# Examiner's report

## P6 Advanced Taxation (CYP)
## June 2015

### General Comments

The examination consisted of five questions, as follows. Section A, which was compulsory for all candidates, *contained* question 1 for 35 marks and question 2 for 25 marks. Section B comprised three further questions of 20 marks each, from which candidates had to choose two.

The vast majority of candidates attempted four full questions, and there was little evidence of time pressure. Where questions were left unanswered by candidates, this appeared to be due to a lack of knowledge or poor exam technique, as opposed to time pressure.

Candidates performed particularly well on questions 1(iv), 2(a), 2(c), 2(f), 3(b)(i), 4(a), 4(c) and 5(a). The questions candidates found most challenging were questions 1(vi), 3(b), 4(b)(i) and (ii), and 4(d). This was mainly due to candidates not understanding core syllabus areas well enough; a lack of technical knowledge and also due to a failure to read the question requirements carefully.

A number of common issues arose in candidates' answers as follows:

- Failing to read the question requirement clearly and therefore providing irrelevant answers which scored few, if any, marks.
- Poor time management between questions, some candidates wrote far too much for some questions and this put them under time pressure to finish remaining questions.
- Not learning lessons from earlier examiner's reports and hence making the same mistakes.
- Providing more than the required number of points.
- Illegible handwriting and poor layout of answers.

VAT remains an area where improvement is required. For example, in question (3)(b)(ii), a significant number of candidates wrote that Christos should apply Cyprus VAT on his invoice and at the same time CFL should apply the reverse charge on that invoice. The reverse charge applies where the obligation to pay the VAT is transferred from the supplier to the customer and there could never be a situation where VAT is both imposed by the supplier *and* the reverse charge applies for the customer.

### Specific Comments

### Question One

This 35-mark question was based on Le Romstan Resort Limited ('LRR'), the owner and operator of a hotel. The question tested candidates' knowledge on a variety of topics including VAT and PAYE compliance and related penalties, arm's length principals, deemed benefit arising from a 'director's' debit balance, and the VAT place of supply rules for goods; when they are sold to final consumers domestically; in other EU countries; or outside of the EU.

Overall the question was well answered with some of its aspects producing better answers than others.

Almost all candidates scored well in terms of the professional marks for format, presentation and effective communication. To obtain these, the format of the memorandum should have been produced

and the answers laid out clearly for each question part. The language also had to be professional and concise. There were still one or two scripts that did not produce the memorandum format and did not therefore obtain the format marks. Given that the ultimate purpose is to pass the exam, with 50 being the pass mark, these 4 marks should not be neglected by candidates.

Part (i) for 3 marks required candidates to comment on an ethical matter. Ethics is a part of the P6 syllabus and ACCA candidates should always maintain the highest ethical standards in their professional careers. In this instance the client 'hinted' whether they should not disclose tax errors that effectively led to an underpayment of tax. The main points that candidates should have noted in their answers were that this would be unethical, may damage the reputation of the business and may ultimately lead to penalties and interest. The majority of answers identified most of these points.

Part (ii) was worth 5 marks and required candidates to assess the impact of a policy of the hotel not to deduct and pay certain employee taxes through the PAYE system, requesting instead that the employees pay the related tax through the self-assessment system in the following year. This related to income the employees would receive through the imposition of a mandatory service charge on the hotel bills. The formula on how the income would be allocated, as the chief financial officer explained, is based on a units system, which in turn is linked to number of years worked. The conclusion is that the income is related to employment and, as such, the hotel, as an employer, has an obligation to estimate and deduct the PAYE. The majority of answers correctly stated this.

Only a limited number of candidates were able to discuss how the problem should be solved. The key thing to note is that the date was November 2014, meaning that the IR1 forms for the employees for the year 2013, and before, should have been submitted and all taxes paid. There would thus only be an issue, if prior year taxes were actually correctly paid. Given that the year 2014 was not over, LRR, as an employer, should review the PAYE deduction for the current 2014 tax year and correct any discrepancies that may exist as a result of the mandatory service charge. Following this, LRR should review the tax payments for all employees for the last six years to ensure that total taxes were paid correctly. This solution required some consideration by candidates. It seemed, however, that many candidates were keener to put pen to paper than to consider the problems posed. Yet the majority of the marks for this question part were with regards to this solution. The 'think-more-write-less' philosophy is the strategy to success in the P6 (CYP) paper.

