The Chartered Tax Adviser Examination

May 2017

Suggested solutions

Application and Interaction
Question 4 - Human Capital

Requirement 1

Brenda Long
Devari Ltd
Victory House
Parkhead Place
Newtown
NT15 7RP

Marcus White
Human Capital Consulting
Stirling Way
Liverpool
L4 9XZ

3 May 2017

Dear Brenda

In response to your recent email please find our comments below.

We have provided our comments on Derek Pratt's personal matters as an appendix to this letter (Appendix 2) so that you can separate this and provide it to Derek as you see fit.

There has been underreporting of PAYE tax and NIC in connection with the LTIP awards in respect of the two individuals identified. It is possible that there have been other errors in the past in relation to this scheme. We have recommended a full review of all past scheme transactions.

Devari Ltd should have registered the LTIP as an employment related securities scheme with HMRC and undertaken the relevant annual reporting. We would also recommend bringing your compliance with the employment related securities reporting up to date.

Additionally, the information you provided has highlighted issues in the UK payroll treatment of the other remuneration being provided to the two assignees highlighted.

We would strongly recommend that you disclose and pay all underreported tax and NIC amounts as soon as possible. Our initial estimates are that just in respect of Alex Marsh and Derek Pratt there is potentially additional PAYE tax and NIC due of circa £160,000 plus interest and a potential penalty of over £40,000. You can find more detail in Appendix 1.

Additionally we would suggest that you engage us to do a full review of all your payroll processes and historic transactions so that you can identify if there are any other areas which will need rectification.

Responding to requests for information from HMRC

HMRC have indicated in their letter to you that they wish to review your payroll processes regarding the company LTIP. The inspector has requested sight of various information, including the scheme documentation.

Consideration should be given as to whether HMRC has requested information that is 'reasonably relevant' to the review. As in this case, such requests are often made informally at first and as such there is no requirement to provide the requested documents.

However, if you refuse to provide them with the requested information then HMRC can make a formal request by issuing you with a tax payer notice with a deadline for compliance. You would be required to comply with this notice unless you had grounds to believe it was unreasonable and made a formal appeal against it. There are penalties for not providing the information requested via a taxpayer notice.

In this case, the request for the scheme documents and details of the participants appears to be a reasonable and relevant request. We would recommend you cooperate fully with HMRC in this respect. Cooperation with HMRC may result in a lower penalty assessment on any underpayments.

Long-Term Incentive Plan (LTIP)

Payments from long term incentive plans can be complicated to administer correctly for internationally mobile employees. It is necessary to consider the type of award given to each individual and whether it allows them the right to acquire shares.

In the case of the Devari Inc LTIP there are two different types of scheme contained within the overall plan.

LTIP for Senior Employees

The grant of options is an "Employment Related Securities" scheme subject to specific, and complex, legislation.

We understand that no applications have been made for the scheme to have tax advantaged status in the UK. As such, the taxable employment income for the individual is calculated as the difference between the market value of the shares that they receive when exercising the option less any amount they pay the company for those shares on exercise.

To decide what proportion of this taxable income is liable to UK tax we look at the recipient's UK residence status and where they performed their employment duties in the period between the date the option is granted and the date the option vests. In certain cases this period can be adjusted by making a claim under a double taxation agreement for a different period to apply.

As the Devari Inc shares are listed on the New York Stock Exchange they are deemed to be "readily convertible assets" which means that PAYE and NIC withholding will be due from Devari Ltd at the point at which the employee exercises their option. Devari Ltd must operate PAYE on their best estimate of the taxable securities income which means they can exclude any portion of the income earned outside the UK.

NIC will be due on any proportion of the income earned at a period where the individual was subject to UK NIC. This may not be the same as the amount of income on which income tax is due.

In addition to any PAYE and NIC obligations when employees have exercised options, Devari Ltd was required to register the scheme with HMRC and complete annual reporting of various events relating to the scheme by submitting an "Other employment related securities schemes and arrangements end of year template" to HMRC online by 6 July following the end of the tax year. Reportable events include option grants, and exercises. Nil returns are required for years when no reportable events occur.

HMRC can impose penalties for failure to file this return. If the return is filed late there is an automatic £100 penalty. There are additional automatic £300 penalties at each of 3 months and 6 months late. If a return is 9 months late HMRC may issues a daily £10 penalty for each day the return continues to be outstanding.

We would recommend that you review all past and current recipients of options to analyse where there has been any under reporting in the past also and also where there are scheme participants with unvested awards or options that will require UK withholding or scheme reporting in the future.

