

Sample Professional Responsibilities and Ethics CBE – Answers

For Exams from 1 March 2024

- 1)
 - A. A member must not knowingly fail to provide relevant information
 - B. A member must not obtain work in any unprofessional manner
 - D. A member must not knowingly make any statement which is misleading

- 2)
 - D. A member is responsible for their own work and that of their employees and subcontractors

- 3) absolutely no payment

- 4)
 - A. The CIOT or ATT
 - B. Themselves
 - D. The tax profession

- 5)

True = To take due care in their professional conduct and professional dealings

False = To be courteous to all with whom they come into contact in the course of their personal capacity and professional work

- 6) Courtesy

- 7)
 - A. Both 1 and 2

- 8)

True = It sets out the scope and nature of the assignment

True = It is likely to be an important document in any dispute

- 9) B. The member should exercise sufficient supervision to ensure that the work performed is satisfactory
- 10) True = A member who is with a firm which is a member of a DPB may carry out exempt regulated activities
False = Membership of the CIOT or ATT gives authority to provide all of the services regulated under the FSMA 2000
- 11) A. So that the member is able to defend any allegation of negligence
B. So that the member, their colleagues and successors, can access a record of the client history to inform future client service
C. So that the member is able to resolve any misunderstandings or complaints, including in relation to fees
- 12) A. The alternatives open to the client
B. Relevant caveats and exclusions
D. The risks associated with the advice
- 13) B. consider whether there is any conflict of interest in accepting the client and, if so, whether and how it might be managed
- 14) False = FATCA status must never be shared with other financial institutions
False = All clients and entities will be within the scope of FATCA
- 15) 6 monthly intervals

- 16) B. Written instruction via a letter
- C. Written instruction via email
- D. Under the terms of the letter of engagement
- 17) B. A financial involvement with a client may impair a member's ability to act objectively
- C. A financial arrangement includes investing in the business of a client
- D. If a client is offered a payment by instalment facility there is a potential need to apply for a consumer credit licence
- 18) True = Failure to respond to correspondence from the TDB without unreasonable delay is a disciplinary matter
- False = If a client is slow to pay, a member can always settle the fee from monies held on behalf of the client
- 19) True = A member will usually incorporate payment terms into the letter of engagement
- False = All working papers relating to the complaint must automatically be sent to the TDB
- 20) A. There must be adequate disclosure of all relevant facts to both parties and both clients must be given the opportunity to consider whether they wish the member to act
- 21) False = The VAT records of a business
- False = The books of a registered company that have to be available for public inspection

- 22) Is a reason = It may be misleading, either directly or by implication
- Is a reason = It fails to comply with the requirements of the Advertising Standards Authority's Code
- 23) B. Disassociate themselves from the matter
- D. Consider seeking alternative employment
- 24) D. Subject to what is in clients' engagement letters, Janet could be sued jointly or severally with her employer
- 25) Correct = Fees received for subcontracted work must be included in gross fee income for PII purposes
- Incorrect = It is always acceptable to simply opt for the minimum PII cover without further assessment
- 26) A. Members who do not work providing taxation services but use the designation CTA or ATT must undertake CPD
- B. An ATT member studying for the CTA exams is within the scope of the CPD regulations
- C. Members should include an element of professional standards material in their CPD
- 27) A. The records should show the date the CPD was undertaken
- B. The records should show the details of the learning or activity
- D. Members should be able to explain why the level of CPD is appropriate
- 28) B. PII cover is required for 6 years after Taran ceases to trade

- 29) True = John's fee income increases to fees of £90,000 per year
False = John takes a partner into the practice, but the overall fee income remains the same
- 30) D. To provide an exhaustive list of circumstances which may pose a threat to the Fundamental Principles and Standards
- 31) the profession
- 32) A. Both 1 and 2
- 33) True = Tax planning should be based on a realistic assessment of the facts and on a credible view of the law
True = Members should draw their client's attention to where the law is materially uncertain
- 34) C. If it is a reasonable assumption that the FHL conditions will be met, Alena can provide advice on this basis, but should state the assumptions made and the need for specific advice if circumstances change
- 35) True = Any legal implications of approving the return, both for the practice and themselves as the individual signatory
True = Their legal authority to approve the return
- 36) A. Is the promoter subject to a monitoring notice within the POTAS regime?
C. Is the arrangement client specific rather than a generic packaged scheme?
D. Is the arrangement compatible with the Standards for Tax Planning?

- 37) True - it is an acceptable way = By text
- True - it is an acceptable way = In a telephone conversation, transcribed into a file note by the member
- 38) A. The approach taken in other clients' filings
- 39) C. Jonah may continue to act for the client if he is satisfied with the explanation
- 40) True = Emily should exercise appropriate professional scepticism when claiming the expenses
- False = Emily is required to verify information provided by the client
- 41) B. Will the tax planning result in a one-off tax saving or ongoing tax savings for the client?
- 42) True = Neglect of a member's own tax affairs could bring their professional body into disrepute
- False = A member in dispute with HMRC regarding their own tax affairs should always engage an agent to represent them
- 43) C. Legal privilege may be overridden if this is set out in legislation
- 44) B. she only suspected that the client was engaged in money laundering
- 45) If convicted of an offence, the maximum punishment is up to 14 years' imprisonment and/or an unlimited fine.

- 46) B. The MLRO can appoint deputies and delegates to undertake work associated with the role
- 47) AMLGAS does apply = Auditors
AMLGAS does apply = Insolvency practitioners
- 48) A. Customers
B. Products or services
D. Delivery channels
- 49) A. Crime
C. Proceeds
D. Suspicion
- 50) B. Privileged reporting exemption