Part (iii) worth 5 marks examined the VAT aspects of the mandatory service charge. Most candidates correctly understood that VAT applied to the charge and that the VAT rate would depend ultimately on the supply on which the charge was levied. Those candidates who performed well here also discussed the process through which the correction could be made.

Part (iv) worth 3 marks examined the arm's length principals behind the decision to award the lease of the shops to Camilla, a related party, at a price significantly lower than the market price. This question part was well answered by many candidates who demonstrated a clear understanding of this principal and the ensuing adjustment that could be made by the Department of Tax on the lease price in the event that this was not renegotiated to the market level. Candidates who performed less well did not address the last requirement which was the action that LRR should undertake. This is a comment that I make at every sitting: candidates should re-read the requirement AFTER they have produced the answer to ensure that they have addressed every aspect. If not, marks may be lost.

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Part (v), for 2 marks, requested candidates to explain the special defence contribution (SDC) payable, and thus the net lease income that LRR would receive each quarter, on the lease value, including how this should be paid. Most answers correctly calculated the SDC payable. There was however a significant number of candidates that appeared to confuse the term 'lease,' meaning rent, with the term 'lease' as in a 'finance lease', stating that the lease was taxed as interest at 30% SDC.

Part (vi) was worth 7 marks. The question part examined in principal the deemed benefit that arose on a debit balance attributed to a related person. Camilla, being the daughter of a shareholder, was such a person. The debit balance from the loan provided to her by LRR would result in the 9% deemed benefit, which would require LRR to calculate the tax and pay it through the PAYE system. Only some candidates correctly noted this. The majority of candidates only looked at the transfer pricing issue, stating that from the moment that the rate was arm's length this would be acceptable and that only if the LRR board reduced the rate to nil, would a tax issue arise. This was not the case for Camilla.

There was also no issue for Costas, given that he was not an officer or shareholder in LRR, and was not related to one.

Most candidates correctly stated that LRR would be subject to SDC at 30% on the resulting interest income from Camilla and Costas.

With regards to Elvira, the answer required careful thought. Most candidates replied that Elvira should be taxed on a deemed benefit, as this was a benefit-in-kind. Given that Elvira is not a related party it is debatable whether such benefit has a value given that the cost to LRR is nil. There was no definitive correct answer to this question part. Instead candidates had to show their understanding of how this could be taxed based on their knowledge. Most candidates produced a reasonable attempt.

Part (vii) was worth 6 marks and examined the VAT treatment of products sold from the hotel beauty salon to final consumers. Candidates had to explain the VAT treatment when the products were purchased and taken directly from the beauty salon by the client, or when the products were shipped by LRR to the consumer's home address in the EU or outside the EU. A significant number of candidates discussed the aspects of the intra-community acquisition that LRR would make on the products acquired Italy. This was not part of the requirements which only asked about the treatment of the sales and thus no marks existed for this discussion. Again, candidates need to read the requirements carefully and consider their reply before putting pen to paper.

With regards to the domestic supply, the large majority of candidates correctly stated that Cyprus VAT at the standard rate should be applied, and that products sold and transported outside of the EU constituted exports on which no VAT should be imposed.

With regards to the beauty salon products that required transportation, a number of candidates correctly discussed the distance sales requirements, without, however, fully explaining that Cyprus VAT is chargeable until the threshold of the other Member State is exceeded. A few candidates discussed triangulation considering that the products were shipped from Italy directly to the other Member State. However, this discussion was not supported by the scenario where it was clear that the products were sold directly from the beauty salon in Cyprus, and therefore triangulation was not being undertaken. A

common error was to discuss B2B transactions, although there is nothing to suggest that the buyers were anything but final consumers. Some candidates also discussed the VAT treatment of the transportation service separate to the sale of the goods. This was not relevant as it was clear that the supply was a supply of goods *with* transportation.

## Question Two

This 25-mark question was based on Rikos and Kostis who ran a transportation business which was purchased by a Spanish company (Sorolla). The question covered the sale of business assets, including goodwill, when owned by physical persons; VAT on transport of goods including the use and enjoyment rule; fixed establishments; and capital gains tax.

Part (a) for 2 marks required an explanation of how partnerships are taxed. Answers were generally satisfactory here.

