Candidate Number

(Ensure this number matches your candidate number on your desk label and on your candidate attendance letter)

Chartered Institute of Taxation

Excellence in Taxation

The Chartered Tax Adviser Examination

8 November 2017

AWARENESS

Module A – VAT including Stamp Taxes

2676

1. Robert began trading on 1 July 2016, making standard-rated supplies of £10,000 per month. He incurred recoverable input VAT of £500 each month on purchases consumed. In October 2016 he agreed a one-off contract and supplied an additional £40,000 of standard-rated goods. He incurred recoverable input VAT that month of £2,500.

   Robert registered for VAT from 1 July 2017. He knew that he had registered late, and so changed the dates and amounts on invoices so that it appeared he had registered on time.

   Calculate, with brief explanations, the maximum civil penalty payable by Robert for late registration.

July	10 000	~~10 000~~
Aug	10 000	~~20 000~~
Sept	10 000	~~30 000~~
Oct	40 000	~~70 000~~
Nov	10 000	80 000
Dec	10 000	90 000

He should have looked back at the end of Dec 2016, and notified HMRC by 30 January 2017, and started charging VAT from 1 February 2017.

VAT due		Output	Input
Feb 17	10000 × $\frac{1}{6}$ =	1667	500
March 17		1667	500
April 17		1667	500
May 17		1667	500
June 17		1667	500
		8335	2500

FOR EXAMINER USE ONLY

Net VAT not accounted for

Output	8335
Input	(2500)
£	5835

Penalties are calculated in accordance with the potential lost revenue

The error is deliberate and concealed.

Maximum penalty per Sch. 41 FA 2008

100% × 5835 = £5835

FOR EXAMINER USE ONLY

2.

1) Tum Ltd is a UK VAT-registered company, making wholly taxable supplies. Tum Ltd purchased goods for use in its business in October 2017 from Jolie SARL, a French company registered for VAT in France. Tum Ltd provided its VAT registration number to Jolie SARL.

2) Mattre GmbH is a German company which is registered for VAT in Germany. On 1 January 2017, Mattre GmbH started making taxable supplies of £8,000 (exclusive of VAT) per month to UK individual consumers. In October 2017, one such sale was to Jeff, who purchased goods online from Mattre GmbH, for his personal use.

You are required to:

1) Explain briefly the VAT implications of the supply by Jolie SARL to Tum Ltd.

2) Explain briefly the VAT treatment by Mattre GmbH of its sale to Jeff.

(1) This is a ~~[illegible]~~ supply from the EU to the UK, as such it is an acquisition. As it is a company and Tum have supplied their VAT number, Jolie SARL will have to pay the VAT due in the UK. Tum Ltd can account for the ~~VAT~~ input VAT incurred providing they have a receipt.

(2) This is also an acquisition but as Jeff is no VAT registered Mattre must account for the VAT due and register for VAT in the UK, especially as its taxable UK supplies exceed the UK VAT threshold for a 12 month period (they are

FOR EXAMINER USE ONLY

£96 000).

FOR EXAMINER
USE ONLY

3. Hungri Ltd had submitted VAT returns and made VAT payments on time for all periods until, and including, the quarter ended 30 June 2016. For subsequent periods, the company submitted VAT returns and made payments on the following dates:

Quarter ended	Date return submitted	Date VAT paid
30 September 2016	30 November 2016	30 November 2016
31 December 2016	15 February 2017	15 February 2017
31 March 2017	30 April 2017	15 May 2017
30 June 2017	15 August 2017	31 July 2017

Hungri Ltd's annual turnover has exceeded £1 million every year.

Briefly explain the default surcharges arising in respect of all VAT periods from 1 July 2016.

Q/E	Due date	Return late	VAT late
30/09/16	07/11/16	Yes	Yes
31/12/16	07/02/17	Yes	Yes
31/03/17	07/05/17	No	Yes
30/06/17	07/08/17	Yes	No

In respect of the first default, there will be no penalty due but a surcharge liability notice will be issued stating that any subsequent defaults in the surcharge period will be subject to a surcharge. The surcharge period is initially to 30 September 2017.

The second default in Q/E 31/12/16 will incur a 2% surcharge, the third ~~and~~ default attracts a 5% charge and the fourth default attracts a 10% charge.

FOR EXAMINER USE ONLY

Each default also extends the period of the surcharge meaning that it is extended to 30 June 2018.

HMRC will not collect the 2% or 5% surcharge if the penalty is less than £400, but given the company's turnover, this seems unlikely.

FOR EXAMINER USE ONLY

4. Abigail Ltd purchased a newly constructed freehold commercial property on 1 April 2011 paying £6 million (including VAT). Abigail Ltd rented the property to tenants until 31 March 2015. On that date, it sold the property to Bartlett Ltd, an unconnected company, receiving £6.5 million. The same tenants continued to rent the property from Bartlett Ltd until 31 March 2016.

On 1 April 2016, one tenant left, allowing Bartlett Ltd to use 25% of the property for its own trade of making taxable supplies.

Both Abigail Ltd and Bartlett Ltd are VAT-registered and have VAT years to 31 March. Neither company opted to tax the property.

Briefly explain the VAT treatment of the property from 1 April 2011 until 31 March 2017.

~~The previous owner there was an option to tax exercised~~

As VAT was paid on the acquisition of the property, Abigail Ltd can reclaim input VAT and also charge VAT on the rents.

As there was no option to tax the property, ~~As it will have charged VAT on the rent,~~ Bartlett Limited would have had to pay VAT on purchase and but not had to charge the tenants VAT. ~~continued to charge the tenants VAT~~

It could reclaim 25% of the VAT back when it made taxable supplies.

