



## Singapore CA Qualification (Foundation) Examination

12 December 2018

### Singapore Taxation

#### INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is **3 hours 15 minutes**.
2. This examination paper has **FOUR (4)** questions and comprises **TWENTY-TWO (22)** pages (including this instruction sheet, Appendix A, and Appendix B). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is a restricted open book examination. This means that you are allowed to only bring the following materials into the examination hall:
  - One A4-sized double-sided cheat sheet.
4. During the examination, you are allowed to use your laptop and any calculators that comply with the SAC's regulations. Please note that mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination.
5. This examination paper is the property of the Singapore Accountancy Commission.

#### MODULE-SPECIFIC INSTRUCTIONS:

6. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.

### Question 1 – (a) and (b)

Stags Wine Pte Ltd (SWPL) was incorporated in Singapore on 5 October 2015. The company is a wholesaler and retailer of New World wines and related wine products like wine coolers, aerators, and other wine accessories. SWPL is privately held by Nicholas Chin (80%) and Stags Wine Cellars Inc. (SWCI) (20%), a company tax resident in Country X. All Board meetings of SWPL are held in Singapore. For the year ended 30 September 2017, SWPL had a net accounting profit of \$500,000 on a turnover of \$4,500,000. The following items were (credited)/charged to the Profit or Loss Account in arriving at its accounting profit:

Income	S\$
Interest accrued on \$100,000 loan given to Nicholas Chin on 1 September 2017. The interest is due and payable at the end of each month although the company does not enforce this policy strictly. Nicholas repaid the loan and interest in December 2017.	(830)
Dividend income derived from a 15% shareholding in Artemis Wine Accessories Inc., a company tax resident in Country Y. There is no dividend withholding tax in Country Y. The dividend was paid out of after-tax profits of Artemis. The headline tax rate in Country Y is 10%. The dividend proceeds were used to purchase an antique wine barrel that was gifted to a distributor in Country Y in April 2017. Singapore does not have a tax treaty with Country Y.	(30,000)
Special employment credit paid by the Ministry of Manpower (MOM) in support of employers who hire Singaporeans above the age of 55 and earning not more than \$4,000 per month.	(28,650)
Profit from sale of computerised point of sale (POS) system purchased in June 2016 at a cost of \$45,000. Due to limitations in its function, it was sold in April 2017 (after 10 months usage). The proceeds from the sale were \$30,000. Enhanced allowances had been claimed under the Productivity and Innovation Credit (PIC) Scheme on the equipment sold.	(2,500)

<b>Expenses</b>	<b>S\$</b>
Depreciation	68,000
Medical and dental insurance premiums (including Goods and Services Tax (GST) of \$4,000). The company has implemented a Transferable Medical Insurance Scheme (TMIS) for its employees.	60,000
Staff remuneration, comprising salaries, bonuses, and related employer's statutory Central Provident Fund (CPF) contributions.	2,800,000
Gift to distributor (antique wine barrel as noted above).	30,000
Travelling and transportation expenses:	
• Mileage claims on motor cars by staff (for deliveries and customer visits);	18,000
• Transport allowance paid to directors for the upkeep of their cars; and	48,000
• Taxi fares, including booking charges, incurred by staff for overtime work (including GST of \$105).	15,000
Donations made to an Institution of a Public Character (IPC) on 15 August 2017 comprising the following:	17,000
• Cash donation of \$10,000; and	
• Wines worth \$7,000 donated for auction at a charity event for the benefit of the IPC.	
Stock (inventory) written off due to theft by an ex-staff member.	120,000
Upkeep of premises: During financial year 2017, the company implemented a policy of creating an annual reserve to cover any minor upgrades and rectification works to its various premises, costing not more than \$10,000. The following expenses were utilised against the reserve created during the financial year:	50,000
• Additional tiling works: \$3,000.	
Legal and professional fees:	
• Fees and stamp duty on purchase of a retail shop; and	102,500
• Accounting fees for preparing tax returns for expatriate employees.	13,000

<b>Expenses</b>	<b>S\$</b>
Interest on a property loan for the purchase of a retail shop.	10,500
Interest on \$1,000,000 loan from SWCI (denominated in Singapore dollars and drawn down by SWPL on 30 August 2017). Of this amount, \$100,000 was used to finance the loan to Nicholas. The remaining \$900,000 of the loan was used for the purposes of SWPL's business.	7,000

**Notes:**

1. The company maximises its capital allowances claim. The following capital expenditure (capitalised to the Balance Sheet) was incurred in the period ended 30 September 2016, SWPL's first financial year:

