

THE MARKING OF THE APPLICATION AND PROFESSIONAL SKILLS PAPER

Introduction

In order to secure a pass in this paper, candidates are required to demonstrate competence in each of three skills:

- Structure
- Identification and Application
- Relevant Advice and Substantiated Recommendations

Structure

Structure is assessed across the answer as a whole and a pass or fail grade will be awarded. As noted above, a fail in this skill (or in either of the other two skills) will result in an overall fail. In arriving at the result for this skill, each of the following factors will be graded as either No Fault, MINOR Fault or MAJOR Fault (with a single grade for each – i.e. a candidate cannot get multiple MINOR faults on grammar and spellings for example):

- Overall format
- Introduction and conclusion
- Clear layout with headings
- Flow of answer
- Appropriate style
- Grammar and spellings
- Appropriate calculations
- Lack of irrelevant material

A candidate will pass Structure if they have either:

- 1) No MAJOR faults; or
- 2) One MAJOR fault and no more than 3 MINOR faults.

A candidate will fail Structure if they have either:

- 1) Two or more MAJOR faults; or
- 2) One MAJOR fault and four or more MINOR faults

Further narrative on what is expected for each factor is set out in Appendix A. Note that a different, but appropriate style to that adopted by the examiner will not be a fault.

Identification and Application

Identification and Application is assessed for competence across a number of broad topics within the answer. There will typically be four to six topics, which will be weighted to reflect the significance of the topic and the anticipated time required for it.

For each topic, the following factors will be considered:

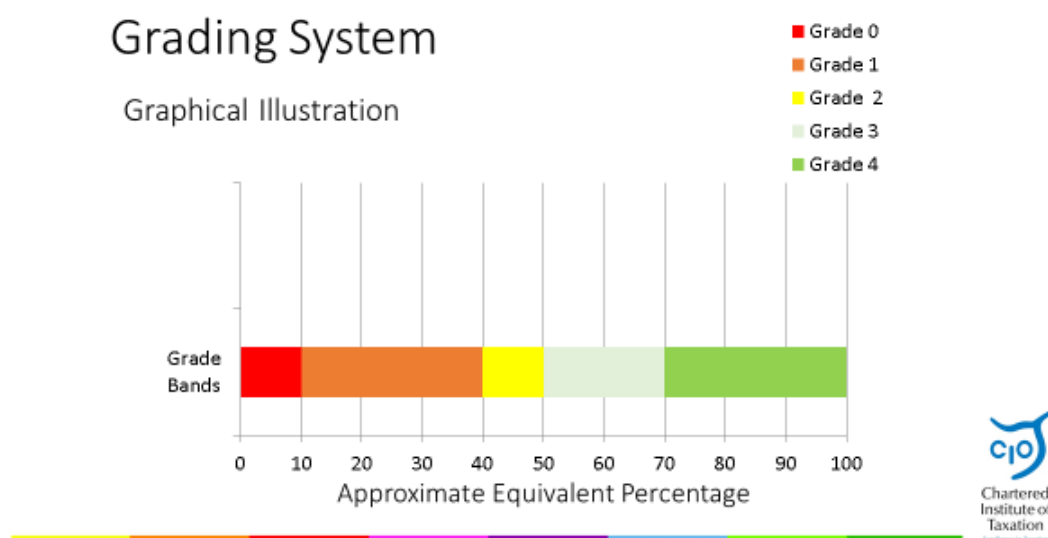
- 1) Identification of issues (20% to 40%)
- 2) Application of technical knowledge (50% to 70%)
- 3) Use of information - Reference to material in question and Use of information (10% to 20%).

The relative weighting of these factors will vary from topic to topic but typically will be in the ranges set out above.

In considering each factor for a topic, a grade will be awarded for performance of 0,1,2,3 or 4 as follows:

<i>Grade</i>	<i>Description</i>
0	Not attempted
1	Competence insufficiently demonstrated
2	Limited competence demonstrated
3	Competent
4	Highly competent

If a perfect answer represents 100%, the above grades may be considered as roughly equal to the following percentages of a perfect answer.



The total of the weighted scores for each topic will be converted to a final grade of 0,1,2,3 or 4 as follows:

Weighted Average Grade	Final Grade
0.00 – 0.49	0
0.50 – 1.49	1
1.50 – 2.49	2
2.50 – 3.49	3
3.50 – 4.00	4

As noted above, a final grade of 3 is required to secure a pass, which means that candidates must achieve a weighted average grade of at least 2.5 across their answer.

