

APPLICATION AND PROFESSIONAL SKILLS - TAXATION OF INDIVIDUALS

MAY 2025 ASSESSMENT NARRATIVE

Identification and Application

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

1	20%	<u>Residence and general liability to tax</u> Identifying UK residence position and subsequent liability to IT and CGT Identifying the Case for splitting the tax year and split year date Impact on taxation of pre-arrival earnings
2	20%	<u>Employment income</u> Calculating the net pay and whether desired net achieved Identifying NIC not included in salary figures Treatment of cash allowances Identify qualifying relocation expenses Identifying qualifying home leave expenses
3	15%	<u>PPR relief</u> Identify qualifying residences and PPR periods Day count on Cornwall house to qualify New election required
4	30%	<u>CGT calculations</u> Calculation of potential savings with each option Identify impact of NRCGT and rebasing on flat Identify impact of PPR relief
5	15%	<u>Investment income</u> Increased tax liability of rental income while resident Tax liability on UK interest income Tax liability on foreign interest income Rate of return on investments

A grade of 0,1,2,3, or 4 is awarded to 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	20%	<u>Employment income</u> Advice on secondment vs local hire Seeking employment law advice Recommendations regarding qualifying expenses Recommendations regarding direct payment vs cash allowances
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2	15%	<u>PPR relief</u> Advice on which to move into Advice on maximising PPR Advice on re-electing
3	35%	<u>Property sale</u> Recommend selling flat while non resident only Recommend selling house if flat not sold Recommend IFA advice on growth in value
4	30%	<u>Investment Income</u> Recommend use of spouse allowances/lower rate bands/RB Recommend IFA advice on specific investment choices

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