FOR EXAMINER USE ONLY

FOR EXAMINER USE ONLY

5. Leaflea Ltd, Flowet Ltd and Pine Ltd, are registered in a VAT group. They make sales which are standard-rated supplies when sold in the UK.

The sales by group companies for the quarter ended 31 October 2016 were:

	£
Sales to unconnected UK companies	80,000
Sales from Flowet Ltd to Pine Ltd at open market value	20,000
Promotional sales to unconnected UK companies – see Note	12,000
Sales to business customers in the US	5,000

Note: A discount of 5% was offered on the promotional sales (shown above before discount) if customers paid within 30 days. 25% of the sales were paid for within 30 days.

In September 2016, Leaflea Ltd discontinued a product line and gave away its remaining stock of the product to existing unconnected UK customers as free samples. The company could previously have sold this stock for £3,800.

All amounts are stated exclusive of VAT.

Calculate the output VAT payable by the group for the quarter ended 31 October 2016, showing your treatment of each item.

Quarter ended 31 October 2016

Sales to unconnected UK companies
80 000 × 20% = 16 000

Sales to other group companies
- exempt from VAT

Promotional sales
12 000 × 20% = 2400
Less discount
5% × 12000 × 20% = 120
discount × 25% = 30

FOR EXAMINER USE ONLY

Promotional sales VAT ~~2004~~ 2400
less discount ~~(25)~~ (30)
~~1978~~ 2370

Sales to business customers in ~~UK~~ US
- no VAT charged

Free samples: deemed supply
3800 × 20% = 760

Total output VAT
16000
2370
760
£19130

FOR EXAMINER USE ONLY

6. Tulisa makes taxable supplies, giving 14 days credit from the invoice date. She does not use the cash accounting scheme.

Tulisa made reduced-rated supplies to Mick on 20 February 2017 for £600 (VAT-exclusive) but has not received payment.

Tulisa made the following standard-rated supplies of goods to Simone:

Invoice date	VAT-inclusive sales
	£
31 January 2017	1,200
28 February 2017	900
31 March 2017	450
30 June 2017	150

Simone paid £900 on 15 August 2017, stating that this was in settlement of the 28 February 2017 invoice. She paid a further £840 on 15 September 2017 with no indication which invoice this related to.

On 31 October 2017, Tulisa wrote off all outstanding amounts owing from Mick and Simone.

Calculate, showing your treatment of Simone's payments, the amount of bad debt relief that Tulisa is able to claim in her VAT return for the quarter ended 31 October 2017.

20 Feb 2017 600 × 5% = £30

Simone	VAT inc.	VAT	due	outstanding
31/01/17	1200	200	14/02/17	840 paid 360 60
28/02/17	900	150	14/03/17	PAID 15/08/17
31/03/17	450	75	14/04/17	
30/06/17	150	25	14/07/17	cannot ~~£50~~ claim yet

6 months must have elapsed before she can w/o bad debt for VAT purposes

FOR EXAMINER USE ONLY

Amounts available to be written off

	VAT due
Mick	30
Simone 31/01/17	60
Simone 31/03/17	75
	165

She cannot write off Simone's 30/06/17 invoice yet as 6 months has not elapsed from the due date of payment.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

7. Rentre Ltd made the following supplies during the year ended 31 May 2017:

	£
Standard-rated supplies (exclusive of VAT)	360,000
Exempt supplies	50,000

The standard-rated supplies included the sale of a machine (which had been used as a capital asset in the business) for £10,000 (exclusive of VAT).

The input VAT incurred by Rentre Ltd during the year was:

	£
Attributable to standard-rated supplies	100,000
Attributable to exempt supplies	6,000
Non-attributable	40,000
	£146,000

Rentre Ltd had initially recovered the full £146,000 input VAT as the company had met the de minimis test in the previous year. The simplified tests 1 and 2 are not met for the year ended 31 May 2017.

Calculate the annual adjustment to be made for the year ended 31 May 2017.

Standard rated supplies 360 000
less machine sale (10 000)
350 000

Total supplies 40 0000

Residual input VAT

SR $\frac{350\ 000}{400\ 000} \times 40\ 000 = 35\ 000$

Exempt $\frac{50\ 000}{400\ 000} \times 40\ 000 = 5000$
+ 6000

De minimis = £625 / ~~quarter~~ month = £7500/annum

FOR EXAMINER USE ONLY

~~There is no annual adjustment required as they still meet the de minimis tests.~~

Total exempt input tax : 5000

6000

11 000

~~They must repay £11 000~~

The annual adjustment required is £11 000.

They have recovered £11 000 too much.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

8. Bernard uses the annual accounting scheme as he likes to spread his VAT payments as much as possible while minimising time spent completing forms.

His VAT liability was £80,000 for the year ended 31 March 2017. Bernard is expecting his VAT liability for the year ended 31 March 2018 to be £90,000. 4, 7, 10 month

Briefly explain, with supporting calculations, when Bernard's VAT payments and VAT return are due for the year ended 31 March 2018.

Y/E 31 March 2018

31 July 2017	£ 20 000
31 October 2017	£ 20 000
31 January 2018	£ 20 000
31 May 2018	£ 30 000

The annual accounting scheme allows him to make quarterly payments on the last day of the 4th, 7th and 10th month of the year in question based on a quarter of the VAT due for the previous year. A reconciliation of the amount due is then made at the end of the year and this is then payable by the end of the second month following the year end.

FOR EXAMINER
USE ONLY

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

9. Fix is a new UK charity, collecting donations of children's toys and providing them free to children in Birmingham.

Fix bought the freehold of a new building where it stores and sorts donations of toys. Fix also bought a van to collect the donations and to deliver them to children's clubs, hospitals, libraries and directly to families.