Part (b) was worth 5 marks and required an explanation of the VAT treatment of domestic transport of goods when supplied to other businesses (i.e. B2B) established in the EU and outside of the EU. A number of answers to this part veered off-topic. A significant number of answers stated the use and enjoyment rule and then applied it to the transaction with the French customer. This was incorrect as the use and enjoyment rule only applies when the place of supply is outside of the EU but the use and enjoyment occurs within Cyprus or vice versa. The place of supply of the transport for Degas follows the general B2B rule, i.e. where the customer is based, which is France, meaning Karios Bros Movers (‘KBM’) will not apply Cyprus VAT and Degas will apply the reverse charge. Therefore use and enjoyment could not apply. Where however the customer is based outside of the EU, as in the case of Kandinsky, and the transportation takes place in Cyprus (as is the case in the scenario), then the use and enjoyment rule applies and the place of supply is no longer where the customer is established but where the transportation takes place, meaning Cyprus VAT will apply. A limited number of answers correctly stated this point. Many answers did not acknowledge the use and enjoyment rule but scored the marks for the transportation for Degas. A significant number of scripts discussed the importation of goods (being the furniture) that was subsequently going to be transported. From the scenario it was clear that KBM would only undertake transportation, which was a service. The sale of the furniture itself was not part of the requirement and thus the explanations of the relevant treatment could not score marks. This is yet another example of candidates rushing to answer the question without properly considering the scenario. Once again, candidates are urged to think more and write less.

Part (c) for 6 marks required candidates to calculate the taxable income of Rikos for the sale of the KBM business to Sorolla. The three main sources of income had to be examined separately, being the sale of the tradename, which constituted intellectual property, the sale of the three vans, and the sale of the office furniture. The calculations produced were generally very satisfactory and candidates showed a solid understanding of the requirement. Common mistakes included not claiming the 80% statutory deduction on the sale of the tradename, using an incorrect number of years for calculating the capital allowances, as well as not attributing 50% of the taxable income to Rikos as this was the requirement.

A very common occurrence was for answers to go further than calculating Rikos’ taxable income, which was the requirement, and calculate the tax payable. This would result in no additional marks at the expense of valuable time – this is a good exam technique point: read and address the requirement.

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Part (d) was worth 4 marks and required an explanation of how Sorolla would be taxed in Cyprus following the purchase of KBM. This required a discussion of the permanent establishment that Sorolla would have in Cyprus which would be taxed at 12.5% corporation tax. The large majority of answers addressed this requirement well.

Part (e) for 2 marks required an explanation that Rikos would remain a Cyprus tax resident and would be able to claim, under the 90-day rule, an exemption of his salary for the work undertaken for Sorolla outside of Cyprus for four months per year. Candidates overall showed a solid understanding of the 90-day rule exemption. However, common errors included stating that the 90-day rule only applied when Rikos worked at a foreign permanent establishment of a Cyprus employer. This was incorrect as the 90-day rule also applies if Rikos works for a foreign employer, which was the case here.

Part (f) was worth 5 marks and required a calculation of the capital gains of Kostis on the disposal of his Limassol apartment. The apartment itself was acquired through a previous transaction which involved an exchange and therefore, in order to compute the capital gain, the base cost of the apartment had to be firstly calculated. Overall, candidates displayed a good understanding of what was required. Those candidates who performed more strongly also noted that Kostis had used up his *general* life-time exemption, which still allowed him to use the residential dwelling exemption, given that he was eligible to do so. The general life-time exemption had to be deducted as the maximum that a person can claim in a life-time is the €85,430 residential dwelling exemption amount. Common errors included attributing the land transfer fees to the initial disposal of the land instead of the current disposal of the apartment (for which they were paid), and neglecting to claim the capital loss available from the sale of the land in Paphos.

Those candidates who did not perform as well failed to calculate the base cost of the apartment at all, using instead the €40,000 value of the exchanged land at 1 January 1980 as the initial cost for the apartment, which was incorrect. A minor number of scripts did not adjust the cost for indexation.

Once again many answers produced the capital gains *tax payable* which was a step further than the requirement (which only asked for the computation of the capital gain) – this again wasted time on work for which no marks were available.

### Question Three

This 20-mark question was based on Marina and Christos, who work in the fashion business. The question tested the areas of Cyprus source income of a non-Cyprus tax resident professional, royalty income payable to a non-Cyprus tax resident person, and income from the sale of branch activities.

