an estimated foreign tax credit from her earnings on a monthly basis. A yearly balancing review should be done by 31 May following the tax year.

However, specialist software is needed for Appendix 5 Agreements, and this may not be practical for BlueCo to operate, nor cost effective. If this is the case, as Rikka is not eligible for treaty relief, she can claim a unilateral foreign tax credit from HMRC via her self-assessment return. However, there is no guarantee that HMRC will allow this as a foreign tax credit.

- Appendix 5 considered

2024/25

Tax Compliance

Option 1:

If Rikka accepts redundancy under option 1, she will remain in Switzerland for the whole of 2024/25 tax year. This means that, in 2024/25, Rikka will be present in the UK for between 28 and 40 days (21 and 30 days, considered the redundancy for the final quarter). She will therefore not meet any of the automatic overseas tests as she was UK resident in 2023/24 (16 day limit).

She will not meet tests 1 and 2 as she was UK resident in 2023/24, and she spends more than 16 days in the UK in 2024/25. Also, as she has a significant career break (more than 30 days), she will not be eligible for the full-time work abroad test.

She will not meet any of the automatic UK tests as she will not be in the UK for more than 183 days, and she will not have a full time job in the UK in the year. Although she has a UK home, there will not be a period of 91 days in the year where she does not also have a home in Switzerland, therefore this test will not apply.

The sufficient ties test therefore needs to be considered. As Rikka was resident in the UK in 2023/24 and spends between 21 and 30 days in the UK, she will need 4 ties to the UK to be considered UK resident.

Her ties are:

- Accommodation - she has a home available to her in the UK.
- Family - her husband and daughter are in Switzerland, therefore no family tie
- 90 days - she has spent more than 90 days in the UK in the previous tax year
- Work tie - Rikka will not do more than 3 hours of work on more than 40 days in the UK in the tax year. She will therefore not have a work tie.

Therefore, she will not be UK resident in 2024/25 under the sufficient ties test.

Therefore, Rikka will only be liable to UK tax on her UK workdays in 2024/25.

If she takes up the redundancy offer whilst she is non-resident, she will be eligible for foreign service relief (FSR). However, as she has not worked 3/4 of her years outside the

UK, nor worked more than 10 years outside the UK, nor worked half of her time outside of the UK if her service is longer than 20 years, she will not be eligible for the full exemption.

Her FSR will therefore only be eligible on a proportion of the termination payment which relates to her service abroad.

Option 2

If Rikka chooses to return to the UK on 15 March 2025, she will be in the UK for 22 days between 15 March 2025 and 5 April 2025, meaning (alongisde her previous UK presence), she will be in the UK for more than 16 days for the automatic overseas tests.

However, as she will meet the second automatic UK tests, as there will be a period of 91 days which falls within the tax year where she has a UK home, 30 days of which she does not have a home in Switzerland (assuming when she leaves on 15 March, she will not have a home available to her in Switzerland).

This means that she will be UK resident in the 2024/25 tax year. Again, under this option, Rikka is liable to UK tax on her worldwide income and gains, and this should be processed through the payroll for UK tax. This will also mean that she is not eligible for Split Year treatment in 2023/24.

Again, as she is liable to Swiss income tax under this option, BlueCo should have applied to HMRC for an Appendix 5 agreement to estimate the Swiss tax due on Rikka's earnings.

[FINISH IF TIME!!!!]

--------------ANSWER-2-ABOVE---------------

--------------ANSWER-3-BELOW---------------

Answer-to-Question-_3_

Requirement 1

Relocation exemption

As Robert will be UK tax resident in 2025/26, he is eligible for the relocation exemption for qualifying relocation exepnses as he is moving further than reasonable commuting distance for the purpose of fulfilling his role.

The exemption is for qualifying expenses up to £8,000. Any amounts in excess of this should be reported on Robert's P11D and subject to income tax and Class 1A NICs [Robert not liable to NICs, so tax only].

