

Personal tax– advice on extended writing tasks

There's only one task in the Personal tax computer based assessment (CBA) that may need you to provide a written response. Karen Boyd, the Chief Examiner, offers some tips to help you understand the best way to answer this task, which will always be marked by an AAT assessor.

Layout of answer

Before we look at the technical aspects of this task, we should begin by considering the practical issues.

Firstly, it's important you understand that the software in which you are answering the task is **not** Microsoft Word. So there's no:

- spell checker
- grammar checker
- automatic correcting of typos.

You won't see any different coloured lines highlighting any of these issues. It's quite clear from assessments we've marked so far that too many students are not proofreading their answers, and are failing to correct obvious mistakes.

So, when you type:

"I DON'T LIKE ANWSERING WRITEN QUETSIONS."

... this is exactly how it will look to the assessor. While the sentence can be read and understood, it's poor practice and would certainly not be allowed in the workplace.

You **must** proofread what you've written and correct any obvious spelling and grammatical errors. There's often a mark for presentation of the answer, and the assessor is looking for whether the way you've presented your work would be acceptable in the workplace. This mark is independent of the technical answer, and what we look for is whether a client would find the answer acceptable from a visual perspective.

Length of answer

It may not be obvious when you first look at the answer box on the screen, but this is a never-ending answer box. When you get to the last visible line, you can scroll down for extra writing space. So don't start your answer assuming that it needs to be condensed or short.

You should also remember that in many cases, the model answer the assessor is working from is in much more depth than the answer you'd need to give to gain full marks. It's acknowledged that it can be very difficult to write every aspect of all the areas applicable in a written question, and usually it's not necessary to do so.

Before you start to type

You **must** read the question in detail. We've noticed that students often scan read a question, decide what it's about in an instant and then write the answer without giving any thought or consideration to the details. You should:

- read through once to get the general feel of the question
- read through again, slower this time, concentrating on key words or phrases
- plan your answer, ensuring all key areas are covered
- decide the structure of your answer, considering where you'll use things like an email, a memo or bullet points
- type up your answer
- proofread your answer, correcting any errors.

Too many times it would seem that students only follow the fifth of these points. If you do this it **will** affect your marks.

Consider exactly who you're writing to. Most likely it will be a client, so this needs to influence your approach.

Remember, if the client is writing to you for advice, they don't know the answer. We often see students give half answers which the assessor will understand, but which a client would not. As a result, they lose marks.

Similarly, be sure to avoid:

- abbreviations
- technical jargon
- SMS/text message speak.

Technical content

What exactly are you going to write?

Let's take the written task from the sample assessment, updated for the Finance Act 2012.

Shania has written to you with the following query:

"I am writing to you for some clarification on my father's tax affairs. He is no longer capable of handling his own money, and I have a letter of authorization allowing me to deal with his tax matters.

I have received notification from HMRC of how much tax he has to pay for 31 January 2013. It says he owes £1,400 from 2011/12, and needs to pay £3,500 for 2012/13. I thought he had paid all the tax due for 2011/12, so I don't understand what the £1,400 is for. Also, I know that he has hardly any income this tax year, so where does the £3,500 come from?

If you could explain this to me, it would be much appreciated."

You need to respond appropriately to her query.

Let's break this task down to see exactly what you need to do.

The first line is an introduction only, and gives you the name of the person you are addressing.

The first paragraph of her query is also background, but lets you know two things.

1. It's fine to discuss the father's affairs with Shania.
2. As this tax bill is not hers, Shania will have no understanding of how it has arisen or why, and so you need to explain this in simple but detailed terms.

The second paragraph is the crux of the query, and you must spend time working out the figures and dates from the information given. Let's take a look at the details.

There's a total tax bill of £4,900 to be paid on 31 January 2013. Shania can't understand this, as she knows her father has little income for 2012/13.