LTIP for other Employees

The awards granted and paid to other employees are cash awards. The awards carry no right to acquire any shares. Since they are simply cash awards, they are treated in the same way as salary or bonus payments with individuals taxed via the payroll on the amount of cash received, converted into GBP sterling on the date of payment if relevant. If the individual has an NT code, Devari Ltd will not be required to withhold any PAYE tax. Otherwise PAYE should be deducted in full as normal based on the relevant individual's PAYE code.

If employees with non-UK duties have received payments under the scheme, not all of the payment may have been liable to tax in the UK. To decide what proportion was liable to UK tax we look at the recipient's UK residence status and where they performed their employment duties in the period between the date the award is granted and the date the payment is made.

In this case any UK tax liability must be calculated by the individual via their Self-Assessment Tax return. If insufficient tax has been withheld the individual is responsible for making the payment on the relevant due date. If too much tax has been withheld via PAYE the individual can claim a refund.

NIC will only be due if an individual is subject to UK NIC at the date of payment. If NIC is due on a payment it should be noted that an NT code only applies for tax and Devari Ltd may still be required to account for the employer and employee NIC due on such a payment.

Beyond ensuring that payments pass through the payroll, there is no additional reporting required for the cash awards.

For both elements of the scheme, for the future we would recommend that you agree reporting protocols with the US rewards team so that you have any information you need to make sure that your UK PAYE and reporting obligations can be met.

Issues Relating to Alex Marsh

Based on Alex's work and travel pattern, he will be considered non-resident in the UK for tax purposes throughout his assignment starting from 1 June 2014. While on assignment he works abroad full time and has limited time back in the UK.

He is working under a UK contract of employment. It appears he was ordinarily resident for NIC purposes in the UK before his departure. His assignment is to a country with which the UK has not concluded a social security totalisation agreement. As a result there has been an ongoing liability to UK NIC for the first 52 weeks of his assignment.

LTIP Participation

The payments Alex has received are considered cash awards. Both payments will be partially subject to UK tax as the period between the award date and the date of payment is split between periods of residence and non- residence. We will apportion the cash amount into taxable and non-taxable portions using workdays for the period between award and payment.

Days worked in the UK during Alex's assignment may or may not be considered taxable UK workdays for the apportionment. This will depend on the nature of the work that he undertakes in the UK on these days.

On the basis that this work is of similar or equal importance as that performed overseas, they would be considered taxable UK days. Where the workdays are considered incidental to Alex's overseas duties then they will not.

We would consider that his attendance at the conferences should be considered incidental because it is not of the same importance as his normal day to day role. However, the UK workdays that he carries out as part of his 4 week return visits to the UK should be included in the UK taxable portion of this calculation.

Notwithstanding the above, 100% of the payments should have been reported via the UK payroll and UK PAYE deducted in the absence of a correctly agreed NT code or a pre-agreed reduced withholding obligation agreed with HM Revenue & Customs.

The first payment will have been subject to UK NIC as it was made within the first 52 weeks of Alex's assignment. There will be no NIC due on the second payment as it was paid after the ongoing liability to UK NIC ended.

The use of an NT code to remove the requirement to deduct and remit PAYE to HM Revenue & Customs should only have been done with prior approval from HM Revenue & Customs.

We recommend that this case be highlighted to HM Revenue & Customs and proof of the application be given to HMRC. We would argue that this should be assumed to have been in place as Alex would have correctly qualified for an NT code. However, it is not normal to have to wait 3 years for an NT code to be issued so the HMRC officer may suggest that the company should have chased for this sooner rather than self-certifying the NT code throughout the period of Alex's assignment.

Other matters

In addition to the payments made under the LTIP, our comments on the application of the NT code would also apply to the salary payments made to Alex during his assignment.

Alex will qualify for tax relief on his contributions into the Devari Ltd pension scheme throughout his assignment. He was UK tax resident when he joined the scheme and at all points during his assignment he will have been resident at some point in the last five tax years. The company's contributions to the scheme will be exempt from tax as normal.

At this point in time, as based on the information you provided Alex's assignment is due to end in a months' time, I would recommend that a standard PAYE code is reinstated for the next payroll full

payment submission and you recommence withholding UK PAYE. If Alex's assignment is extended a fresh application for an NT code should be made as soon as possible.