<b>Item</b>	<b>S\$</b>
Singapore-registered motor car (SKM 9865L) for Nicholas which he used for business purposes.	150,000
Renovations (non-structural) carried out at the leased office, storage facility, and retail shops:	
• Flooring, tiling works, plumbing, sanitary works, and electrical installation;	270,000
• Partition works (demountable) and air-conditioners; and	85,500
• Counters (each costing \$4,000).	60,000
Chillers and wine storage units	300,000

2. For the year ended 30 September 2017, the following capital expenditure (capitalised to the Balance Sheet) was incurred:

<b>Item</b>	<b>S\$</b>
New computers and point of sale system (POS); these items were fully paid for and installed by June 2017.	120,000
New retail shop (premises only)	1,200,000

3. The company's policy is to claim enhanced deductions and allowances under the PIC Scheme, where applicable. It does not wish to opt for PIC cash payout on qualifying PIC activities.

**Exemplify  
Question  
Number**

**Question 1 required:**

**1**

**(a)** Calculate the minimum tax liability of Stags Wine Pte Ltd for Year of Assessment 2018 on the assumption that the company maximises its capital allowances claim each year. Show all workings in relation to the following:

- Special deductions under Section 14Q;
- Productivity and Innovation Credit (PIC) claims; and
- Capital allowances including any balancing adjustments.

**(22 marks)**

Stags Wine Cellars Inc. would like to acquire the shares held by Nicholas Chin. With the view of maximising the benefits under the full tax exemption scheme:

**2**

**(b)** Advise Stags Wine Pte Ltd when the share sale by Nicholas Chin should take place, stating clearly the reasons for your advice.

**(3 marks)**

**(Total: 25 marks)**

## Question 2 – (a) and (b)

Shariq Jamil is a 45-year old Singapore citizen. He is married to Trudie Lo, a Filipino who holds an S-Pass. Shariq has been the Chief Financial Officer of Groot Chemical Pte Ltd (Groot Singapore) for 10 years. Groot Singapore is a wholly owned subsidiary of Groot Chemical (UK) Inc (Groot UK), a privately held company that is tax resident in the United Kingdom (UK).

For the year ended 31 December 2017, Shariq derived the following income and benefits from his Singapore employer:

- Monthly salary of \$40,000.
- A per diem allowance of \$200/day (subject to Central Provident Fund (CPF) Contributions) for a 10-day business trip to England (United Kingdom). The Inland Revenue Authority of Singapore's (IRAS) acceptable rate of per diem allowance for the UK is \$131 per day. During the trip, Shariq spent \$400 on warm clothing due to a sudden cold snap. This amount was additionally reimbursed by his employer as Shariq travels to the UK frequently on business.
- Shariq and his employer make CPF contributions within the statutory contribution limits.
- Shariq's residence suffered extensive damage in a fire. Groot Singapore owned an apartment that was unoccupied and offered the apartment to Shariq and his family as temporary accommodation at a nominal monthly rent of \$300 with effect from 1 April 2017 to 31 December 2017 while their home underwent repair. The annual value of the partially furnished apartment for the year 2017 was \$65,000. The year 2017 was not a leap year.
- To assist the family in managing their property loss from the fire, the company gave Shariq a one-time allowance of \$20,000. Shariq utilised the allowance to purchase clothing and bedding worth \$18,900.

- On 3 January 2017, Shariq exercised his option to purchase another 10,000 shares in Groot UK at £1.00 per share. The following are details of Shariq's share option plan:

Date	Transaction description	No. of Shares in Groot UK Inc	Transaction price per share in £ (S\$ equivalent)	Assessed value* per share in £ (S\$ equivalent)
01.04.2016	Option granted to purchase	50,000	£1.00 (S\$1.97)	£1.50 (S\$2.96)
03.05.2016	Purchase /exercise	40,000	£1.00 (S\$2.03)	£1.50 (S\$3.05)
03.01.2017	Purchase /exercise	10,000	£1.00 (S\$1.78)	£1.55 (S\$2.76)
£ = pounds sterling; S\$ = Singapore dollar				
* The net asset value of one ordinary share in Groot UK as assessed by the UK tax authority.				

**Additional information:**

- Shariq owns a shop unit which has always been rented out. The current tenant moved out in October 2017 and the next tenant will take over the premises on 15 January 2018. The following income and expenses were derived for the year:
  - Rental for the year to October 2017: \$96,000;
  - Property tax: \$6,400;
  - Interest expense on the loan (to acquire the property) for the year: \$23,440;
  - Cleaning expenses incurred in December 2017: \$4,350; and
  - Estate agent fees for new tenant: \$8,500.

