

THE PENSIONS MANAGEMENT INSTITUTE

QUALIFYING EXAMINATION 2017

TAXATION, RETAIL INVESTMENT  
AND PENSIONS

**Notes: Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. A small number of marks may be awarded for appropriate and relevant communication and formatting.**

1. In your role as a pension consultant to the WHL Limited Pension Scheme, prepare a briefing paper for the trustees on the Annual Allowance. Your paper should explain:
  - (a) the purpose of the Annual Allowance (4 marks)
  - (b) how it applies to both DB and DC schemes (8 marks)
  - (c) how it has changed since its introduction. (8 marks)
  
2. Briefly explain Universal Automatic Enrolment Schemes. (6 marks)
  
3. Outline the tax position which applied pre 6 April 2016 for investors in OEICs and unit trusts. (7 marks)
  
4. In 2016/17, Harry's salary from his employment as an IT consultant amounted to £122,000 and his taxable benefits in kind totalled £3,000. He also received savings income (gross interest) of £2,500 and dividends of £3,500. During the year, his gross personal pension contributions totalled £15,000. Calculate Harry's income tax liability for the year. (6 marks)
  
5. Outline the tax treatment applicable to payments on termination of employment. (8 marks)

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6. (a) List the types of assets that are chargeable to capital gains tax on sale or disposal. (5 marks)
- (b) Outline the process for calculating the capital gain/loss on the sale/disposal of shares. (10 marks)
- (c) Lisa has a Section 104 holding of £10,000 shares in COYS plc. The cost is £15,600 and she intends to sell 2,000 shares. Calculate the cost of the shares being sold. (3 marks)
7. Outline the different methods used by investment professionals to value ordinary shares. (7 marks)
8. Identify the main conditions which must be met to enable an individual to claim Income Support and the circumstances under which a person will be disqualified from claiming. (8 marks)
9. In your role as a financial adviser, draft an email to a new client describing the four main stages of an economic cycle. (20 marks)

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