I note that you say that NIC has continued to be reported and paid for Alex throughout his period of assignment. The 52 week continuing liability period for Alex ended at the start of June 2015. You should be able to reclaim any employee and employer NIC paid over to HMRC in respect of Alex after this period.

Issues Relating to Derek Pratt

Tax and Social Security

Derek will have been considered tax resident in the UK for all the years of his assignment so far as he has spent more than 183 days in the UK in each tax year from 2015/16 onwards.

It appears highly likely that he is domiciled in the UK as he was born in the UK and intends to retire in the UK.

As an individual resident and domiciled in the UK, Derek is liable to UK tax on his worldwide income (both employment and personal income) under UK domestic tax legislation.

Derek is also a tax resident of the US throughout his time in the UK. We must review the UK-US Double Taxation Agreement (DTA) to determine which country has the right to tax the different elements of his income.

As the key reason for the US tax authorities considering Derek as a tax resident under their domestic legislation is that he holds a Green Card, we should first check whether Derek has either a substantial presence, permanent home or habitual abode in the United States. As Derek's family is in the US living in the family home we can conclude that he has a permanent home in the US and that the US tax authorities are able to view him as tax resident in the US for a reason over and above his possession of a Green Card.

Under the tests in the residence article of the UK/US DTA, Derek only has a permanent home available to him in the US as his UK properties are being let out and he does not stay in any one hotel with any degree of permanency. He would therefore be considered non-resident in the UK and resident in the US for the purposes of using the rules contained within the DTA.

His UK taxable income will be limited to employment income relating to his UK workdays and personal income arising in the UK. Income relating to his US workdays and the days worked in other countries in Europe will not be taxable in the UK.

As there is a social security agreement between the UK and the US Devari Inc should have applied for a certificate of coverage for the period that Derek was assigned to the UK. This application should be made as soon as possible and back dated to the start of Derek's assignment. If this is obtained no UK NIC will be payable in respect of Derek's UK taxable employment income.

LTIP participation

As a senior employee Derek falls within the share option element of the LTIP.

With regards to Derek's incentive plan exercise in November 2016, we would consider whether it is more beneficial for Derek's UK taxable income to be calculated under the UK domestic rules (by apportionment between grant date and vest date) or whether it would be beneficial to make a claim using the UK-US DTA for the income to be calculated by apportionment between the grant date and exercise date as agreed in the exchange of notes to the treaty.

In this case by using the UK domestic rules and apportioning the income from grant to vest is likely to result in a lower proportion of the income being considered UK taxable. It is not compulsory to make a claim using the double tax agreement so I would not recommend using the treaty to override the UK domestic position.

Therefore the total gain of £70,000 is considered as being earned over the period from 15 March 2012 to 15 March 2016. We would normally use the location of each workday performed by Derek over this period to determine the amount taxable in the UK. I.e. any UK taxable workdays in the period 15 March 2012 to 1 July 2015 would be brought into the charge to UK tax.

In the absence of any detailed information regarding his travel before his assignment began the UK taxable income relating to the stock option exercise can be estimated as £9,297 (8.5 months /48 months x £70,000 x 75% UK workdays).

This best estimate amount should have been reported via the UK payroll and corrected when sufficient information known about Derek's movements and workdays over the whole of the period..

<u>UK Payroll Considerations</u>

Even though Derek remains employed by Devari Inc in the US, as he has been assigned to Devari Ltd in the UK you are responsible for recording and reporting his earnings for UK PAYE purposes.

UK PAYE should therefore have been accounted for from the first day of him working in the UK. As a default position this should have been operated on 100% of his employment income.

As Derek has already filed his 2015/16 Self-Assessment tax return, if this has reported the UK employment income correctly and he has paid the income tax on this we may be able to ask HMRC to offset the income tax paid by Derek against Devari Ltd's PAYE underpayment. Late payment penalties and interest will still be due.

This option will not be available for the later years as the tax return filing deadlines for those years have not yet passed so the taxes due on Derek's employment income must be dealt with via the PAYE system.

For the remainder of 2017/18 and beyond it would be possible to apply for a reduced payroll withholding obligation under s690 ITEPA 2003 based on his estimated UK workday proportion.

<u>Managing Worldwide Taxes</u>

As Derek is responsible for his own taxes, there are two options for administering the UK taxes during his assignment.

1) Monthly Deduction

You could arrange for Derek to reimburse the UK company for any PAYE paid on a monthly basis via an additional post tax deduction from the income delivered via his US payroll. Devari Inc would then remit this deduction to the UK company.