- Shariq is a sleeping partner in Chef Works General Partnership. For the year 2017, his share of profit (or loss), other income, and allowances from the partnership was as follows:
  - Share of adjusted loss: \$50,000;
  - Share of capital allowances: \$11,000; and
  - Share of foreign interest received in Singapore (no foreign tax was suffered): \$3,000.
- Shariq's wife, Trudie, has worked as a customer relations officer for DBS Bank for several years and currently draws a monthly salary of \$4,000.
- Shariq and Trudie have two children. Eliza, aged 21 years old, graduated with a Bachelor of Psychology degree from the University of California in 2017. Eliza commenced employment on 1 December 2017 and draws a monthly salary of \$2,500. Elijah, aged 18 years old, is waiting to enlist for National Service duties after completing his junior college education in 2017. Apart from Eliza's first pay cheque, neither child received other income during 2017. Both children are unmarried.
- Shariq's parents, who were both born in 1946, have always lived with the couple. Sadly, during the year, Shariq's father passed away suddenly. Neither parent derived any income in year 2017.
- Shariq is no longer required to fulfil National Service reservist duties and he was not a key appointment holder.



**Exemplify  
Question  
Number**

**Question 2 required:**

**3**

- (a)** Calculate Shariq's minimum Singapore income tax payable for the Year of Assessment 2018, showing the net taxable income from each source separately. **(20 marks)**

Trudie received news that her mother was ill and tendered her resignation with DBS Bank, giving one month's notice on 1 March 2018. She intends to go back to the Philippines for six months to help look after her mother.

**4**

- (b)** State with reasons the tax administrative requirements that DBS Bank must comply with upon receipt of Trudie's resignation letter to discharge its obligation to the Inland Revenue Authority of Singapore (IRAS) fully. **(5 marks)**

**(Total: 25 marks)**

### Question 3 – (a), (b), and (c)

Primark Pte Ltd (Primark) is a Goods and Services Tax (GST) registered wholesaler and retailer of low-cost everyday essentials. It has retail outlets in Singapore and supplies its franchisees in Malaysia, Hong Kong, and Indonesia.

The following transactions were conducted in the quarter ended 30 June 2017 and unless otherwise stated, all purchases were made from GST-registered suppliers and all amounts stated are exclusive of GST:

- (i) The company made the following sales during the quarter:
  - (i-1) Sales to GST-registered customers where the goods were delivered from stock held in Singapore: \$150,000;
  - (i-2) Retail sales to non-GST registered customers in Singapore including tourists with GST absorbed by Primark: \$300,000;
  - (i-3) Export sales to its Malaysian and Indonesian franchisees with orders filled from inventory warehoused in Singapore: \$500,000; and
  - (i-4) Export sales to its Hong Kong franchisee with orders filled through direct delivery from Primark's overseas suppliers: \$295,000.
- (ii) Imported goods worth \$250,000 from China not including freight and insurance of \$25,000 arranged by the supplier, the cost of which was borne by Primark.
- (iii) Purchased customised display counters worth \$50,000 to be used in Primark's retail outlets.

- (iv)** Made a donation to St Luke's Eldercare, an Institution of a Public Character, as follows:
- (iv-1)** Cash of \$10,000; and
  - (iv-2)** Old inventory costing \$8,000. The inventory was imported into Singapore six months ago.
- (v)** Late payment interest on suppliers' invoices: \$3,000.
- (vi)** Debt of \$100,000 written off in respect of sales made in January 2017 to a non-GST registered customer in Singapore. The goods were delivered within Singapore. The customer was placed under receivership on 15 June 2017.
- (vii)** Purchased air tickets worth \$8,000 from Singapore Airlines for a business trip taken by the marketing director.
- (viii)** Purchased a sofa costing \$6,000 and a wine fridge costing \$9,000 from Harvey Norman for the company-owned apartment which is occupied by the expatriate General Manager.

**Exemplify  
Question  
Number**

**5**

**Question 3 required:**

- (a)** In respect of each of the above transactions ((i) to (viii)), state the type of supply and calculate the amount of output tax chargeable or input tax claimable. Round your answers to the nearest whole dollar.

*Present your answers in the following format (using the abbreviations indicated in the legend and the example answer as a guide):*

Transaction: **(x)** Purchase from a non-GST registered supplier.