Fix has been paid to deliver welfare advice sessions on childcare matters to parents at the children's clubs. Fix bought projection equipment for use at these sessions.

Fix is not VAT registered and the trustees of Fix are concerned that VAT has not been considered previously.

Briefly explain the VAT implications of the capital purchases and Fix's income.

The annual registration threshold for VAT is £83 000, so if income exceeds this, there may need to be consideration of registering for VAT.

Under sch. 8 VATA 1994, a lot of charity activities can be zero rated (group 15).

As such, even though many of the supplies are zero rated, it will still need to consider the VAT threshold.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

FOR EXAMINER
USE ONLY

∠£lm

10. Sell plc uses a retail scheme (Apportionment Scheme 1) and has a VAT year to 31 March.

During the quarter ended 31 December 2016, the company received the following payments from customers:

	£
Cash customer sales	80,000
Receipts for credit sales made during:	
September 2016	20,000
October 2016	17,000
November 2016	25,000

The company had made credit sales of £35,000 during December 2016, and received full payment for these in January 2017.

In December 2016, a cash till containing £10,000 was stolen and not recovered. The amount had been included in cash sales above.

During the quarter ended 31 December 2016, the company made the following purchases of stock for re-sale:

	Cost (exclusive of VAT) £
Standard-rated goods	70,000
Zero-rated goods	30,000

Calculate the gross takings and the output VAT due for the quarter ended 31 December 2016.

Quarter ended 31 December 2016

Total sales

cash	80 000
credit Oct 16	17 000
credit Nov 16	25 000
credit Dec 16	35 000
Total gross takings	157 000

$157\,000 \times \frac{1}{6} = 26\,167$

Output tax = 26 167

FOR EXAMINER USE ONLY

~~Output VAT~~

Input VAT

SR : 70 000 x 20% = 14 000

Output VAT due

Output VAT	26167
Input VAT	(14 000)
	£ 12167

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

11. Noah completed the following share transactions, involving stock transfer forms, on 1 November 2016:

1) Sale of shares in Sofat Ltd to Oliver, his brother, for their market value in the form of cash of £9,600 and the transfer of a debt owed to Oliver by a friend of £4,000.

2) Gift of shares in Carpe Ltd, with market value of £7,000, to his daughter on the occasion of her marriage.

3) Transfer of shares in Tabel Ltd, with market value of £15,000, to his former wife as part of their divorce settlement.

Briefly explain, with supporting calculations, the Stamp Duty implications of the share transactions.

(1) Sale of shares to brother - connected transaction

9600 x 0.5% = £48

round up to nearest £5

= £50

- no stamp duty due in respect of the transfer of debt, only due on cash

(2) Gift of shares on marriage

- no consideration so there is no stamp duty due

(3) no stamp duty is due on transfers between spouses or transfers which

FOR EXAMINER USE ONLY

come about as part of divorce settlements.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

12. James owns many residential properties in England. In August 2016, James bought five flats on a new development as follows:

Quantity and type of flat	Consideration paid
	£
Four one-bedroom flats at £275,000 each	1,100,000
One two-bedroom flat at £380,000	380,000
	1,480,000

You are required to:

1) **Calculate the Stamp Duty Land Tax (SDLT) payable if no claims are made.**

2) **State, without further calculation, the alternative SDLT treatment available to James.**

All are purchases of additional residential properties, as such, rates are increased by 3%.

One bed flat 275 000 each

125 000 x 3% = 3750

125 000 x 5% = 6250

25 000 x 8% = 2000

12000 each

x 4 = 48000

Two bed flat @ 380 000

125 000 x 3% = 3750

125 000 x 5% = 6250

130 000 x 8% = 10400

20400

Total SDLT due = £68400

FOR EXAMINER USE ONLY

He could claim for group treatment to be made and SDLT would then be charged on the total value of the properties purchased in that month.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

THIS PAGE IS LEFT INTENTIONALLY BLANK

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Candidate Number

(Ensure this number matches your candidate number on your desk label and on your candidate attendance letter)

Chartered Institute of Taxation
Excellence in Taxation

The Chartered Tax Adviser Examination

8 November 2017

AWARENESS

Module B – Inheritance Tax, Trusts & Estates

DO NOT WRITE IN THIS AREA

1. Jan died on 14 October 2016. The executors have valued her estate at £850,000. The terms of Jan's will state that £40,000 should be left to her favourite charity, with the rest of her estate passing to her children. The executors have suggested that a deed of variation be made to make a minimal increase to the charitable legacy sufficient to reduce the rate of Inheritance Tax payable on the estate.

Jan had made no lifetime gifts and only one nil rate band available to her.

Calculate the increase/decrease in the children's legacy if the charitable legacy is increased as proposed.

1) NRB available = 325 000

Value of estate 850.000

Less NRB (325 000)

525 000

36% rate applies where 10% of net chargeable estate is left to charity.

10% × 525 000 = 52.500

Current legacy to children

850 000

(325 000)

525 000

charity (40 000)

485 000 × 40% = 194 000

FOR EXAMINER USE ONLY

Amount due to children

	850000
Less IHT	(194 000) [corrected from (87 900)]
Less charity	(40 000)
	~~718 600~~
	616 000

Amount if legacy was changed

525 000

(52 500)

472500 × 36% = 170100

New legacy	850 000
Less IHT	(170100)
Less charity	(52500)
	627400

Difference	627400
	(616 000)
	11400

Their legacy would increase by £11 400.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

2. Ethel, who has not yet died, has made the following gifts:

1 June 2016	A necklace to her niece worth £1,500 and a painting to her nephew worth £1,000
1 August 2016	Trinket boxes to each of her three grandchildren, worth £180 each
1 March 2017	£4,000 cash to her grandson as a wedding present

Ethel has made no other gifts.