The main disadvantages of this approach is that there is a considerable amount of administration on a monthly basis for both companies in communicating and calculating the correct amount, in US dollars, to deduct each month.

In addition, Derek is left in a punitive cash flow position until he can claim relevant tax reliefs in both countries.

If this approach is chosen, Devari Inc's US tax advisor should be consulted to see if there is a way that the US tax withholding on Derek's earnings can be reduced.

2) Interest Free Loan

The company could assume the cash flow disadvantage by loaning Derek the UK PAYE liability each month. Derek could then repay the loan once any tax refunds become available from filed US and UK tax returns.

This option is much simpler to administer and does not adversely impact Derek.

It can give rise to a taxable employment benefit as a taxable cheap loan which could slightly increase Derek's UK taxes due. The total amount owed to the UK company should be tracked and if, at any point, the sum of all loans provided to Derek exceeds £10,000, the amount of interest forgone by the company (based on HMRC's official rate of interest) should be reported as a benefit on his P11D.

To avoid the beneficial loan employment income you could consider charging Derek interest at HMRC's official rate. This would be considered loan relationship income for the company and should be reported on your corporation tax return.

It would be prudent for the company to conclude a loan agreement with Derek to set out the repayment terms of the loan.

There may also be a US tax implication of the loan arrangement which should be checked by Devari Inc's US tax advisor.

<u>Pension Contributions</u>

The US "401k" pension scheme that Derek and Devari Inc are contributing to is corresponding to a UK registered pension scheme so it is possible to use the DTA to claim relief for both employer and employee pension contributions.

Assuming that Derek was already contributing to this scheme before he started his assignment in the UK he is eligible to claim his contributions as tax deductible in the UK. This claim is optional.

Additionally the matching employer contributions being made by Devari Inc. can be considered as exempt from UK income tax. This would be the case even if the claim for this is not made under the terms of the DTA. As the scheme is considered corresponding to a UK pension scheme we would

consider that they are exempt from UK taxation automatically as employer contributions to a scheme set up to provide death and retirement benefits.

For payroll purposes, you should operate PAYE on the full amount of Derek's UK taxable employment income without making any deductions for his individual contributions to the US pension scheme. He must make the claim for this relief on his UK Tax Return. However you do not need to include the employer pension contributions being made by Devari Inc. as taxable employment income.

We would highlight that Derek's gross earnings are such that from April 2016 he will have a reduced pension annual allowance for UK tax purposes which will limit the amount of UK tax relief he can receive on pension contributions without triggering clawback charges. He should take advice on the advisability of making a double tax relief claim for his US pension contributions from a UK tax adviser when completing his tax return.

Other Issues

The fees charged by our firm for the personal tax advice provided to Derek in relation to his UK properties, which is being paid by Devari, should be reported as an additional benefit for Derek in 2017/18 on his P11D to the extent that he does not reimburse Devari.

If you have any questions about the content of this letter please do not hesitate to get in touch.

Kind regards

Marcus

Appendix 1

Potential PAYE exposure

The table below provides an estimate of the approximate PAYE exposure in respect of Derek Pratt and Alex Marsh. The figures would obviously be increased if there have been any other employees where tax should have been withheld.

In the absence of an approved NT code for Alex Marsh or any s690 agreement for Derek Pratt we have based these calculations on the full amounts of income due to be processed through the UK payroll. In the absence of actual PAYE codes for each individual we have applied a 0T PAYE code for both in our calculations below. This means that we have calculated tax through the rate bands without applying a personal allowance.

In discussion with HMRC we would seek to apply personal allowances in these calculations where possible. As UK nationals both individuals would be entitled to a personal allowance regardless of their residency status. However in Derek Pratt's case it is likely that his personal allowance will be reduced to nil due to his income levels.

In addition to the tax and National Insurance amounts assessed as due under the review, HMRC may seek to impose penalties for any PAYE failures. As this has not been brought to their attention previously, any disclosures now would be considered a prompted disclosure.

If HM Revenue & Customs consider the failure as being careless the associated penalty would between 15%-30%. HM Revenue & Customs are then able to agree a reduction from the top level penalty if Devari tells them about all relevant errors, helps them to understand all the relevant facts and gives them all records in relation to the failure. This can contribute to a reduction of the penalty to 15%.

We would once again recommend that Devari provides a full and open disclosure of all the payments that are due (detailed below). This will not only help to reduce the overall penalty but will also avoid the failure potentially being highlighted by HMRC. If they uncover the error at a later date, a higher penalty can be expected (up to 100%).

