

November 2023 OMB APS Assessment Narrative

Structure

A simple pass or fail will be awarded.

Identification and Application

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

1	25%	R&D tax relief
		Both revenue enhancement and 100% capital allowances
2	25%	Roll over relief
		Qualification for roll over, requirement for same company and must exceed base cost of original asset
3	15%	Employment related securities
		Application of rules, exemption of family relationship, s.431 election, readily convertible assets, possible PAYE, post transaction benefits
4	17%	Substantial shareholder exemption
		Tax free in the event of a sale of a qualifying subsidiary. Any losses similarly exempt
5	18%	Non residence
		Possible free of UK CGT, impact of return to UK, consider tax regime in country of residence

Relevant Advice and Substantiated Recommendations

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

1	55%	Advice on operating structure
		Consider operation as a division, subsidiary or stand-alone company. Use of R&D relief, trading losses, also losses in the event of failure. Requirement to operate arms' length. Consideration of funding under each structure
2	35%	Advice on realising profit in the future
		Income tax or capital gain, BADR, ring fencing existing value for Tim, buy back of shares, non-residence
3	10%	Advice on optimum shareholdings
		Minority shareholding up to 25% allows group relief and roll over relief. Direct participation by Tim could jeopardise any group relief and roll over relief if WA Ltd holding falls below 25%