Further narrative on what is expected for each factor is set out in Appendix A.

Relevant Advice and Substantiated Recommendations

The method of assessment of this skill is the same as for Identification and Application except that there will normally be fewer topics: typically between three and four topics.

For each topic the following factors will be considered:

- 1) Questions posed by client answered AND
Client advised what to do (20%-30%)
- 2) Options weighed up AND
Recommendations and conclusions supported AND
Recommendations & conclusions (30%-50%)

- 3) Technically correct advice (10%)
- 4) Commercial advice (20%-30%)
- 5) Ethics and law (0%-10%)

Further narrative on what is expected for each factor is set out in Appendix A.

APPENDIX A - NARRATIVE ON ASSESSMENT FACTORS

Structure

Factor	Detail	MAJOR and MINOR faults
Overall format	The answer is set out in the format demanded. Thus, if it is a letter, it will be properly set out as a letter with addresses, date, "Dear X" and conclude "Yours sincerely" etc. If it is a report, it will give some indication as to what it is about and who it is for.	<p>Failure to produce an answer in the required format (for example, producing a letter when a report is required, or vice versa, or producing what is essentially a memo rather than a report) will be a MAJOR fault.</p> <p>Having adopted the correct format, errors in the format (for example, using "Yours faithfully" when the letter starts "Dear Rashid") will be a MINOR fault.</p> <p>Differences of style are not a fault.</p>
Introduction and Conclusion/Executive Summary	<p>The report or letter should contain an introduction setting out the terms of reference, information being relied on etc.</p> <p>It should also contain a summary of the key findings and recommendations in a Conclusion/Executive Summary. (the actual content of the Conclusion/Executive Summary is marked under Relevant Advice and Substantiated Recommendations).</p>	<p>Omission of either the introduction or the Conclusion/Executive Summary will be a MAJOR fault.</p> <p>Omission of elements of the introduction will be a MINOR fault.</p>
Clear layout with headings	The body of the letter or report should be laid out in a clear way with appropriate headings so that the reader can navigate around it easily and spot the key areas without reading the entire document to try to find a discussion of, for example, income tax on some employment related shares.	<p>A failure to use appropriate headings will usually be a MINOR fault.</p> <p>If the layout is extremely poor with no headings this will be a MAJOR fault.</p>
Flow of answer	<p>The answer "flows" so that a logical chain of thought is presented to the reader rather than a series of random comments (which may nevertheless be technically correct). For example, this means that:</p> <ol style="list-style-type: none"> 1) A tax rule should be explained first and then applied. 2) It may be ordered so that: all taxes on a particular topic are considered together; all topics for a tax are considered together; or perhaps all topics for a relief 	<p>Occasional elements of the answer not in a logical order will be a MINOR fault.</p> <p>An answer which is significantly jumbled will be a MAJOR fault.</p>

	are considered together. What is appropriate may depend on the question. It may also be the case that different approaches to the same question could be taken.	
Appropriate Style	The style of writing should be appropriate to what is being produced. For example, a report to a client or lay person should not contain lots of legislative references. The letter/report should not be written in the form of notes.	<p>Extensive use of brief bullet points will be a MAJOR fault. The appropriate use of lists and appropriately numbered and explained points in full sentences will not be a fault.</p> <p>Inclusion of some references will not always be a fault, particularly if there is a discussion (for example) about the application of a key case to the client's situation.</p> <p>Significant numbers of inappropriate references will be a MINOR fault.</p>
Grammar & spellings	The letter or report should be grammatically correct and free of spelling mistakes.	<p>In practice, an adviser is likely to use a spelling and grammar checker and accordingly occasional spelling and grammatical errors will not be a fault.</p> <p>A number of errors such that a client would clearly notice them will be a MINOR fault.</p> <p>Large numbers of errors throughout the answer such that it becomes a significant distraction for the client will be a MAJOR fault.</p>
Appropriate calculations	The answer should contain an appropriate level of calculations. This may mean no calculations, illustrative calculations or specific calculations. Any calculations should be linked to the narrative.	<p>Only the appropriateness of calculations is considered here. The accuracy of calculations is assessed as part of Application of Technical Knowledge</p> <p>Excessive calculations will be a MINOR fault.</p> <p>A failure to adequately link the odd calculation to the answer will be a MINOR fault.</p> <p>A failure to provide a minor calculation which might be expected but has not specifically been requested in the question will be a MINOR fault.</p> <p>An absence of calculations or illustrative calculations where required or a failure to link most calculations to the answer will be a MAJOR fault.</p>
Irrelevant material	The answer should not contain large amounts of irrelevant or duplicated material.	<p>Isolated and brief irrelevant material will not be a fault.</p> <p>An element of duplication is expected in that the Executive Summary (or equivalent) will summarise and refer to material elsewhere in the answer.</p>