Briefly explain any exemptions which may be available to reduce each of these transfers.

1 June 2016

These gifts will be reduce by Ethel's annual exemption for 16/17 of £3000. She will have £500 of her annual exemption left to use against other gifts.

1 August 2016

The boxes will be covered by the small gifts exemption which exempts gifts of up to £250 each.

1 March 2017

As she has made another gift to her grandson, the small gifts exemption in respect of the trinket box no longer applies. However it can be covered by her unused annual exemption for 16/17. £2500 of the cash gift is covered by the wedding gifts

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

exemption. The remainder of the gift (£1500), is covered by the remaining 16/17 annual exemption and also he brought forward annual exemption from 15/16 of £3000.

For IHT purposes, all the transfers are covered by exemptions and thus reduced to nil.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

3. Jack died on 18 March 2017. He had made two lifetime gifts:

20 June 2008 — A gift to his son Tom of £50,000 in cash
4 August 2013 — A gift into a discretionary trust for his grandchildren. The gift had a gross chargeable value of £411,250, including the tax paid by Jack of £17,250

Calculate the Inheritance Tax due on the lifetime gifts as a result of Jack's death and state who is responsible for paying it.

7 years

18/03/10 18/03/13 3-4 years

20/06/08 — 04/08/13 — 18/03/17

Gift to son — Gift to trust — DEATH

£50 000 — GCT £411 250

PET — IHT paid £17250

Value of PET

50 000

Less AE 08/09 (3 000)

Less AE 07/08 (3000)

44 000

no lifetime IHT

The gift to son - there is no IHT due on death as the gift was made more than 7 years prior to death therefore it is an exempt transfer.

IHT on gift to trust on death - there will be additional IHT to pay.

FOR EXAMINER USE ONLY

Gross chargeable transfer	411250
Less NRB ~~324~~ 325 000	
Less transfer (44 000)	(281 000)
	130250

IHT @ 40% = 52100

Less lifetime IHT	(17 250)
Less taper relief ①	(10 420)
	24430

Additional IHT due = £24430

This is payable by the trustees of the trust.

① Taper relief : 52100 × 20%

= 10420

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

4. The Wright Discretionary Trust (the only trust created by the settlor) had the following income for the 2016/17 tax year:

	£
Property income	10,000
Dividends	8,000

Whole starting rate band available

The management expenses paid by the trust totalled £925 for the year.

Calculate the Income Tax payable by the trustees for the year ended 5 April 2017.

2016/17 Income tax - discretionary trust

	NSI	SI	DI
Property income	10 000		
Dividends			8000
	10 000	-	8000
Less management exp.			
: 925 × 100/92.5	-	-	(1000)
Taxable	10 000	-	7000

Tax due

Trust starting rate 1000 × 20% : 200
Trust rates 9000 × 45% : 4050
7000 × 38.1% : 2667
Expenses 1000 × 7.5% = 75
Total tax due £ 6992

Income tax payable : £6992

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER
USE ONLY

5. Tony died on 11 January 2017 owning 40% of the shares in an investment company.

The remaining shares were owned by his wife (30%) and two children (15% each).

The shares in the company were valued as follows on 11 January 2017:

	£
40% shareholding	200,000
70% shareholding	410,000
100% shareholding	700,000

Briefly explain, with supporting calculations:

1) **How the shares would be valued in the death estate.**

2) **How this valuation would change if the executors of Tony's estate sold the 40% shareholding to an unconnected third party for £190,000 on 1 September 2017.**

(1) As his wife is a connected person, the value would be linked to her shareholding, as Tony would be deemed to own a share of a 70% holding in a company. The value would be calculated according to this:

$\frac{40}{70} \times 410\,000 = £234\,286$

~~Th~~ This is calculated under the related property rules.

The shares owned by his children are not related property.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(2) The executor would have sold the shares at a loss:

Proceeds	190 000
Less cost *	(234 286)
Loss	(44 286)

* cost is the probate value

They could claim fall in value relief which would reduce the value of the shares in the estate for IHT purposes.

Value in estate	234 286
Fall in value	(44 286)
Value in estate	190 000

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

6. On 1 June 2016 Billy gifted a farm in Wales to his son. The farm was originally purchased by Billy's wife, Emma, in 2006. His wife died on 22 August 2014 and left her entire estate, including this farm, to Billy. Billy's son plans to sell the farm to the tenants who have operated the farm ever since Emma purchased it.

   On 1 July 2016 Billy gifted a farm in Australia to his daughter. This farm was purchased by Billy in 2013. Billy's daughter plans to keep the farm, which will continue to be operated by Joe who occupied it on a long-term tenancy agreement in December 2016, when the previous tenant retired.

   Briefly explain whether agricultural property relief will be available for the two farms:

   1) When the gifts were made by Billy.

   2) On Billy's death assuming he dies before 1 June 2023.

(1) Wales

APR at 100% is available on the welsh farm as it is tenanted on a post 1 September 1995 lease, it is being used as a farm and the conditions have been met for at least 2 years prior to sale. Although Billy didn't own it for the whole 2 years, he inherited it so the conditions are still met.

Australia farm

APR would not be available in accordance with s. 117 IHTA 1984, as although Billy owned the farm, it was tenanted, and he would have needed to own the farm for 7 years prior to the transfer if it was tenanted in order to qualify for the relief.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(2) No APR would be available on the welsh farm as his son has sold the farm and therefore no longer own it.

APR would be available on the Australian farm if it became a failed PET and 7 years had passed since 2013.

In all of the above, APR is only available on the agricultural value of the farm.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

7. Bob made his first lifetime gift on 1 July 2016 when he gifted cash of £500,000 to his son Mark.

Mark used the money to buy the family home from Bob but Mark does not and will not live in the property. Mark agreed that Bob could continue to live in the family home until Bob dies or needs to move into a nursing home. The property could be commercially let for £24,000 per annum but Mark has not charged Bob any rent to occupy it.