Risk Area	Comments	Calculation	Exposure
LTIP payments	Alex PAYE	(£25,000 x 0.4) (£17,000 x 0.4)	£10,000 £6,800
	Alex employee NIC	(£25,000 x .02)	£500
	Alex employer NIC	(£25,000 x 0.138)	£3,450
	Derek PAYE	(£9,297 x 0.45)	£4,184
Salary	Derek PAYE	15/16 - £150,000 salary (£31,785 x 0.2) £6,357 (£118,215 x 0.4) £47,286 £53,643 16/17 - £200,000 salary (£32,000 x 0.2) £6,400 (£118,000 x 0.4) £47,200 (£50,000x0.45) £22,500 £76,100	£53,643 £76,100
Sub total			**£154,677**
Less employer NIC reclaim	Alex NIC overpaid	((£92,000/12)-£676) x 0.138 x 22 months	**(£21,224)**
Total			**£133,453**
Penalties on underpaid PAYE	15%-30%* 154,677		**£23,202-£46,403**

Appendix 2

Derek Pratt Personal Tax Matter

Rental profits from properties located in the UK are taxable in the UK even for individuals considered non-resident in the UK.

The Reading property is being rented at a below market value. HMRC would view this as a non-commercial lease. In this case expenses incurred are only allowable up to a maximum of the rents received and no loss would be recognised for tax purposes.

As a result it appears that Derek has understated his UK property income in 2015/16 leading to an underpayment of income tax. The 2015/16 tax return can be amended prior to 31 January 2018. This change will result in additional tax to be paid. The additional tax will also attract interest.

Derek is considered domiciled in the UK so his worldwide assets are part of his UK estate for IHT purposes.

The transfer of the Reading property to the discretionary trust would take it out of Derek's estate. This would mean that it would not be chargeable to UK IHT as part of his death estate in the event of his death.

However the transfer itself would be considered a chargeable event for inheritance tax purposes. Additionally Derek should be aware that a further charge may arise on the original settlement into trust if death occurs within 7 years of the date the property is transferred into the trust.

The transfer of the Reading property to the discretionary trust would also be considered a disposal at market value for capital gains tax purposes.

As there is an inheritance tax charge on the transfer into the trust then there is the possibility for Derek to make a claim for gift relief on the transfer. Gift relief is a deferral relief. This means that Derek will not have to pay capital gains tax at the time of the transfer. However it also effectively means that the discretionary trust receives the property with a base cost equal to Derek's purchase price plus associated costs instead of market value at the time of transfer. This will potentially increase any future chargeable gain to be made by the discretionary trust when it sells the property.

Derek is able to make the claim without the consent of the trustees. The claim must be made within 4 years from the end of the year in which the assets were transferred. The claim is optional so if Derek has capital losses brought forward or his annual exemption he may wish to consider not making the gift relief claim and allowing the trustees to receive the asset with a higher base cost.

We should note that it would not be possible to make the gift relief claim if the beneficiaries of the trust included Derek, his spouse, or his minor child. Based on the information given it would appear that his daughter is over 18 but this point should be confirmed before any action is taken. In addition it would be sensible to make sure that Derek does not have plans to add any additional beneficiaries to the trust which would fall into these restrictions. If this was done within 6 years of the property being transferred into the trust any gift relief claimed on the transfer would be withdrawn and Derek would have to pay the capital gains tax due on the transfer.

The inheritance tax charge will be based on the full market value of the property being transferred into the trust. As Derek has made no other gifts for inheritance tax purposes either in the current year or the previous 7 years before the transfer then a full inheritance nil rate band and two annual exemptions will be available to offset against this. As a result, only £44,000 would be chargeable to IHT. The rate of inheritance tax to be used will depend on whether the trustees will pay the IHT or whether Derek will pay the IHT in addition to transferring the property. If the trustees pay the IHT it will be levied at a flat rate of 20%. Unless there are already funds within the discretionary trust for the trustees to use to pay the IHT it is likely that Derek will need to finance this. In this case the IHT paid by Derek will be considered an additional element of the gift and so we will need to use the grossed up rate of lifetime IHT – 25%.

While the property is held in the discretionary trust there are various tax issues matters that the trustees should be aware of.

The trustees will have to prepare an annual income tax return to report any income earned by the trust. In this case unless the daughter starts paying a full market value rate of rent or the property is subsequently let out to a third party it is likely that there will not be any reportable income. If this comes to pass it is important to note that the income tax regime for discretionary trusts is not generous and it would be likely that the majority of any rental profits realised by the trust would be taxable at a top marginal rate of 45%.

