



Higher National Unit specification: general information

Unit title: Accounting and Tax for Executries

Unit code: H3YN 35

Superclass: AK

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Unit purpose

This Unit is designed to provide the candidate with the skills necessary to understand the main principles of the tax liability of a deceased person, and to prepare an executry account, together with a suitable scheme of division to enable distribution to be carried out.

On completion of the Unit the candidate will be able to:

- 1 Explain the main principles of the Capital Gains Tax liability of a deceased person.
- 2 Explain the circumstances when Inheritance Tax is applicable to the estate of a deceased person.
- 3 Prepare an executry account and scheme of division for the estate of a deceased person where inheritance tax is not involved.

Recommended prior knowledge and skills

Access to this Unit is at the discretion of the centre. However candidates would normally be expected to have competence in Communication at SCQF level 6 or equivalent. It is strongly recommended that the HN Unit F2E7 35 *Executry Law and Practice* or F51W 35 *Executry Law and Practice* has been achieved, or some similar recognised equivalent.

Credit points and level

1 Higher National Unit credit at SCQF level 8: (8 SCQF credit points at SCQF level 8*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Higher National Unit specification: general information (cont)

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Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes of this Unit specification.

There is no automatic certification of Core Skills or Core Skill components in this Unit.

Context for delivery

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

Higher National Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Explain the main principles of the Capital Gains Tax liability of a deceased person.

Knowledge and/or skills

- ◆ The grounds of liability for Capital Gains Tax
- ◆ The concept of a disposal
- ◆ The exemptions applicable to Capital Gains Tax
- ◆ The liability of a deceased person for Capital Gains Tax

Outcome 2

Explain the circumstances when inheritance tax is applicable to the estate of a deceased person.

Knowledge and/or skills

- ◆ When inheritance tax might be payable
- ◆ The main exemptions and reliefs
- ◆ The possible tax liability on gifts made within seven years of death

Evidence Requirements for Outcomes 1 and 2

Candidates should provide written and/or oral evidence of being able to apply their knowledge of the main principles of CGT liability and inheritance tax liability to different situations involving the estate of a deceased person.

Candidates will be given a set of different scenarios covering both small and larger estates, requiring them to apply their knowledge in accordance with current legislation.

Satisfactory achievement will be demonstrated by the candidate correctly recognising when there may be liability for Capital Gains Tax and Inheritance Tax, taking into account any exemptions, disposals, reliefs and gifts made where relevant. Candidates should also provide a justification for their answers based on a correct interpretation of the current legislation.

The assessment should be carried out in open-book, supervised conditions.

Higher National Unit specification: statement of standards (cont)

Unit title: Accounting and Tax for Executries

Outcome 3

Prepare an executry account and scheme of division for the estate of a deceased person where inheritance tax is not involved.

Knowledge and/or skills

- ◆ Nature and purpose of executry accounting
- ◆ Types of executry accounts for small and larger/more complex estates
- ◆ Preparation of executry accounts not involving inheritance tax
- ◆ How to devise and compute a scheme of division distributing the net proceeds of an estate

Evidence Requirements for Outcome 3

Candidates will be required to provide written evidence to show they can prepare a) an executry account which has no inheritance tax implications, and b) scheme of division for the same estate. Candidates will be provided with a case study scenario which should include sufficient information to enable the candidate to prepare these documents.

The case study should include the 'total estate for Confirmation' figure from the Inventory, together with an extract from the solicitor's ledger detailing all the additional transactions in the deceased's account and showing the final balance. The information from the ledger should include the funeral account and normal household bills such as phone, electricity, etc, together with any further income from bank account interest, salary due, etc.

The case study will be given to candidates 7–10 days prior to the assessment, which will be carried out in supervised, open-book conditions.

Satisfactory achievement will consist of:

- ◆ for the executry account, a maximum of one error in drawing up the account will be permitted.
- ◆ for the scheme of division of the estate, this should be correct in relation to the candidate's total in the executry account.