Briefly explain the tax consequences for Bob of continuing to live in the property.

A pre owned asset charge will arise as Bob continues to derive a benefit from the cash he gifted as it was used to purchase a property in which he lives.

Bob will be liable to the pre owned asset charge which is a charge to income tax. It will need to be declared on his tax returns. The charge is based on the annual rental value of the property (£24000) and is taxed at Bob's marginal rate of income tax.

Alternatively, Bob could make an election for the annual POA charge not to apply, and instead for the value ~~of the~~ to be included in his estate for IHT purposes. As such, no income tax charge arises and instead an charge to IHT would arise on death.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

If Bob paid Mark full market rent to living in the property, there would be no pre owned asset charge and no IHT implications. Instead, Mark would need to declare the rental income on his tax return.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

8. At the time of her death on 14 August 2017 Hannah, who was UK domiciled, was the sole owner of a villa in Spain and the joint owner of two investment properties in the UK.

Hannah had owned the villa in Spain since 2009. This property was valued locally at £102,000 on 14 August 2017. Administration costs of £8,000 relating to this property were paid by the executors of Hannah's estate.

- max 5%

The first investment property was acquired jointly with her husband in 2004. The property was valued at £160,000 on 14 August 2017.

The second property was inherited jointly as tenants in common with her sister in 2006. The property was valued at £88,000 on 14 August 2017.

Briefly explain, with supporting calculations, how the value of each of the properties will be calculated for inclusion in Hannah's death estate.

Spanish villa

The ~~cost~~ value of the villa will be included in her death estate, this value can be reduced by the foreign administration costs but only by a maximum of 5% of the villa's value.

Value	102 000
Less admin costs Max 5%×102000	(5100)
Value in estate	96900

UK properties

The property owned jointly with ~~her~~ her husband would pass immediately to him on death and as such none of its value would be included in her estate, assuming her husband is still alive.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

The property ~~and~~ owned as a tenant in common would be included in her estate, but only her half share of the value would be included as she specifically owns that half.

$\frac{88\,000}{2}$ = £44 000 value

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

9. Stella transferred a property worth £500,000 to a discretionary trust for her grandchildren on 1 July 2017. A claim for gift relief was made to defer any gain arising and the trustees agreed to pay any Inheritance Tax due on the transfer.

Stella had inherited the asset from her husband Pat when he died on 18 December 2015. Pat originally purchased the property for £300,000 in 2008 and it was valued at £420,000 on his death.

Stella has made no other lifetime transfers.

Calculate the capital gains base cost of the property should the property be sold at a profit to an unconnected third party at a later date.

Stella would have inherited the property and as such the probate valuation would become her base cost for CGT purposes.

Deemed disposal when she put the property into trust.

Proceeds	500 000
Less cost	(420 000)
Gain	80 000

As gift relief is being claimed, the gain is heldover and reduces the trustees base cost. If they wished to sell it, their base cost is

Cost	500 000
Less gift relief	(80 000)
Base cost	420 000

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

The fact inheritance tax was immediately payable on the transfer meant a claim for gift relief could be made. The fact the trustees paid the IHT due will have no bearing on the base cost for CGT purposes.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

10. Art died on 10 September 2013 leaving a complex estate valued at £2 million which continues to be in the period of administration.

The executors of the estate have made three disposals during the period of administration, as follows:

1) Shares in Beat plc were sold on 1 May 2015 for £48,500 net of selling costs. The shares had been purchased by Art for £21,000 and were valued at £28,000 on 10 September 2013.

2) Shares in Xcite plc were sold on 1 August 2016 for £52,000 net of selling costs. These shares had been purchased by Art for £30,000 and were valued at £34,000 on 10 September 2013.

3) A racehorse was sold on 14 January 2017 for £22,000 incurring a 5% auction fee. Art had purchased the horse for £7,000 and it was valued at £10,000 on 10 September 2013.

Calculate the Capital Gains Tax payable on the disposals, if any.

(1) Beat PLC 15/16 tax year

Proceeds 48 500

Less cost (21 000)

Gain 27500

CGT @ 10% : 2750

(2) Xcite PLC 16/17 tax year

Proceeds 52000

Less cost (34 000)

18 000

CGT @ 10% : 1800

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(3) A racehorse is a wasting chattel as is therefore exempt from CGT. There is no CGT to pay on the sale of the horse.

~~Answers~~ Executors of estates have no entitlement to an annual CGT exemption.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

11. Jeannie died on 30 April 2017. Prior to her death, Jeannie inherited assets as follows:

1) On 14 February 2010, she had inherited a diamond necklace on the death of her friend Amy. At that time the necklace was valued at £25,000. Amy's total estate on death was valued at £800,000 and Inheritance Tax was charged of £160,000 in total. Jeannie still owned the necklace at the date of her death when it was valued at £42,000. More than 7 years

2) On 18 October 2015 she inherited a painting on the death of her friend John. At that time the painting was valued at £18,000. John's total estate on death was valued at £600,000 and Inheritance Tax was paid by the executors of £85,000 in total. Jeannie did not like the painting so sold it on 10 January 2017 for £20,000.

Calculate the quick succession relief available, if any, to set against the Inheritance Tax liability arising on the death estate of Jeannie.

(1) IHT charged on necklace on Amy's death

$\frac{25\,000}{800\,000} \times 160\,000 = £5000$

As she inherited the necklace more than 7 years ago, there is no quick succession relief available.