**Example answer: (x) OS, \$0, I**

*Legend for the example answer*

**(x)** – Is the unique line number identifying the transaction in the case;

**OS** – Is the **Type of Supply**

(where **SR**-standard rated, **ZR**-zero rated, **OS**-Out-of-Scope, **EX**-exempt, and **NS**-no supply);

**\$0** – Is the **Amount of GST**; and

**I** – Indicates whether the GST amount should be shown as **Output Tax Chargeable (O)** or **Input Tax Claimable (I)**

**(18 marks)**

**Exemplify  
Question  
Number**

In respect of the debt written off on 15 June 2017 (see (vi) above), Primark Pte Ltd received a payment of \$30,000 from the receivers on 13 March 2018, in final settlement of the outstanding debt.

**6**

- (b)** Determine the amount of bad debt relief to be repaid by Primark Pte Ltd to the Inland Revenue Authority of Singapore (IRAS) and state if the amount repayable should be reflected under 'input tax and refunds' or 'output tax due'. **(2 marks)**

**7**

- (c)** From an income tax perspective, explain if Primark Pte Ltd can claim a tax deduction or capital allowances for the furniture purchased from Harvey Norman (see (viii) above). **(5 marks)**

**(Total: 25 marks)**

#### **Question 4 – (a), (b), and (c)**

Georgie Tham, a 55-year old Singaporean, is the sole proprietor of Faux Teak. Up until 30 June 2016, the sole proprietorship had been engaged just in manufacturing furniture designed by its business partners (architects and interior designers). On 30 June 2016, the manufacturing activity was transferred to a Singapore incorporated company, Tham and Sons Pte Ltd, the shares of which are wholly owned by Georgie. From 1 July 2016 onwards, Faux Teak's own in-house team has designed all the bespoke furniture for sale with the manufacture of the furniture being sub-contracted to Tham and Sons Pte Ltd. Both Faux Teak and Tham and Sons Pte Ltd have the same financial year end of 30 June.

The following items and events are relevant:

- For the current financial year ended 30 June 2017, the Faux Teak business made a net profit of \$150,000 after charging the following expenses:
  - Interest expense of \$10,500 paid to National Australia Bank Limited, Singapore branch on a working capital loan,
  - Monthly salary of \$5,000 paid to Georgie; and
  - A cash donation of \$5,000 made to an Institution of a Public Character.
- For Year of Assessment (YA) 2018, capital allowances relating to the Faux Teak business amounted to \$55,000.
- For the current financial year ended 30 June 2017, Tham and Sons Pte Ltd has an unabsorbed loss of \$30,000 and an unabsorbed deduction of \$15,000 relating to donations made to Institutions of a Public Character.

- Georgie has the following unabsorbed items from prior years:
  - Unabsorbed capital allowances of \$25,000 and \$30,000 relating to the Faux Teak business brought forward from YA 2011 and YA 2012 respectively;
  - Unabsorbed losses of \$15,000 and \$60,000 relating to the Faux Teak business brought forward from YA 2011 and YA 2012 respectively; and
  - Unabsorbed donations of \$4,000 and \$6,000 brought forward from YA 2012 and YA 2013 respectively.
- Georgie draws a monthly salary of \$5,000 from the Faux Teak business and a monthly salary of \$10,000 from Tham and Sons Pte Ltd.
- In 2009, Georgie acquired a residential property in Australia at a cost of \$500,000. For the year ended 31 December 2017, rental income of \$72,000 was derived and deposited with St George Bank in Queensland, Australia. The rental income was used to settle revenue expenses of \$50,000 incurred in Australia in relation to the rental property including interest expense of \$15,000 paid to St George Bank. All amounts stated are in Singapore dollars.

**Exemplify  
Question  
Number**

**Question 4 required:**

- 8**                      **(a)** Explain if Georgie Tham's prior year unabsorbed items and the current year unabsorbed items of Tham and Sons Pte Ltd can be utilised by Georgie for set-off against her taxable income in Year of Assessment 2018. **(7 marks)**
- 9**                      **(b)** Compute Georgie Tham's assessable income for Year of Assessment 2018, showing clearly the net taxable income from each source. **(11 marks)**
- 10**                      **(c)** With respect to interest payments to non-residents:
- (i)** Outline the circumstances under which Singapore withholding tax is applicable to interest payments under the provisions of Section 12(6) of the *Income Tax Act*; **(3 marks)**
- (ii)** Determine if Singapore income tax should have been withheld from the interest payments made to the National Australia Bank Limited, Singapore branch. **(2 marks)**
- (iii)** Determine if Singapore income tax should have been withheld from the interest payments made to the St George Bank in Queensland, Australia. **(2 marks)**
- (Total: 25 marks)**