Where there is an error in drawing up the executry account, making the balance wrong, the scheme of division will not be marked as incorrect if this is drawn up correctly, even with the wrong balance, as candidates should not be penalised twice for the same mistake.

Higher National Unit specification: support notes

Unit title: Accounting and Tax for Executries

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

The purpose of this Unit is to provide the candidate with the skills necessary to identify any possible tax liabilities, and to prepare an executry account, together with a suitable scheme of division to enable distribution of the estate to be carried out. This cannot be done without some outline knowledge of the taxes which may be chargeable from the deceased's estate. Outline knowledge of these taxes is all that is required, as it is anticipated that in a practical work situation, complex problems will be referred to a specialist.

This Unit is one of the mandatory Units comprising the Professional Development Award in Executry Law and Practice, and is also an optional Unit in the HNC/D Legal Services.

Guidance on the delivery of this Unit

Teaching should be focussed on helping learners to understand the principles and main provisions of the relevant areas of tax and law rather than to memorise details of case law.

Wherever possible, links should be drawn which will enable candidates to understand the connection between knowledge and its application in the context of familiar situations relating to relevant areas of executry law.

Centres may wish to allocate as much as half of the time involved in this Unit to Outcome 3 and deal with the remaining two Outcomes in the remaining time. Outcomes 1 and 2 are only necessary to equip the candidate with sufficient knowledge to recognise when there may be liability for Capital Gains Tax and Inheritance Tax.

Outcome 1 introduces the candidate to Capital Gains Tax. There is adequate information on the internet to enable the candidate to gather useful information regarding Capital Gains Tax. Explanation should be given in relation to the grounds of liability for Capital Gains Tax together with any exemptions where relevant. There should also be some discussion as to what actually amounts to a 'disposal' but it should also be pointed out that in larger estates Capital Gains Tax may be relevant. Although it is important for the candidate to recognise where this may occur in an executry estate no computation is required.

Higher National Unit specification: support notes (cont)

Unit title: Accounting and Tax for Executries

Outcome 2 introduces the candidate to circumstances where there may be liability for inheritance tax in an executry estate. Again there is adequate information on the internet to enable the candidate to gather useful information regarding inheritance tax. Inheritance tax thresholds should be discussed and it should be explained how these limits change over time. Explanation should also be given in relation to any exemptions which would apply as this would change the tax liability. Also it should be pointed out that even although an individual gives away property during the seven years prior to his/her death, this property may still be part of the total sum on which inheritance tax may be payable. It is also recommended that the candidate be supplied with copies of IHT400, supplementary forms and also IHT216 to demonstrate the types of forms that require to be completed. Guidance should also be given on how to complete these forms. However, this does not require to be assessed and no computation is necessary.

Outcome 3 is more complex than the other Outcomes. It is anticipated that Outcome 3 will require at least half the time allocated to the whole Unit. This Outcome introduces candidates to executry accounts and how there requires to be a scheme of division drawn up at the end of this to show how all the funds have been allocated. It is important to introduce candidates to the fact that executry accounting involves an element of trust and requires to be carried out with due diligence.

The types of executry accounts require to be explained but it is recommended that, for the purpose of this Unit, it is only necessary to compute a smaller executry account where there is no requirement to pay inheritance tax. However, there is a necessity for the candidate to recognise when this would occur.

It is also important to inform the candidate of the importance of the scheme of division as every penny requires to be accounted for in an executry estate and the accounts must show this. Otherwise there could be allegations of negligence, or in extreme cases, fraud.

Guidance on the assessment of this Unit

The assessment for this Unit will be carried out in open-book, supervised conditions and consist of i) a selection of scenarios testing the application of knowledge for Outcomes 1 and 2; and ii) for Outcome 3, a case study scenario from which you will need to produce an executry account and a scheme of division for a deceased person's estate. Sampling of knowledge which cannot be inferred from the evidence produced may be sampled using restricted response questions.

