

APPLICATION AND PROFESSIONAL SKILL – HUMAN CAPITAL TAXES ASSESSMENT NARRATIVE

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 tax and NIC treatment for the options for termination payments including items which should be taxed as earnings and how payments on disability are made. Identify the ability to pay into pension and provide non-taxable elements of the termination package.
2	20%	Identify the PAYE & NIC reporting requirements for termination payments including NIC rules from April 2020, timing regard operation PAYE and how reporting is needed to HMRC. Identify how employees leaving the business should be treated for PAYE purposes.
3	20%	Identify the PAYE reporting for benefits in kinds including P11D and those provided after employment ends. Identify optional remuneration regarding company car v cash.
4	10%	Identifying employment law aspects relating to termination of employees such as need for compromise agreement and employment law advice.
5	10%	Identifying corporation tax aspects on the redundancy payment including deduction of expenses for business ceasing to trade, restriction of relief and impact of paying from parent or subsidiary.
6	10%	Identifying the corporation tax impact of loss relief including restrictions on pre 1 April 2017 periods and carry back of loss relief. Identifying long accounting periods and transfer of assets within group at no gain/no loss.

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:

1	60%	Recommendations to the business as to which option is better for them explaining why. Advising the business that payments on disability should be made. Advice regarding practical aspects such as rulings and operation of PAYE and Class 1A, Advice on tax-free or tax efficient items which could be included in the compromise agreement such as pension and outplacement and retraining services,
2	20%	Advice and recommendations on which entity should make the payments, timing of payment, impact on gross loss relief and transfer of assets.
3	20%	Recommendations that employment law advice should be sought to draw up compromise agreements and other practical aspects for example, independent financial advice for pensions and checking entitlement to remain in private medical scheme. Recommendations regarding company car v car amendments to P11Ds & disclosure to HMRC.

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