The transport of domestic belongings is a qualifying relocation expense, as is the accommodation provided if he is not able to move into his UK home.

The purchase of the new bed will be taxable, as the exemption only covers the replacement of white goods. Furthermore, the allowance will be taxable as a cash payment and will not fall under the exemption as it is not payment or reimbursement for specific relocation expenses. The cash allowance should be reported on the FPS for tax and Class 1 NICs.

However, as the transportation of belongings only leaves £500 left of the exemption, the remainder of which is used up by the provision of accommodation, £2,900 should be reported on Robert's P11D for tax and Class 1A NICs.

However, as Robert is under an Appendix 6 arrangement, a P11D will not need to be issued. Instead, the amount should be accounted for through the modified payroll arrangement.

Overseas Work

As Robert will be UK resident but not UK domiciled, he will be eligible for the remittance basis, where he will only be taxed on income derived from UK sources, and that remitted to the UK.

As he also has overseas work (20%), he will be eligible for Overseas Workday Relief (OWR), as he has not been resident in the UK for any of the previous 3 tax years. This means that he will only be liable to UK tax for the 80% of his income which derives from UK workdays. OWR will be eligible for Robert for the first three tax years in which he is resident in the UK (2025/26,2026/27, and 2027/28). After this time, he will cease to be eligible for OWR, if he decides to continue working in the UK.

In order to benefit from the OWR and special mixed fund rules, it is advised that Robert open up a new, non-UK bank account. The special mixed fund rules mean that, rather than the normal mixed fund rules being triggered for every remittance into the UK and each individual remittance needing to be analysed, all remittances can be considered as one single remittance in the tax year.

Pension

Under Article 18 of the UK/US Double Tax Convention (DTC), Robert's pension contributions will be deductible from his UK earnings, as the US's 401k is a recognised pension scheme under Article 3 of the DTC, and Robert was enrolled in the pension scheme prior to his becoming UK resident.

Therefore, he will not be taxable on the 2% of his gross salary (£12,000) which is deducted for pension contributions.

However, under Article 18 (2)b, the relief will not exceed the relief given to UK residents. Therefore, as Robert has threshold income of over £200,000 and adjusted income of over £260,000, he will have a tapered annual allowance of £10,000. In 2025/26, Robert will be able to use his brought forward annual allowance of £10,000 in 2024/25, which means there will be no charge in this year. However, it should be noted that the annual allowance is reduced by employer contributions, so the £24,000 contributed by Robert's employer will use up Robert's annual allowance, including the previous year's annual allowance.

He will therefore suffer an annual allowance charge of 45% tax on his excess pension contributions. This is taxed as the 'top slice' of Robert's income.

Social Security Position

Robert's social security position will be determined by the US-UK Social Security

Agreement.

As Robert is normally employed in the US, under Art 4 (2) of the US-UK Social Security Agreement, he will remain subject to social security contributions in the US as his period of UK work is not expected to exceed 5 years.

He will therefore remain liable to US contributions, and not for UK NICs. A certificate of continuing liability should be obtained from the US tax authorities to evidence his coverage.

Requirement 2:

An Appendix 6 agreement means that TJCB UK Ltd can run a modified payroll arrangement for Robert.

This means that, rather than operating exact payroll throughout the year, they can make an estimate of the tax and NICs (not relevant for Robert) which are due through the modified payroll (MPAYE) each month, and after the end of the year tax year (by 31 May following the end of the tax year), they can assess the tax and NICs paid in the year and make a balancing payment if necessary.

The estimates made for the MPAYE must be submitted at the same time as the normal UK FPS (on or before date of payment to UK employees), and the estimated tax (and NICs, where appropriate) paid to HMRC by the 19th of the following month.