Online and Distance Learning

This Unit is suitable for open and distance learning delivery. The assessment strategy and guidelines described in this specification must still be applied if this method of delivery is chosen.

Higher National Unit specification: support notes (cont)

Unit title: Accounting and Tax for Executries

Opportunities for developing Core Skills

There are opportunities to develop the Core Skills of *Problem Solving* and *Numeracy* at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Elements of the Core Skill of *Problem Solving*, that is, Planning and Organising, Critical Thinking, and Reviewing and Evaluating, will be naturally developed and enhanced in the Unit, which requires the application of theoretical knowledge to a complex practical task. While working with details of the total estate for Confirmation figure from the Inventory, together with an extract from the solicitor's ledger detailing all the additional transactions in a deceased's account, candidates have to identify and analyse all factors impacting on the preparation of an executry account. To prepare the account and compute a scheme of division will involve a high level of analytical and strategic thinking. Demonstrating efficiency and effectiveness in the various required stages of these activities will involve advanced problem solving skills as well as a detailed understanding of the law. Although candidates should independently be able to determine, produce and present evidence of competence, group and individual discussions of case studies would offer opportunities to reinforce analytical skills.

Accuracy in interpreting, calculating, applying and presenting complex financial information underpins the competencies developed in the Unit. Candidates should have formative opportunities to enhance skills in the interpretation and presentation of financial data with an emphasis on numeracy as a tool to be applied efficiently and critically in practical contexts.

Equality and inclusion

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements

History of changes to Unit

Version	Description of change	Date

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Additional copies of this Unit specification can be purchased from the Scottish Qualifications Authority. Please contact the Business Development and Customer Support team, telephone 0303 333 0330.

General information for candidates

Unit title: Accounting and Tax for Executries

This Unit is designed to give you an understanding of the general principles of Accounting and Tax for Executries. It is also an optional Unit in the HNC/HND Legal Services course, and it is one of four Units comprising the Professional Development Award in Executries at SCQF level 8.

The whole Unit explains how the tax affairs of a deceased person are dealt with and how any funds in this estate are divided between or among the beneficiaries. It has three Outcomes; on completion of the Unit you will be able to:

- 1 Explain the main principles of the Capital Gains Tax liability of a deceased person.
- 2 Explain the circumstances when Inheritance Tax is applicable to the estate of a deceased person.
- 3 Prepare an executry account and scheme of division for the estate of a deceased person where inheritance tax is not involved.

Outcome 1 relates to Capital Gains Tax. In larger estates, Capital Gains Tax may be due and you will learn to identify where this occurs. As Capital Gains Tax is assessed on disposals, it is important that you are able to identify what actually amounts to a disposal. There are also exemptions in relation to Capital Gains Tax just as there are in relation to income tax and you will identify and discuss these exemptions.

Outcome 2 relates to liability for inheritance tax and you will learn about circumstances where liability for inheritance tax occurs, together with any exemptions which are allowed to be offset against any inheritance. Some individuals, especially where they are particularly well off, try to dispose of their property to members of their family or friends while they are alive to try to avoid any tax liability on their estate on death. However, any property which has been transferred during the seven years prior to death would be included in the total sum which is liable to inheritance tax. You will learn about what property, and what percentage of this property, would come into the tax computation.

Outcome 3 will give you the knowledge and skills to prepare a simple executry account and a scheme of division. This type of account involves stewardship which is about handling the accounts for the benefit of the executry estate and not yourself. You will learn about different types of executry accounts, depending on whether the estate is a large complex estate or a simple estate and you will prepare a simple executry account. You will also prepare a scheme of division to show how much money has been paid and to whom. This account and scheme of division is required to prove that all income and expenditure has been dealt with and distributed as necessary.

The assessment for this Unit requires you to apply your knowledge to a series of different scenarios and to produce an executry account and a scheme of division from a given case study.