Part (a) for 4 marks required an explanation, with supporting calculations, of the tax on the activities of Cyprus Fashion Show Ltd (CFL). The words ‘explain’ and ‘calculations’ in the requirement meant that candidates should have produced an answer which had both calculations as well as a description of the tax treatment. Answers that simply had a computation without any clarifications, or vice-versa, could not score full marks. Candidates should review carefully the verbs used in a requirement in order to assess the answer required.

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In terms of the answer itself, many candidates spotted that the consolidated profits included foreign branch profits, which were exempt from taxation. As such, there was in fact a taxable loss in the tax year 2013 and therefore no corporation tax to pay. There was, however, a significant number of candidates that did not make this point, calculating instead the corporation tax on profits of €120,000. This error may have been the result of a rush to answer the question without properly considering it, rather than a lack of knowledge that foreign branch profits are exempt from Cyprus corporation tax.

With regards to the special defence contribution (SDC), it is clear from the question that CFL did not have any dividend, interest or rental income that would be subject to SDC. Yet the reference to SDC in the requirement should have triggered an explanation of the deemed distribution rules in answers, which was the purpose of its inclusion. The wording of the question, i.e. 'SDC payable as a result of the profits' is such as to include deemed dividend implications. Only some candidates picked up on this point, with most not discussing deemed distribution implications at all.

Part (b)(i), worth 3 marks, required an explanation of the treatment of Christos Cyprus source income. The special mode of taxation applicable to non-resident professionals working in Cyprus was what was being tested here. Many candidates clearly had a good knowledge of this area of the tax legislation and this was reflected in the general quality of the answers produced. However, a significant number of candidates appeared unaware of the special mode of taxation.

Part (b)(ii) for 2 marks examined the VAT implications of Christos invoice to CFL. Christos is a sole-trader, resident in Ildoria. This is therefore a B2B transaction from a non-resident supplier to a Cyprus customer. The place of supply follows the general B2B rule and CFL should apply the reverse charge. Many candidates appeared to be confused by the fact that Christos was physically present in Cyprus when undertaking his services and many candidates concluded that he should apply Cyprus VAT to his invoice. There is no special rule for professional services that would result in such treatment. Those candidates who performed less well on this question part, wrote that Christos should apply Cyprus VAT on his invoice and at the same time CFL should apply the reverse charge on that invoice. The reverse charge applies where the obligation to pay the VAT is transferred from the supplier to the customer and there could never be a situation where both VAT is imposed by the supplier *and* reverse charge applies for the customer, as noted earlier in this report.

Part (c), worth 3 marks, required an explanation of how the royalty income payable to Christos was taxed. Only a few candidates were able to answer this question fully. The majority of answers referred to the special provisions in the legislation relating to intellectual property income. In the present case, there was a 10% withholding tax on the gross amount. Candidates who performed well in this question recognised that the 15% withholding tax right offered to Cyprus on royalty income under the double tax treaty with Ildoria did not matter. Double tax treaties do not impose tax. Double tax treaty provisions determine the right to tax and in certain cases the maximum rate of tax that *may* be applied. Whether it is applied or not depends then on local country legislation. If the local legislation of the country is more favourable for the taxpayer, then this is what will apply. So in the case at hand, the 10% rate in the Cyprus legislation would apply and not the 15% rate under the double tax treaty.

Part (d) for 3 marks examined the tax implications of the sale of the activities of a Cyprus branch by its foreign owner. Candidates had to explain that balancing statements should be prepared for the

machines and that the profit, including the goodwill, would be assessed to corporation tax at 12.5%. This question part was generally well answered.

Part (e) for one mark examined the exemption in VAT for the sale of businesses as a going concern. The majority of answers were satisfactory here.

Part (f) for 4 marks examined the receipt of dividends from a foreign company (GGL) by Marina, a Cyprus tax resident person. What candidates should have noted was that GGL was not a Cyprus tax resident company and therefore the deemed distribution rules did not apply. Marina would simply pay 17% SDC on the gross amount of dividend received and that given that Ildoria imposed no withholding tax, the 17% would be the only tax applicable. The requirement also explicitly asked how Marina would pay any tax. Candidates generally answered this question part well, with a common omission being not to discuss how the tax should be paid. Common errors included stating that the tax was payable by the end of the month following the month of receipt which is not the case for foreign dividends.

