

**APPLICATION AND PROFESSIONAL SKILLS
TAXATION OF OWNER-MANAGED BUSINESSES**

ASSESSMENT BASIS FOR MAY 2021 PAPER

Structure

A simple pass or fail will be awarded.

Identification and Application

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

15%	Identify options regarding funding the business expansion and issues regarding asset selection.
25%	Identify the options regarding choice of business medium to use for business expansion and reducing personal risk exposure.
30%	Identify the issues regarding how an incorporation should proceed including any initial CGT, profit extraction and ultimate business sale considerations.
15%	Identify income tax consequences of incorporation (income tax, capital allowances, stock).
15%	Identify other tax issues arising

A grade of 0,1,2,3, or 4 is awarded to each topic. The weighting is applied to that grade to produce a weighted average grade. The total of these scores 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:

15%	Advice and recommendations regarding selecting asset to dispose to fund business expansion.
30%	Advice and recommendations regarding choice of business medium and how personal risk exposure can be reduced.
35%	Advice and recommendations regarding how an incorporation should proceed.
20%	Advice and recommendations regarding income tax and other taxes upon an incorporation.

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