		Occasional irrelevant or duplicated material will be a MINOR fault Large quantities of irrelevant or duplicated material will be a MAJOR fault.
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Identification and Application

Factor	Detail	Weighting of Factor for each Topic	Grading Guidance
Identification of issues	The issues which are specific to the client and the requirement of the question should be identified. This covers not only the requirements identified by the client but also issues which the candidate should identify from the information as important to the client.	20%-30%	1 = The issues specific to the client and the requirements of the question have not been identified or have only been identified to a very limited extent. 2 = The requirements of the question have been identified and some issues specific to the client have been identified to a very limited extent. 3 = The requirements of the question have been identified and most issues specific or important to the client have been identified including some of those which may not be spelt out in the question or referred to by the client. Explanations are of a satisfactory standard. 4 = All requirements of the question have been identified and all or virtually all issues specific or important to the client have been identified and clearly explained.
Application of technical knowledge	Technical information provided is correct and has been applied correctly to the specific circumstances of the question. As part of this, the accuracy of calculations will also be considered. However the focus is primarily on the method rather than the arithmetical accuracy. The application of knowledge includes its indirect application to other taxes which may be relevant to the scenario	50%-70%	1 = The technical information provided is largely incorrect and it has not been applied to the specific circumstances of the question 2 = The technical information is broadly correct, but it has not been provided for all issues identified or it hasn't been applied to the specific circumstances of the question. 3 = The technical information is correct except for minor points and has been provided for all issues identified and to the circumstances of the question. There may be some minor lack of clarity in explanations or in the quality of explanations. 4 = Technical information is correct except for very minor points, is applied appropriately and is clearly explained. Calculations are largely

			arithmetically correct as well as correct in their method.
Use of information	Information provided to the candidate in the question has been used appropriately.	10%-20%	1 = Little reference back to material in question nor has information in the question been used appropriately. 2 = Some attempt to refer to information provided or use information appropriately. 3 = A reasonable attempt has been made to use information provided in an appropriate way. 4 = Very good attempt to use information provided in an appropriate way.
Reference to question	Candidate has referred back to question where appropriate.		

Relevant Advice and Substantiated Recommendations

Factor	Detail	Weighting of Factor for each Topic	Grading Guidance
Questions posed by client answered	Any questions posed by the client must be answered and advice provided.	20%-30%	Key Question - "What should I do?" The key element of this factor is that the client is advised what to do. Merely answering specific factual questions posed by the client (for example, "Is transaction X taxable?") carries little weight in the assessment as this should be a given in any answer. Open questions like "should I do x or y?" require the client to be told what to do. Questions may also be implied rather than explicitly set out in the question. 1 = Some attempt has been made to answer any specific factual questions posed by the client but no attempt has been made to tell the client what they should do. Implied questions are not answered. 2 = All Specific factual questions posed by the client have been answered and a limited attempt has been made to tell the client what they should do. Some implied questions may have been identified. 3 = All specific factual questions posed by the client have been answered. A reasonable attempt has been made to advise the client what
Client advised what to do	A client comes to a Chartered Tax Adviser to be advised as to what to do. This means that they should not simply be presented with a series of factually correct observations and then left to interpret what they should do, but instead should receive considered and appropriate advice recommending what they should do.		

