

## ASSESSMENT NARRATIVE - APS VAT MAY 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.	VAT 35%	Identifying and applying the tests for “taxable person” and whether the asset is a business asset supplied in the course or furtherance of a business; identifying and applying the rules governing the entitlement to deduct input VAT.
2.	VAT 25%	Identifying and applying the charge to VAT; identifying and applying rules governing VAT exemption (including when VAT is “non-deductible”); identifying and applying rules for zero-rating of export sales and sales by a charity of donated goods. Whether eligible for the Margin Scheme or Auctioneer’s Scheme
3.	Income tax/NICs 15%	Identifying and applying the tests for whether a transaction is “trading”; liability to (or exemption from) income tax; allowable expenditure; NICs.
4.	Gift Aid 15%	Identifying and applying the rules governing eligibility for Gift Aid relief, including the benefits enjoyed by an additional rate taxpayer and a UK/EU donee charity.
5.	Other Matters 10%	Identifying the tax treatment if the asset is private, including liability to, or exemption from, CGT; identifying other possible options to secure objective; other miscellaneous commercial or compliance points;

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. Thus, scores in the range 2.5 to 2.9 will be a grade 3.

### Relevant Advice and Substantiated Recommendations

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

1.	VAT 30%	Advising on the arguments as to whether the asset is business or private having regard to the available evidence and the likely approach of HMRC; and making appropriate recommendations.
2.	VAT 30%	Advising on the VAT liability of sale/disposal of the asset, its valuation, calculation and deduction of VAT, likely approach of HMRC; and making appropriate recommendations.
3.	Income tax/Gift Aid 25%	Advising on the interaction between income tax and Gift Aid relief in the case of an additional rate taxpayer; and the claim which the charity may make to HMRC; making appropriate recommendations
4.	Other Matters 15%	Advising on other possible options such as a straight donation and the associated tax consequences

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

Credit will be given for other valid recommendations supported by appropriate reasoning.