Now, ask yourself this question: before you started studying Personal Tax, did you know how payments on account worked? For the majority of people, the answer is 'No'; so you need to put yourself in Shania's position and consider how you're going to clearly and simply explain the £4,900 her father needs to pay.

The question already tells you that £1,400 is from 2011/12, so that must be the balancing figure from that year. But why would there be a balancing figure? You need to explain the payments on account system, but in very simple terms.

Before you read any further, write your answer to this question and then compare it to the examples below.

Your answer

Now consider the following three typical student answers. Read them carefully and decide how well they answer the question, before reading the feedback from the Chief Examiner.

Answer 1

Half of the tax liability for any year is paid by 31 January in that tax year, and the other half is paid by 31 July following the tax year. This is based on an estimate, using the preceding tax year's liability. Therefore, when your father paid his tax liability on 31 January 2012 and 31 July 2012 for 2011/12, this was based on his liability for 2010/11. When the final figures were sent to HMRC, they have worked out that these two instalments are not enough to cover the full liability; hence the £1,400 is the balance of tax due.

Feedback from the Chief Examiner – click to display/hide feedback

Answer 1 is from the model answer and will obviously get full marks.

Answer 2

This is to do with the payments on account system. You need to pay half of your tax bill on 31 January in the year and the other half on 31 July in the year. Anything still to pay needs paying on 31 January after that. So the £1,400 is what is left from 2011/12.

Feedback from the Chief Examiner – click to display/hide feedback

Answer 2 has some good points. Firstly, it uses short sentences, which always makes it easier to read and understand. There are no jargon words. It would therefore get the mark for communication.

However, the crux of the answer, explaining the payments on account, is a problem. The assessor will know which year the answer is referring to, but there's no way a client would. When the answer says '31 January in the year', which year is the student referring to? The tax year, the financial year or the calendar year?

A client wouldn't understand this, so dates written in this manner will lose the student marks. This answer would attract a few marks, but certainly not full marks.

Answer 3

This is to do with POA. You need to pay half of your tax bill in January in the year, and other half in July following that. Then anything left over to pay gets paid in January after that. So the £1,400 is what is left from 2011/12.

Feedback from the Chief Examiner – click to display/hide feedback

Answer 3 will simply attract no marks at all. How will a client know what POA means? A day in January in some year also means nothing, and the last sentence is lifted from the question.

How did you do?

Now be honest, and compare the three examples above to your answer and see which one you're the closest to. Ask yourself these questions.

- Have I used abbreviations?
- Have I given the day, month and year accurately?
- Have I proofread my answer?

To finish off, let's consider the rest of the model answer to the question and see if you can understand how to judge the quality of your answer. Again, be honest with yourself on this.

Do you, for instance, realise that as Shania knows her father has 'hardly any income' she needs to understand the implications of this? This leads to the last paragraph of the answer where you can explain to her that he may be entitled to a refund; but that if he makes an incorrect claim to reduce his payments, this may have negative implications.

And finally, when you start the written question in Personal Tax, remember this sequence:

- read
- read again
- plan
- structure
- type
- read once again.

Note: below is the full answer to the question to help you.

Half of the tax liability for any year is paid by 31 January in that tax year, and the other half is paid by 31 July following the tax year. This is based on an estimate, using the preceding tax year's liability. Therefore, when your father paid his tax liability on 31 January 2012 and 31 July 2012 for 2011/12, this was based on his liability for 2008/09.

When the final figures were sent to HMRC, they have worked out that these two instalments are not enough to cover the full liability; hence the £1,400 is the balance of tax due.

As explained, the instalment on 31 January 2013 for this current tax year is based on the accurate liability for 2011/12. If he overpays for 2012/13, he will receive a refund from HMRC.

However, he can claim to reduce these instalments if he knows that his income will not be as high as it was last year. Whilst this is fine, your father needs to be careful. If he makes an incorrect claim to reduce these instalments, then HMRC will charge him interest on the difference between what should have been paid and what was actually paid.