PAYE Calculation:

Salary (£600,000 x 8/12)	£400,000		
Less: Hypo tax (£100,000 x 8/12)	(£66,666)		
Total	£333,334		
Add: Excess relocation	£900		
Non-qualifying relocation expenses	£2,000		
Relocation allowance	£5,000		

Total	£341,234		
Add: Pension contributions not covered by AA (12,000 x 8/12)	£8,000		

Taxable total:	£349,234		
No PA as high income individual	-		
37,700 @ 20%	£7,540		
£87,440 @ 40%	£34,976		
£224,094 @ 45%	£101,842		
Tax:	£144,358		
Gross up: £144,358 x (100/55)	£262,469		
PAYE due	£262,469		

OWR:

[I NOTE I HAVE FORGOTTEN TO ADD OWR IN THE ABOVE, PLEASE SEE A QUICK CALC BELOW].

Salary (apportioned)	£400,000		
Less: OWR (20%)	(80,000)		
Amount taxable in UK	£320,000		

--------------ANSWER-3-ABOVE---------------

--------------ANSWER-4-BELOW---------------

Answer-to-Question-_4_

Notes:

- Directors bonus rules

- Restrictive covenant

<u>Bonus</u>

As the bonus relates to the period in which Dawn was a director of Spotlight plc, she will be subject to the extra requirements for receipt of money earnings for a director. This dictates when the company is obliged to report the money to HMRC as earnings for Dawn.

Under the normal rules, the money is to be treated as having been received at the earliest of:

- The time when payment is made, and (30 APril 2026)
- The time when the employee became legally entitled to the payment. (30 April 2026)

As Dawn is a director, the following rules also apply, as Dawn is deemed to have received it on the earliest of:

- The time when the sum was credited to the company accounts, (Unknown)
- If the amount of earnings for the accounting period is determined by the end of that period, then it is the end of the accounting period (N/A)
- If the amount is not determined by the end of the accounting period, then the time when the amount is determined. (31 March 2026)

The earliest of these dates is 31 March 2026, therefore Dawn will be deemed have received this amount in March 2026. It should be reported on the FPS for March, and the payment of tax and NICs due on this should be paid over to HMRC by the 19th of the following month (April 2026).

Leaving Gift

As Dawn's leaving gift of £50,000 is provided as a recognition of her service, this amount is taxable via the FPS and should be subject to income tax and Class 1 NICs.

Although there is a narrow exemption for long-service awards, this will not apply in this situation, as this is not a long-service award (the payment is not made to mark at least 20 years' service with the employer).

Therefore the £50,000 will be taxable on Dawn. However, as Dawn is a normal employee for the period in which she becomes entitled to this payment and when the payment is made, the usual receipt of money earnings apply:

The money is to be treated as having been received at the earliest of:

- The time when payment is made, and (1 July 2025)
- The time when the employee became legally entitled to the payment. (1 July 2025) - as the payment is made ex-gratia, Dawn had no entitlement to the payment before it was physically made.

The payment should therefore be reported on the FPS return in July 2025. However, as it is being issued after she has received her P45, Spotlight should operate a 0T code on the payment. Dawn will then be responsible for accounting for any tax due on the payment via her self assessment return (due 31 January following the tax year in which the payment is made - here, it will be made in the 2025/26 tax year, so due date is 31 January 2027).

Restrictive Covenant

As the payment made in shares to Dawn to discourage her from working for any competitors (a future employment), this could be considered a restrictive covenant payment.

However, the payment will only be considered a restrictive covenant if it is not otherwise taxable as employment income under any other provision in ITEPA 2003.

As the payment will be made via the award of 10,000 shares in Spotlight plc, this will be taxable first as a share award. It will be chargeable to employment income, and the amount chargeable will be the difference between the market value of the shares at the date of transfer, and the amount Dawn has paid for them (nil). The restrictive covenant rules will therefore give precedence to the rules on chargeable share awards.

As the shares are shares in a listed company, they will be considered readily convertible assets (RCAs). This means that the amount chargeable to employment income will need to be processed through the payroll and subject to PAYE and Class 1 NICs via the FPS.