(2) 1-2 years since inheritance

IHT charged on estate attributable to the painting

$\frac{18\,000}{600\,000} \times 85\,000 = £2550$

As she has sold the painting, it will not form part of her estate for IHT purposes. As such there will be no IHT due on it and thus no quick

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

succession relief is available.

DO NOT WRITE IN THIS AREA

FOR EXAMINER
USE ONLY

12. Sean retired on 10 August 2014, transferring the business he had run for 30 years as a sole trader to his children, Annie and Matt who then ran it as equal partners. The business was valued at £450,000 on 10 August 2014.

↓ 2 years

In December 2016, Annie and Matt decided to sell the business. The sale was completed in January 2017 and Matt intends to use the whole of his share of the money from the sale to buy a 20% shareholding in Beta Ltd, a friend's unquoted manufacturing company. The purchase has not yet been finalised as Matt is awaiting the completion of further due-diligence work on the company.

Annie used the proceeds from the sale to purchase a farm. Whilst she will live in a house built on part of the land, she has agreed to lease the remainder of the farm to a local farmer.

Briefly explain the availability of business property relief on the initial transfer of the business and in the event of Sean dying before August 2021.

Sean's initial gift

BPR is available at 100% in accordance with s.105 IHTA 1984 as the transfer is a transfer of an interest in a business. The conditions have also been fulfilled for at least 2 years prior to the transfer.

If Sean died, the BPR would still be available to Matt as he had reinvested all of his proceeds from sale and therefore share in the business is replacement property which would qualify as relevant business property, being an unquoted trading company.

Annie however would not get BPR on Sean's death as she has not reinvested in

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

relevant business property. The fact that some of the reinvestment may qualify for agricultural property relief is irrelevant

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

THIS PAGE IS LEFT INTENTIONALLY BLANK

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Candidate Number

(Ensure this number matches your candidate number on your desk label and on your candidate attendance letter)

DO NOT WRITE IN THIS AREA

Chartered Institute of Taxation
Excellence in Taxation

The Chartered Tax Adviser Examination

8 November 2017

AWARENESS

Module C – Corporation Tax

DO NOT WRITE IN THIS AREA

1. Terne plc had an accounting profit for the year ended 31 March 2017 of £875,000, after deducting the following expenses:

	£
Directors' bonus payments for the year ended 31 March 2017: (Accrued at 31 March 2017 and paid on 15 October 2017)	220,000
Legal and professional fees:	
– In relation to the purchase of a second-hand warehouse on 1 November 2016	10,000
– In relation to the revision of staff contracts	12,000
Repairs to the warehouse purchased on 1 November 2016: (The warehouse was in usable condition when purchased, but on 5 November 2016 it was damaged in a fire and had to be repaired before it could be used. The warehouse had not yet been insured)	25,000
Staff Christmas party (£175 per head):	8,750

Briefly explain the treatment of each item in calculating the tax adjusted trading profit for Terne plc for the year ended 31 March 2017.

Directors bonus payments - these are allowable as they were paid within 9 months of the year end.

Legal fees
- the fees in respect of the warehouse purchase are not allowable as they are capital costs. They can instead be deducted from the proceeds if the warehouse is ever sold.
- the staff contract fees are allowable

The repair costs are allowable as it had been purchased in a usable state.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

Staff christmas party costs are not allowable as they exceed £150 per head. None of the costs are allowable (you cannot allow up to £150/head and disallow the rest).

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

2. Dove Ltd was incorporated and started to trade on 1 March 2016 and made up its first accounts to 31 December 2016. During that period, it made the following capital purchases:

		£
5 March 2016	Air conditioning system	75,000
26 March 2016	Machine	130,000
1 April 2016	Delivery van with CO_2 emissions of 165g/km	18,000

Calculate the maximum capital allowances that Dove Ltd can claim for the 10-month period ended 31 December 2016.

10 months to 31/12/16

Max AIA = 200 000 × 10/12 = 166667

	AIA	Main pool	Integral features
TWDV @ 1/03/16	-	-	-
Additions			
Air con	75 000		
Machine	91 667	38 333	
Van		18 000	
	166667	56 333	
AIA @ 100%	(166667)		
WDA @ 18% × 10/12		(8450)	
TWDV @ 31/12/16	—	47883	

Total capital allowances: 175 117

Notes

The air con is an integral feature which would attract WDAs of 8%, it is therefore more efficient

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

to use the AIA against this.

The van is plant and machinery. Its CO_2 emissions are irrelevant, and it will always be a main pool item.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

3. Swallowit Ltd was incorporated and started to trade on 1 November 2015 and made up its first accounts for the 17 months to 31 March 2017. The company made a profit in this period, but is not required to pay its Corporation Tax by instalments.

State the filing date(s) for the Company Tax return(s) and the payment date(s) for any Corporation Tax due for the 17 month period ended 31 March 2017.

17 months to 31 March 2017 will be split into two periods.

First period
12 months to 31 October 2016
~~Corp tax return due 31 October 2017~~
Payment of tax due ~~31 July~~ ~~30 [illegible] 2017~~
1 Aug 2017

Second period
5 months to 31 March 2017
~~Corp tax return due 31 March 2018~~
Payment of tax due ~~31 December 2018~~ 1 Jan 2019

Only one return is due for the whole period. Due on 31 March 2018.

The tax is due separately, however.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

4. Grebe plc is a large company for the purposes of the Research and Development (R&D) legislation. During the year ended 31 March 2017, it had a chargeable gain of £85,000 and a trading loss (after the relevant adjustments for R&D expenditure) but no claim under s.37(3)(a) CTA 2010 is to be made.

Grebe plc's PAYE and Class 1 NIC liability relating to the staff working on qualifying R&D totalled £26,000 for the year ended 31 March 2017. This has been correctly included in the qualifying R&D revenue expenditure amount which is £420,000.

