

ASSESSMENT NARRATIVE FOR HC APS

NOVEMBER 2023

Structure

A simple pass or fail will be awarded.

Identification and Application

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

1	30%	Identify the income tax and NIC treatment of CSOP and unapproved share options including the requirement to operate PAYE on the basis that shares are likely to be readily convertible assets.
2	30%	Identify the tax and NIC treatment of restricted shares when awarded and when restrictions lapse. Discuss the impact of a s.431 election and identify the advantage if accepting managements proposals.
3	10%	Identify the corporation tax aspects of the share options and restricted shares.
4	20%	Identify the tapered Annual Allowance for CEO and CFO and impact of that on pension contributions. Candidates should also identify the implications of paying salary on employer NIC costs.
5	10%	Identify at a general level that the auto-enrolment rules need to be complied with and employees must be automatically enrolled in a pension scheme.

Relevant Advice and substantiated Recommendations

The following are the topics for assessment with their weightings:

1	65%	Recommendations to the company with appropriate (general) estimates explaining which option is cheaper for the company and which is more tax efficient for the management team. Practical and commercial advice is given on providing options compared to restricted shares.
2	35%	Recommendation on whether the use of an EFRBS is preferable to replacing pension contributions with salary. Advice given on the practical and commercial considerations of providing an EFRBS compared to cash.