**Question Four**

This 20-mark question was based on Evgenia and her holding in a group of companies headed by Evgenia Electronics Holdings Ltd ('EEH'). The question tested candidates' knowledge on tax groups, on the four year-rule for special defence contribution (SDC) exemption when dividends are issued between Cyprus companies, and on reorganisation schemes.

This proved a popular Section B question choice but answers, in general, were less than satisfactory. The main marks available were for part (b) (11 marks in total) which examined the four-year SDC rule. Candidates should note that a detailed article on this topic exists in the ACCA technical resources entitled '*Understand the four-year rule for dividends*'. Despite this, it was clear that candidates were not prepared for this topic. Although some were aware of the four-year rule, it was clear from the answers that candidates lacked an understanding of how it worked in practice.

The majority of candidates that chose this question answered parts (a) and (c) first, which, arguably, represented the more straightforward marks and then produced unsatisfactory answers for part (b). This, therefore, suggests that in deciding which two questions to attempt in Section B of the exam, candidates scanned question 4, recognised in parts (a) and (c) marks that they could attain, and concluded to attempt it without considering the entire question as a whole. This is bad exam technique which left many candidates with little to write for parts (b) and (d), which were worth 15 marks in total. Candidates should not attempt to answer question when they are only confident on 5 of the 20 available marks. It is imperative to read the question carefully and decide whether the majority of the marks are attainable – the 15 minutes of reading time offered at the start of the exam are ideal for this task.

Part (a) worth 3 marks required candidates to define a tax group and identify the tax groups that existed in the EEH structure. This was generally well answered. A common error was not to identify the separate tax group of BCH, DSI and FPC. A large number of answers stated that EEH and BCH formed a tax group, that BCH and DSI formed a tax group, and that DSI and FPC formed a tax group. This was incorrect. For example, EEH and BCH are not a tax group – they are only part of a tax group, the tax group being EEH, BCH and DSI.

Part (b)(i) and (ii), worth 8 and 3 marks respectively, should be discussed together. These examined the four-year rule which, when applied, does not allow for the exemption from the imposition of SDC on dividends between Cyprus tax-resident companies. One of the key aspects of this rule, examined in this question part, was whether the dividends received arose *directly* or *indirectly* from the profits which gave rise to those dividends. If *indirectly* then the 4-year rule applied and no exemption was afforded for the dividends. The other consideration candidates had to bear in mind was that the SDC rules, including the deemed distribution rule and the four-year rule, do not apply to the part of the structure beneficially owned by a non-Cyprus tax resident. This is why there was a 25% holding in FPC directly attributed to Evgenia, a Cyprus tax resident person, with the remaining 75% attributable beneficially to Polar Electrics Inc (a non-resident) and again to Evgenia. The way to answer the question is thus to follow the profits and the actual dividend distribution each year and see at 31 December whether the deemed distribution rules apply (creating a need to pay SDC), whether the four-year rule applied (creating a need to pay SDC) and whether the SDC for any *actual* dividend distribution was covered from previous *deemed* distributions. Candidates' answers had little structure to them with many stating the general deemed distribution rule and that SDC was not applicable for dividends between Cyprus tax resident companies. Few answers attempted calculations and, even where attempted, these were generally unsatisfactory. Future candidates are urged to review this question and also to read the technical article on this topic, as highlighted above.

Part (c) worth 2 marks required candidates to list any four tax exemptions that existed when using a reorganisation scheme. The large majority of answers here were satisfactory. However, common errors were to mention that exemptions from VAT and immovable property tax were available. Immovable property tax applies to ownership of property and is never exempted because of a reorganisation. VAT may be not apply to a reorganisation, although this would be as a result of the VAT legislation (e.g. transfer of a going concern (outside the scope) or exchange of shares (exempt)) but the exemption has nothing to do with the direct tax legislation relating to reorganisation schemes, and as such cannot be included in this list.