Calculate the cash repayment in respect of R&D expenditure that Grebe plc can claim for the year ended 31 March 2017.

420 000 × 11% = 46200

~~R+D tax credit : 46 200~~
~~less staff cost (26 000)~~
~~£20 200~~

85 000 × 20% = 17 000
Less R + D credit (46 200)
(29 200)
Add back staff cost 26 000
Cash repayment (3200)

Repayment due = £3 200

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

5. Heron Ltd is a trading company. During its year ended 31 December 2016, its results were as follows:

	£
Trading profit	750,000
Interest receivable from investments in loan stock	120,000
Property income	350,000

These amounts are stated before taking account of the following loan costs:

On 1 July 2016, Heron Ltd took out a 10 year loan of £300,000 on which an arrangement fee of 10% was paid and interest was agreed at 6% per annum, payable annually in arrears. Heron Ltd used £200,000 of the loan to purchase a property, which was let out to tenants, and used the other £100,000 to fund working capital requirements.

Calculate Heron Ltd's taxable total profits for the year ended 31 December 2016, showing clearly your treatment of the loan costs.

10 year loan 300 000
Arrangement fee (10%) 30 000
Interest (6% pa) 18 000 pa.

2/3 loan property requirements
1/3 loan : working capital requirements

~~Taxable total profits~~ Trading profit 750 000
Interest received 120 000
Interest paid 1/3 × 18 000/2 (3000)
NTLR profit 117 000
Property income 350 000
Loan interest 2/3 × 9000 (6000) 344 000

TTP 1211 000

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Trading profit		750 000
Loan relationships		
Interest received	120 000	
Less paid $\frac{1}{3} \times 9000$	(3 000)	
NTLR profit		117 000
Property profit		
Property income	350 000	
Less interest $\frac{2}{3} \times 9000$	(6 000)	
Profit		344 000
TTP		1211 000

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

6. On 1 November 2015, Mallard Ltd sold a warehouse that had been used in its trade for £800,000. The indexed gain on the sale was £200,000.

   On 20 February 2017, the company purchased a car park adjacent to its office building for use by its staff for £700,000. On 14 March 2017, it purchased office equipment at a cost of £100,000.

   The company always defers any gains arising whenever possible.

   Briefly explain:

   1) **The conditions to be met for a rollover relief claim to be made.**

   2) **The effect on the base cost of the car park and the office equipment if a claim for maximum rollover relief is made.**

Proceeds 800 000

Indexed gain 200 000

(1) Rollover relief:

- A claim ~~should~~ can be made in respect of reinvestment in an asset acquired 12 months prior to the date of disposal or up to 36 months after the date of disposal.

- The assets reinvested in must be qualifying business assets.

- For full relief to apply, the whole of the proceeds must be reinvested, if they are not, only partial relief can be claimed.

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

2676

DO NOT WRITE IN THIS AREA

(2) The base costs are reduced by the amount of the gain rolled over. For example:

Car park
~~Office building~~
- gain rolled over

$= \frac{700}{800} \times 200\,000$

$= 175\,000$

Base cost	700 000
Less rollover	(175 000)
Adjusted cost	525 000

Equipment
- gain rolled over

$\frac{100}{800} \times 200\,000 = 25\,000$

Base cost	100 000
Less rollover	(25 000)
Adjusted cost	75 000

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

7. The recent results of Coot Ltd are as follows:

	Year ended 30 September 2014	Year ended 30 September 2015	6m ~~Period~~ ended 31 March 2016	Year ended 31 March 2017
	£	£	£	£
Trading profit/(loss)	22,000	(17,000)	(40,000)	65,000
Property income/(loss)	(2,000)	–	1,500	4,000
Capital gain/(loss)	(32,000)	–	47,000	9,000

Calculate the taxable total profits for each period, assuming the company claims loss relief as early as possible. Your answer should clearly show your treatment of the losses.

	Y/E 30/09/14	Y/E 30/09/15	6m end 31/03/16	Y/E 31/03/17
Trade profit	22 000	–	–	65 000
Property profit	–	–	1500	4000
Capital gain	–	–	47 000	9000
	22 000	–	48 500	78 000
C/Y property	(2000)			
C/Y capital loss	(20 000)			
TTP	–			
Unused cap loss to C/F	(12 000)			
B/F cap loss			(12 000)	
C/Y trade loss against property			(1500)	
C/Y trade loss against gain			(35 000)	
TTP			–	
C/F trade loss unused		(17 000)	(3500)	
B/F trade losses				(20 500)
TTP				57 500

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

Taxable total profits per period:

Y/E 30/09/14	nil
Y/E 30/09/15	nil
6mE 31/03/16	nil
Y/E 31/03/17	£57 500

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

8. Sparrow Ltd has owned an 80% shareholding in Rook Ltd for many years. Both companies are UK resident trading companies and have a year-end of 31 March.

Rook Ltd has trading losses brought forward at 1 April 2016 of £300,000. For the year ended 31 March 2017 Rook Ltd has a trading loss of £180,000 but Sparrow Ltd has taxable total profits of £540,000.

On 1 November 2016, Sparrow Ltd sold the entire share capital of Rook Ltd to Eagle Ltd, an unconnected company. Eagle Ltd has plans to return Rook Ltd to profitability by making changes to the way in which Rook Ltd conducts its trade.

You are required to:

1) Calculate the maximum amount of loss that Rook Ltd can surrender to Sparrow Ltd in the year ended 31 March 2017.

2) Briefly explain the potential impact of Eagle Ltd's plans with regards to Rook Ltd's trade on the availability of future loss relief for Rook Ltd.

