

May 2025

Application and Professional Skills Taxation of Owner-Managed Businesses

Assessment narrative

Structure

A simple pass or fail will be awarded.

Identification and Application

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

1	15%	Income Allocation to Fred
		<i>Treatment as employee and as partner. Loss reliefs available to Fred, particularly in early years. Employment Allowance rules re employee salary.</i>
2	30%	Partnership Capital Allocation
		<i>Different treatment for income/capital, capital disposal – reliefs available, IHT PET APR/BPR on death</i>
3	20%	Disposal of land
		<i>Sale for CGT, BADR relief</i>
4	25%	Gift of outbuilding
		<i>CGT on gift, gift relief, IHT PET, CGT on later sale</i>
5	10%	Other tax matters
		<i>VAT issues re building, CIS status, VAT and Income Tax notification requirements</i>

Relevant Advice and Substantiated Recommendations

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

1	25%	Allocate share to Fred – income
		<i>Loss relief, flexibility and savings for % share, need to work more than 10 hours, more incentive for Fred</i>
2	403%	Allocate share to Fred – capital
		<i>Use of 5% share for BADR, use of partnership agreement</i>
3	35%	Gift outbuilding
		<i>Earlier rather than later, utilise gift relief, protect against IHT changes</i>