As the award is being made three years after Dawn leaves spotlight, this will still class as employment income (as it is within seven years of Dawn's ceasing her employment). However, as it is being issued after she has received her P45, Spotlight should operate a 0T code on the payment. Dawn will then be responsible for accounting for any tax due on the payment via her self assessment return (due 31 January following the tax year in which the payment is made)

--------------ANSWER-4-ABOVE---------------

--------------ANSWER-5-BELOW---------------

Answer-to-Question-_5_

Notes:
- Pension scheme - Yinka should be automatically enrolled

Requirement 1:
- Cash tips are the responsibility of the individual.

Under the current arrangements, the tips that go directly to the employees are the responsibility of the employees to account for the income tax on their self-assessment returns (due 31 January following the tax year - for 23/24, 31 Jan 2025). PAYE and NICs are not due on these amounts.

<u>Plan A</u>

Plan A would constitute a tronc arrangement, as the employer does not have any role in distributing the tips to the employees. Nelo would be considered the troncmaster, and would be liable for operating PAYE on the amounts. NICs would not be due on these amounts.

Under this arrangement, Beauface Ltd should notify HMRC that there is a tronc arrangement operating in their salon. HMRC will then decide if Beauface, as the employer, needs to operate PAYE and NICs on this amount.

[MORE ABOUT REPORTING IF TIME]

<u>Plan B</u>

As the employer would be administering the tips, they would need to operate PAYE and NICs on these amounts when they are given to the employees.

These amounts would need to be reported to HMRC via the Full Payment Submission (FPS) as usual, and the tax paid over to HMRC by the 19th of the following month.

Requirement 2:

National Minimum Wage (NMW)

When Yinka began her role at Beauface, she was entitled to a NMW amount of £10.18 an hour as she was aged between 21 and 22.

From 23 March 2024, she is entitled to £10.42 per hour as she was then 23 years old.

As she is paid weekly, she has a weekly reference period.

The amount which she is receiving per hour is as follows: £10.30 (£206/20)

This amount was sufficient for NMW from 9 March 2024 - 22nd March 2024, provided no deductions were made which reduced the amount for NMW purposes. However, as Yinka is now 23, she is entitled to £10.42 per hour. The tips and gratuities received from the clients do not increase pay for NMW purposes.

Beauface have not satisfied their obligations with regard to NMW for Yinka. They will need to pay Yinka the arrears for the hours worked (an extra 12p per hour- £2.40 per week) since 23 March 2024, and notify HMRC of this error. HMRC may decide to levy reduced penalties if the disclosure is voluntary and the arrears have already been paid over.

A review of all staff is suggested to ensure all necessary arrears have been paid before the disclosure is made to HMRC. HMRC may decide to levy penalties and 'name and shame' the employer for paying under the NMW.

Automatic enrolment

As Yinka is aged between 22 and state pension age, if she earns over £10,000 per year, she will be an eligible job holder and should be automatically enrolled in the company's pension scheme.

£206 x 52 = £10,712.

Yinka will be an eligible job holder. Therefore, she should have been automatically enrolled in the company pension scheme, unless she voluntarily opted out. A minimum of 8% of her annual salary needs to be paid into her pension, of which at least 3% should be from the employer.

Requirement 3:

Cost to Beauface

Salary (£2,383 x 12)	£28,596		
Add: Class 1 Secondary on salary (£28,596 - £9,100) x 13.8%	£2,690		
Cost of products (N1)	£576		
Add: Class 1A on products (£576 @ 13.8%)	£79		
Phone bill (N2) (£52 x 12)	£624		
Total	£32,565		

The salary should be processed through the FPS as usual and subject to PAYE and class 1 NICs.

He would no longer receive tips under this arrangement.

Note 1:
The cost of the products would include VAT - per month: £40 x 1.2 = £48

Per year: £48 x 12 = £576

Note 2:
The reimbursement of a business phone plan is a tax exempt beneft. There will therefore be no CLass 1 NICs on this amount.

