

Personal Taxation

A. Aim of Subject:

To enable investment advisers to develop a range of personal taxation skills, techniques and practices at a professional level which meet the requirements of the Financial Services Authority.

B. Subject Specific Learning Outcomes:

Outcome 1

Understanding of the UK tax system as relevant to the needs and circumstances of individuals and trusts.

Knowledge, Understanding and Skills

- Income tax – sources of income, liability, allowances, reliefs, priorities for taxing income, income of trusts and beneficiaries
- National Insurance Contributions (NICs) – liability for employers, employees, self-employed contribution levels, voluntary NICs
- Capital Gains Tax (CGT) – liability, rate, disposals, gains and losses, reliefs and exemptions, capital gains of trusts
- Inheritance Tax (IHT) – liability, transfers, nil rate band, rates, reliefs and exemptions, assets held in trusts, transfers to and from trusts
- Residence and domicile – main rules, impact on liability to income tax, CGT and IHT
- UK tax compliance – self assessment, Pay As You Earn (PAYE), tax returns, tax payments, tax evasion and avoidance issues
- Stamp duty reserve tax and stamp duty land tax – transactions subject to tax, rates of tax, main reliefs
- Outline of Value Added Tax (VAT) and Corporation Tax

Outcome 2

Ability to analyse the taxation of investments as relevant to the needs and circumstances of individuals and trusts.

Knowledge, Understanding and Skills

- Direct investments – cash and cash equivalents, fixed interest securities, equities and property
- Indirect investments:
 - pension arrangements
 - Individual Savings Accounts (ISAs) and Child Trust Funds (CTFs)
 - onshore and offshore collectives and investment companies
 - onshore and offshore life assurance policies
 - Real Estate Investment Trusts (REITs)
 - Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs) – basic outline

Outcome 3

Ability to analyse the role and relevance of tax in the financial affairs of individuals and trusts.

Knowledge, Understanding and Skills

- The impact of taxes on individuals, trusts and their investments
- Key principles of income tax planning – spouse, civil partners, children, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs
- Main uses of lifetime gifts and trusts in basic IHT mitigation

Outcome 4

Ability to apply the knowledge of personal taxation to the provision of investment advice.

Knowledge, Understanding and Skills

- To carry out computations on the most common elements of income tax and NICs; CGT; IHT including the impact of lifetime transfers and transfers at death
- To make elementary tax planning recommendations in the context of investment advice

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