

ASSESSMENT BASIS FOR NOVEMBER PAPER – TAXATION OF LARGER COMPANIES AND GROUPS

Structure

A simple pass or fail will be awarded.

Identification and Application

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

1	15%	Identifying issues arising from the acquisition of Macduff Ltd and the higher tax rate that will apply if no reorganisation
2	20%	Identifying the UK tax issues that arise from the transfer of the existing branch operations and applying through a consideration of tax rates and the possibility of a permanent establishment exemption election.
3	25%	Identifying the UK tax issues that arise from the incorporation of the existing branch operations as subsidiaries of the UK and applying through a discussion of anti-avoidance rules
4	20%	Identifying and discussing the issues associated with the loss-making operations, including the impact of losses on a permanent establishment exemption election.
5	20%	Identifying and applying the need for funding for the expansion and restructuring plans, consideration of the level of debt, and possible impact of corporate interest restriction rules

A grade of 0,1,2,3, or 4 is awarded for each topic. The weighting is applied to that grade to produce a weighted average grade. This is then converted to a final absolute grade by rounding up or down to the nearest grade. Thus, scores in the range 2.5 to 3.49 will be a grade 3.

Relevant Advice and Substantiated Recommendations

The following are the topics for assessment with their weightings:

45%	Advice and recommendations on the acquisition of Macduff Ltd and whether it would be better to transfer existing branch operations or to incorporate subsidiaries under the restructuring plan.
25%	Advice and recommendations on the approach to the future expansion plan.
30%	Advice and recommendations on financing of the restructuring and expansion plan, including whether the plans should be debt or equity funded.

The final grade will be determined for this skill in the same way as for Identification and Application.