

## ASSESSMENT NARRATIVE FOR MAY 2020 APS TOLC PAPER



Chartered  
Institute of  
Taxation  
Excellence in Taxation

### Structure

A simple pass or fail will be awarded.

### Identification and Application

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

1	15%	Impact of debt or equity investment into different locations and availability of tax relief on interest.
2	15%	The availability of start-up losses in each territory and how they might be utilised/relieved.
3	30%	Consideration of the different tax regimes in each territory. Undertake calculations, by reference to those different regimes, of corporate income tax payable in each territory.
4	15%	International issues arising from trading in Middleland or Commercialia, in particular transfer pricing (including impact in UK) and Controlled Foreign Companies legislation.
5	25%	Issues arising from the possible need to repatriate overseas profits back to the UK and how to do this, including consideration of withholding taxes and application of Double Tax Agreements/unilateral double tax relief.

A grade of 0,1,2,3, or 4 is awarded for each topic. The weighting is applied to that grade to produce a weighted average grade. This is then converted to a final absolute grade by rounding up or down to the nearest grade. Thus, scores in the range 2.5 to 3.49 will be a grade 3.

### Relevant Advice and Substantiated Recommendations

The following are the topics for assessment with their weightings:

1	25%	Advice on whether to invest in a separate TradeCo using debt or equity.
2	25%	If trade is carried on overseas, whether the entity used (TradeCo) should be resident in that territory, or UK resident trading through a permanent establishment. Consideration of timing and issues relating to the conversion of a UK company to a company resident overseas.
3	50%	Recommendation on which territory TradeCo should be resident, weighing up all the identified issues and impact of debt/equity, and possible permanent establishment trading advice.

The final grade will be determined for this skill in the same way as for Identification and Application.