--------------ANSWER-5-ABOVE---------------

--------------ANSWER-6-BELOW---------------

Answer-to-Question-_6_

Notes:

- Employee benefit trusts (EBT)

- Disguised remuneration rules apply here? - ITEPA part 7A

As the Yachmaster Employee Benefit Trust is not owned or operated by the employer but was set up for the sole purpose of providing benefits to employees, it is a relevant third person for the disguised reumeration arrangement rules in ITEPA Part 7A.

This is because there is a relevant arrangement where a relevant third person takes a relevant step. When there is a relevant step by a relevant third person, then this will be taxable under the disguised remuneration rules.

A relevant step has a wide range of meanings, but essentially it means when any consideration, benefit, asset, etc is provided with the intention of providing a benefit to one specific employee.

It should be noted that the amounts become taxable on Adrian as soon as it is 'earmarked' for Adrian personally, regardless of whether he has personally agreed to receive the benefit (or even before he has received the benefit).

The value of the relevant step in each of these cases will therefore be viewed as employment income for Adrian, and should be processed through the FPS for income tax and Class 1 NICs.

It should be noted that a s.222 may arise as a result of the disguised remuneration arrangements, if Adrian does not have sufficient income to deduct the relevant tax costs and Yachtmaster accounts for the tax on Adrian's behalf.

In this scenario, the amount of tax accounted for by Yachtmaster has to be made good by Adrian within 90 days of the end of the tax year (by 4th July following the tax year), or it will constitute a separate benefit for Adrian.

[MORE IF TIME]

1 - Loan

The earmarking of the loan specifically for Adrian constitutes a relevant step under ITEPA Part 7A, if it has been specifically 'earmarked' or set aside for Adrian's use.

However, it should be noted that if Yachtmaster has only recommended the money for use by Adrian and the money has not been set aside by the trust itself, this will not constitute a relevant step under ITEPA Part 7A. However, it should be noted that, as the legislation makes a point of highlighting that the earmarking can be informal. Therefore, it is likely that this will constitute a relevant step for the purposes of ITEPA Part 7A.

The value of the relevant step here is the full value of the loan - £100,000.

Income tax at Adrian's marginal and Class 1 National Insurance Contributions (NICs - as this is chargeable as employment income) will be due on the full amount of the loan - £100,000.

If this had been provided to Adrian directly from the company, the cash equivalent of the benefit would have been the official rate of interest (2.25%) of the loan (£2,250), meaning the tax on the loan would have been much lower.

Furthermore, Adrian would not have been subject to Class 1 NICs on this amount - instead, Yachtmaster would be liable for Class 1A NICs at 13.8% on this amount (£310 - compared to £13,800 on the loan from the EBT)

2 - Yacht

As Ben is Adrian's partner, the amount will be taxable on Adrian as Ben is not an employee of Yachtmaster plc.

As the yacht has already been provided to Ben, the provision of the Yacht as the use and enjoyment of an asset constitutes a relevant step under ITEPA Part 7A. This is because the asset is made available to Ben to use and enjoy as though ownership had been transferred to him, as Adrian's partner (a connected person, or associate of the employee), without the asset actually being transferred to him.

The value of the relevant step here is the higher of the market value of the asset (£50,000) and the cost of the relevant step (4 weeks x £1,000 per week = £4,000).

The value of the relevant step is therefore £50,000.

If this benefit were provided directly from Yachmaster plc, it would be taxable as a use of asset benefit under the benefits code, at 20% of the market value at the time it is provided.

3 - Options

As these shares have been allocated to Adrian in the trust share ledger, this will constitute a relevant step for the purposes of ITEPA Part 7A.

Here, the value of the relevant step will be the cost of the shares to the trust.

If the shares had been provided directly from the company, the cost would have been the market value less any amount paid by Adrian.