The trust would also be subject to the principal and exit charge regime. These are additional IHT charges levied on the discretionary trust at each 10th anniversary of the trust creation date or when a capital asset (in this case the Reading property) is distributed to a beneficiary.

As described above there are a variety of UK tax implications to be aware of. There will also be legal and administrative expenses in connection with the creation and on-going administration of the trust. Derek should not forget that he is also subject to the US tax system. He must take US advice on the implications of this transfer before any action is taken.

I would recommend that Derek takes some more detailed advice from a financial advisor to discuss what his aims are in transferring the Reading property to a discretionary trust. It may be that he can achieve these with a simpler arrangement.

Requirement 2

From: Marcus White

To: Tax Partner

Subject: Advice for Devari Ltd

Please find attached the draft advice to be provided to Devari Ltd including some initial comments on Derek Pratt's personal tax queries. I have some concerns about the advice which I have detailed below. Please can we discuss.

Regards

Marcus

- We are advising a party, other than who we are engaged with, who will be receiving and relying upon the advice the firm is providing. This exposes us to potential claims against us from Derek without the benefit of any contractual protections.

- It would be preferable to have a separate engagement letter in place with him before providing this advice.

- We will also need to carry client acceptance and identification for money laundering purposes should we contract with Derek directly in relation to this advice. We could consider whether we can use confirmation of Derek's identity from Devari Ltd (as a reliable source) as meeting our obligations for customer due diligence under the money laundering obligations.

- The advice being provided with respect to the rental properties and trust goes beyond the normal topics that we would advise the company on with respect to their responsibilities as an employer. We should review the scope of services in our engagement letter with the company. We should issue a new engagement letter or updated schedule of work unless we feel that the advice being provided is covered by the ad hoc and advisory section of the original engagement letter.

- The request to help Derek is not very specific and I am concerned the company may not understand the level of fees that may be incurred for our assistance. We should discuss the scope of this additional work and explicitly agree how our fees will be charged for this.

- I do not believe we have an adequate understanding of Derek's personal circumstances, issues under consideration and Derek's objectives. I do not believe we should be giving advice on these matters without this.

- As an employment tax specialist I do not normally advise on IHT and trust matters and have concerns as to whether this is within the scope of my professional competence. We should ensure that a member of our firm who has the necessary knowledge and experience has reviewed and signed out this advice before it is delivered to our client.

You will see that the review has highlighted a considerable exposure to a PAYE failure. You may also recall that the company would like to ignore some of these past issues.

I recommend that we encourage the company to behave correctly by making a full and open disclosure to HM Revenue & Customs. We should keep records of all our discussions and advice.

At this point there is no reason to believe that they will not take our advice. However, if they do we should discuss this further and consider whether we should continue to act and if we have a responsibility to make a report to the firm's Money Laundering Reporting Officer.

Marking Guide

Topic	Marks
Higher skills and presentation marks	22
Requirement 1	
Responding to requests for information from HMRC	2
LTIP – UK Tax treatment and reporting requirements	
LTIP for senior employees – Calculating UK taxable income	3
LTIP for senior employees – Withholding obligations for Devari Ltd	3
LTIP for senior employees – NIC	1
LTIP for senior employees – Scheme reporting	4
LTIP for other employees – Calculating UK taxable income	1
LTIP for other employees – Withholding obligations for Devari Ltd	2
LTIP for other employees – NIC and interaction with NT code	1
Alex Marsh – Tax and social security position	4
Alex Marsh – LTIP participation	4
Alex Marsh – Other Matters	2
Derek Pratt – Tax and social security position	7
Derek Pratt – LTIP participation	2.5
Derek Pratt – UK Payroll Considerations	3
Derek Pratt – Management of worldwide taxes	3
Derek Pratt – Pension Contributions	4
Derek Pratt – Other Matters	1.5
Appendix 1: Potential PAYE Exposure – written element	5
Appendix 1: Potential PAYE Exposure – calculations	4
Appendix 2: Derek Pratt UK Property Considerations	
Income tax considerations on letting of Reading property	2
Transfer into discretionary trust – IHT and CGT events	3
Transfer into discretionary trust – Gift relief claim for CGT	4
Transfer into discretionary trust – Calculation of IHT charge	3
Holding the property in discretionary trust – Ongoing income tax and IHT matters	2
Requirement 2	7
Total	**100**