(1)

Sparrow Ltd C/Y profit 540 000

| 80%

Eagle Ltd ← Rook Ltd – B/F loss (300 000)

C/Y loss (180 000)

Year end 31 March 2017

Sale : 1 November 2016

7 months owned by Sparrow Ltd

C/Y loss = 180 000 × 7/12 = £105 000

It could also transfer its brought forward loss.

Total ~~loss~~ surrendered : £405 000

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

(2) Eagle Ltd cannot utilise losses incurred by Rook Ltd before it acquired Rook Ltd.

Similarly, if it substantially changes the nature of Rook's trade in order to make it more profitable, it will not be able to utilise losses incurred prior to the change of trade. It could only use the losses if the nature of trade remained the same.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

9. In February 2011, Cygnet Ltd purchased 90% of the share capital of Goslinge Ltd. Both companies are investment companies and are resident in the UK.

   On 17 December 2011, Cygnet Ltd purchased a building for £420,000. It transferred the building to Goslinge Ltd on 22 September 2014 when the building's market value was £600,000.

   On 1 August 2016, Cygnet Ltd sold half of its shareholding in Goslinge Ltd to Duckling Ltd, an unconnected company.

   Briefly explain, with supporting calculations, the chargeable gains implications of the disposal of the shares in Goslinge Ltd in August 2016. Ignore indexation.

Cygnet Ltd 420 000

90% ↓ MV 600 000

45% Goslinge Ltd

Duckling Ltd

Transfers between connected companies are deemed to take place at market value but no gain arises and instead there can be an election for the recipient company to receive the building at the incurred cost.

As Goslinge Ltd will have been deemed to have left the group, as only a 45% connection remains which is not enough when it is sold to Duckling Ltd, a degrouping charge will arise. This

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

degrouping charge will be levied on Cygnet Ltd as it is selling the shares. The charge will be deducted from the base cost of Goslinge Ltd shares, thus increasing the gain (or reducing the loss) on the sale of Goslinge shares.

Degrouping charge = £180 000

	600 000
	(420 000)
Deemed gain	180 000

A degrouping charge arises as it left the group less than 6 years after the transfer.

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

10. Robin Ltd had the following results in its year ended 31 March 2017:

	Gross £	Overseas tax rate
UK trading profit	50,000	
Overseas property profit	200,000	23%
Overseas interest income	150,000	17%
Qualifying charitable donations	70,000	

There are no double tax treaties in place between the UK and the overseas countries.

Calculate Robin Ltd's UK Corporation Tax liability for the year ended 31 March 2017, clearly showing your treatment of the qualifying charitable donations.

UK trade profit	50 000
O/S property profit	200 000
O/S interest income	150 000
	400 000
Less QCD	(70 000)
TTP	330 000
Corporation tax @ 20% =	66 000
Less double tax relief:	
Lower of UK tax or foreign tax:	
O/S property UK tax (20%) 40 000	(40 000)
foreign tax (23%) 46 000	
O/S interest UK tax (20%) 30 000	
foreign tax (17%) 25 500	(25 500)
Total tax due	500

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

11. Florence owns 100% of Partridge Ltd, a close company, which prepares accounts to 31 March each year.

On 1 April 2015, the company made an interest free loan of £150,000 to Florence. Florence repaid £100,000 of the loan on 1 December 2016. She knew at that time that she would soon have to borrow a further £75,000 from the company in order to pay her outstanding Income Tax due on 31 January 2017.

Partridge Ltd is a small company for the purposes of payment of Corporation Tax.

Briefly explain, with supporting calculations, the effect of the repayment and further loan to Florence on the s.455 CTA 2010 tax payable by Partridge Ltd on 1 January 2017.

s.455 charge : 32.5% of loan amount

Relief from part of the s.455 charge would be due as she has repaid some of the loan.

The s.455 charge is calculated depending on the lower of the loan when it is taken out of at ~~[illegible]~~ the s.455 charge date.

Loan outstanding at 31 March 16 50 000
loan outstanding at due date 125 000

50 000 × 32.5% ∴ £16250 charge

An additional s.455 charge will be due on the £75000 borrowed in the next

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

accounting period.

75 000 × 32.5% : 24375

DO NOT WRITE IN THIS AREA

FOR EXAMINER
USE ONLY

12. Wren Ltd, a trading company, prepares accounts to 31 March each year.

    On 1 April 2014, Wren Ltd acquired a copyright for use in its trade for £200,000. Wren Ltd elected to write off the copyright at 4% per annum for tax purposes.

    On 1 September 2016 Wren Ltd acquired patent rights for use in its trade for £325,000.

    On 1 April 2017 the company sold the copyright purchased in 2014 for £350,000.

    Wren Ltd claims all beneficial reliefs.

    Calculate the taxable profit on the disposal of the copyright and state under which heading this would be included in the Corporation Tax computation.

Copyright write off

Y/E 31/03/15 200 000 x 4% = 8000

Y/E 31/03/16 200 000 x 4% = 8000

Y/E 31/03/17 200 000 x 4% = 8000

Total w/o at sale 24 000

Proceeds of sale 350 000

Less cost 200 000

Less w/o (24 000) (176 000)

Gain 174 000

Claim for rollover relief on intangible fixed assets - the gain rolled over is frozen until the earlier of:

- sale of new IFA
- IFA no longer used in trade
- 10 years

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

DO NOT WRITE IN THIS AREA

Amount of relief

$: \frac{325\ 000}{350\ 000} \times 174\ 000$

$= 161\ 571$

Amount of profit chargeable now:

Profit	174 000
Less relief	(161 571)
	£ 12 429

This is included as profit on intangible fixed assets (IFAs)

DO NOT WRITE IN THIS AREA

FOR EXAMINER USE ONLY

THIS PAGE IS LEFT INTENTIONALLY BLANK