			<p>to do. Implied questions have been identified but the advice may not be fully developed.</p> <p>4 = All questions have been answered and good advice has been provided to the client on what to do.</p>
Options weighed up	The various options available to the client should be weighed up for the client so that the client is better able to make an informed decision. This should include the pros and cons. It should also include a consideration of any knock-on effects of the advice on other taxes.	30%-50%	<p><i>Key Question - "Why should I do it?"</i></p> <p>The key element of this factor is demonstration by the candidate of the ability to weigh up options, taking account of the pros and cons. In scoring this, the examiner will ask the question "Do I understand the issues and the rationale for the conclusions given?"</p> <p>1 = Little attempt to set out the pros and cons of the alternatives nor to weigh them up.</p> <p>2 = The pros and cons of each alternative have been set out but they have not been weighed up for importance and impact for the client. Recommendations and conclusions are not fully supported by the main body of the answer and knock-on effects of the advice have not been considered except in passing.</p> <p>3 = Pros and cons have been set out and they have been weighed up for importance and impact for the client. They will be supported by the main body of the report. Some attempt has been made to consider the knock on effect on other taxes, where relevant. The relative weighting of recommendations may not be entirely appropriate.</p> <p>4 = Pros and cons are set out and weighted appropriately for importance and impact. Good consideration has been given to knock-on effects on other taxes. The relative weighting of recommendations is appropriate and all recommendations are supported by the body of the answer.</p>
Recommendations and conclusions supported	Recommendations and conclusions should be supported by the main body of the answer.		
Recommendations & conclusions weighted appropriately	Recommendations and conclusions should be weighted appropriately for importance. Importance is likely to be financial, but it may be wider than this, for example risk.		
Technically correct advice and recommendations	Advice and recommendations provided to the client should be technically correct. That this is a grading of the advice and recommendations provided: the application of technical skills (for example to discuss either something	10%	<p><i>Key Question - "Is the advice correct?"</i></p> <p>1 = There are material failings in the technical advice provided.</p> <p>2 = Whilst the advice may largely be technically correct, on key areas there</p>

	<p>which is purely factual or as analysis before advice is covered in Identification and Application. The score will therefore mainly (but not exclusively) relate to the Executive Summary (or equivalent).</p>		<p>are areas of contradiction where the candidate seems unclear on the correct position. Alternatively, there may be incorrect technical advice on relatively minor areas which would fundamentally change the recommendations.</p> <p>3 = In relation to all key areas, the advice provided is technically correct. In some minor and unimportant areas which would not affect the overall recommendations, the advice may not be complete or technically correct. There are no significant contradictions in technical advice.</p> <p>4 = The advice provided is technically correct.</p>
Commercial and wider advice	<p>Advice provided should not simply provide an answer which produces the best tax outcome, but should also consider the wider position to ensure that the advice is appropriate.</p> <p>It <u>may</u> include a consideration of:</p> <ul style="list-style-type: none"> i. Commercial/financial outcomes ii. How HMRC may view the advice/transactions. iii. Practical/operational factors iv. Social/environmental/technical /funding issues <p>The above list is not exhaustive as the issues identified should be appropriate to the scenario. Candidates are not expected to go into depth on the above areas but should be evidencing an appreciation that their advice should not be seen in isolation. It is important to recognise that better answers will add value to the client.</p>	20% - 30%	<p><i>Key Question – “Has the candidate demonstrated a wider thought process?”</i></p> <p>1 = The advice provided is in isolation and there has been no significant attempt to consider the wider implications.</p> <p>2 = There has been a limited attempt to consider the wider implications of the advice but this is incomplete or impractical.</p> <p>3 = There has been a reasonable attempt to consider wider implications, including for example how HMRC may consider the transaction or what further advice from other professionals may be required. There may be minor elements of the advice that are not entirely commercial, or practical</p> <p>4 = There has been a good attempt to consider the commercial implications of the advice including wider issues. Advice given is commercial. The client is likely to feel that the answer has added value.</p>
Ethics and law	<p>Where the topic contains matters on which candidates are expected to comment on legal or ethical matters, credit will be available. On some topics there may be no expectation of comment and hence no credit available</p>	0%-10%	<p>1 = Some ethical and legal issues identified but with little explanation of the implications nor recommendations.</p> <p>2 = Ethical and legal issues identified with explanation of implications but little in the way of recommendations.</p> <p>3 = Ethical and legal issues identified and implications explained with recommendations made. The weighting within the answer may not be appropriate.</p> <p>4 = All elements covered appropriately.</p>

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Although there may or may not be specific information that is expected on ethics and law for which positive credit may be available, it needs to be recognised that unethical or illegal advice is a serious issue and that simply scoring 0 on a maximum of 10% of the score for a topic is not an appropriate penalty. As a result, where a candidate advises a client to undertake an illegal act or to take actions which are clearly not ethical they will be penalised by way of a downward adjustment to the score they would otherwise have achieved for this skill. Depending on the circumstances this may result in a fail irrespective of the quality of the rest of the answer. It is expected that it will be rare that this adjustment is applied.