Part (d) worth 4 marks required candidates to recommend which reorganisation scheme could apply for the minority shareholdings to be eliminated in the EEH structure. Those candidates who performed well here discussed the share-for-share exchange scheme but in most cases did not consider the minority shareholding that existed in FPC, focusing solely on BCH and EEH. Most answers did not consider the scenario sufficiently before putting pen to paper which resulted in some generic answers that did not refer to the specific scenario, or to suggestions, such as for PE to sell its shares in BCH to Evgenia, which (a) would not have achieved the desired goal (i.e. for PE to be a part of the flotation of shares) and (b) would have resulted in capital gains tax since BCH owns property in Cyprus. A significant number of candidates recommended that the parties float the shares first and then undertake the restructuring, pointing out that capital gains tax did not apply to listed shares. The obvious flaw of this recommendation is that the scenario specifically states that the purpose of eliminating the minority shareholdings in the structure is to make the flotation itself more attractive to potential investors.

## Question Five

This 20-mark question was based on Ramsy and tested candidates' knowledge of the badges of trade and immovable property tax. This question was overall well answered.

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Part (a) was worth 16 marks. Candidates had to list the ten badges of trade and then apply them all to the scenario at hand, and produce a conclusion on whether the transaction would be treated as being of a capital or a trading nature. In the scenario provided, there is no clear right answer. It may be the case that not all the houses would be subject to the same tax treatment. The purpose of the question, however, was to allow candidates to consider how each of the badges of trade applied to the scenario and then produce a well-reasoned conclusion consistent with what they had stated. This scenario was carefully put together to ensure that there was ample scope for discussion. It is a question on which candidates *have* to apply knowledge and cannot get away with generalisation, without application to the scenario. Those candidates who performed less well did exactly that – they stated the badges of trade and then stated generally how they are used, without applying them to the scenario question. Without any application or discussion, this approach would have severely limited the available marks.

With regards to presentation, there were several scripts that wrote an 'essay' style response, without separating the discussion under the relevant badges of trade. This made it less clear whether candidates understood the badges of trade and ultimately more difficult to award marks. Candidates should clearly explain which badge or trade they are discussing when answering. This is the same approach as would be applied in real life if discussing such matters with a client or with the Department of Taxation.

Common omissions or errors included:

- Not stating the full ten badges of trade;
- Repeating the same badge of trade and discussing it twice;
- When considering the 'method of finance', to omit from the answer that the funding included equity which is a capital factor, or to state in error that the loan was not a factor of trading because it came from a private company and not a bank;
- To state that there was no 'supplementary work' undertaken – the fact that the land was divided into building plots and that houses were constructed on the land all constitute supplementary work on houses that are considered to be factors indicating a trade;
- When discussing the 'length of ownership', the land was held for seven years and the houses were held for five years but this was not definitive in determining the transaction was of a capital nature. The land was divided and houses were constructed, and some of the houses were available for sale (but no buyer was found), which would explain why such a long period of time arose – a conclusion based on a trading nature was still possible;
- The method of acquisition badge should not be confused with the method of finance badge – the latter is monetary whereas the former has to do with how the property was acquired e.g. inheritance, gift or outright purchase;
- When discussing 'knowledge of the owner' this is specific to the person selling, in this case being Gordon Ltd and its director, Ramsy, and no one else. Also, the fact that Gordon Ltd will sell the houses and re-invest in a new construction project does not make the owner more knowledgeable. Possible future transactions cannot impact this badge of trade – this is based on historical facts, and from the scenario, it is clear that Ramsy and Gordon Ltd had no relevant knowledge;
- Some confusion arose in connecting the facts of the scenario with a badge of trade. For example, when discussing 'motive', the fact that he 'wanted to try something different' was not

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a motive for the transaction, but more a fact connected to the 'knowledge of the owner' i.e. no knowledge.

Finally, by stating a general conclusion such as 'due to all the above, the sale is a trading transaction' would not earn all of the marks available for a conclusion. Candidates would only score full marks where they justified their conclusion with the main badges of trade that they considered applicable.

Part (b) for 4 marks required candidates to explain how the immovable property tax ('IPT') was calculated. The important factor to note here was that the 2009 IPT was based on the property owned by Gordon Ltd on 1 January 2009, which was only the plots of land. During 2009, construction started on the houses and at 1 January 2010 (on which the 2010 IPT was based) there was work in progress also on the land. The 1 January 1980 value of this work in progress needed to be estimated in order to pay the correct IPT in 2010. Only some candidates appreciated this point. Common errors were to include the value of property in the 2009 IPT and the finished houses in 2010. Those candidates who performed less strongly discussed IPT on the present market value of the houses that were under construction rather than on their 1 January 1980 value.