**END OF PAPER**



## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Goods and Services Tax

Standard rate	7%
Compulsory Registration threshold	\$1 million

### Corporate Income Tax Rate

Year of Assessment 2018	17%
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<u>Partial Tax Exemption</u>	<b>\$</b>
First \$10,000 of chargeable income is 75% exempt	7,500
Next \$290,000 of chargeable income is 50% exempt	<u>145,000</u>
Total	<u>152,500</u>

<u>Start-up tax exemption</u>	
First \$100,000 of chargeable income is 100% exempt	100,000
Next \$200,000 of chargeable income is 50% exempt	<u>100,000</u>
Total	<u>200,000</u>

**Note:** There is a 50% corporate tax rebate capped at \$20,000 for YA 2016 and capped at \$25,000 for YA 2017. The corporate tax rebate for YA 2018 is 40% capped at \$15,000.

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Personal Income Tax for the Year of Assessment 2018 (Resident)

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	2.0	200
First \$30,000	-	200
Next \$10,000	3.5	350
First \$40,000	-	550
Next \$40,000	7.0	2,800
First \$80,000	-	3,350
Next \$40,000	11.5	4,600
First \$120,000	-	7,950
Next \$40,000	15.0	6,000
First \$160,000	-	13,950
Next \$40,000	18.0	7,200
First \$200,000	-	21,150
Next \$40,000	19.0	7,600
First \$240,000	-	28,750
Next \$40,000	19.5	7,800
First \$280,000	-	36,550
Next \$40,000	20.0	8,000
First \$320,000	-	44,550
Above \$320,000	22.0	

**Note:** There is no tax rebate for resident individuals for YA 2018.

### Personal Income Tax for the Year of Assessment 2018 (Non-resident)

General Rate: 22%

#### Section 40B Relief for Non-resident Employees

Tax payable on the Singapore employment income of a non-resident individual is calculated at a flat rate of 15% or on a resident basis, whichever results in a higher tax amount.

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Central Provident Fund (CPF) – from 1 January 2017 to 31 December 2017

Contributions for individuals of ages 55 years and below, and earning at least \$750 per month.

#### Rates of CPF contributions

Employee	20%
Employer	17%

Maximum monthly ordinary wages (OW) attracting CPF	\$6,000
Maximum annual ordinary wages (OW) attracting CPF	\$72,000
Maximum annual additional wages (AW) attracting CPF	\$102,000 less OW subject to CPF

Mandatory Medisave contributions of a self-employed person with annual s10(1)(a) assessable income of above \$18,000

Below 35 years of age	8%; \$5,760 (max)
35 to below 45 years of age	9%; \$6,480 (max)
45 to below 50 years of age	10%; \$7,200 (max)
50 years of age and above	10.5%; \$7,560 (max)

### Personal Income Tax Reliefs for the Year of Assessment 2018

With effect from YA 2018, the overall personal income tax relief available to resident individuals, as detailed below, will be capped at \$80,000.

#### Earned income

Age	Normal (able-bodied) maximum	Handicapped maximum
Below 55 years	\$1,000	\$4,000
55 to 59 years	\$6,000	\$10,000
60 years and above	\$8,000	\$12,000

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Other reliefs

Type of relief	Amount of relief
Spouse relief	\$2,000
Handicapped spouse relief	\$5,500
Qualifying child relief (per child) (QCR)	\$4,000
Handicapped child relief (per child) (HCR)	\$7,500
Handicapped sibling relief (per sibling)	\$5,500
Parent relief <ul style="list-style-type: none"> <li>- Staying with dependant</li> <li>- Not staying with dependant</li> </ul>	\$9,000 \$5,500
Handicapped parent relief <ul style="list-style-type: none"> <li>- Staying with dependant</li> <li>- Not staying with dependant</li> </ul>	\$14,000 \$10,000
Working mother's child relief (WMCR) <ul style="list-style-type: none"> <li>• First child</li> <li>• Second child</li> <li>• Third and subsequent child</li> <li>• Maximum cumulative WMCR</li> <li>• Maximum relief per child (including QCR/HCR)</li> </ul>	% of mother's earned income 15% 20% 25% 100% \$50,000
Grandparent caregiver relief	\$3,000
Life assurance relief	\$5,000 (max)
Voluntary CPF contribution of self-employed	Capped at \$37,740 or 37% of s10(1)(a) net trade income assessed less any trade losses from prior years or actual amount contributed by the taxpayer, whichever is lowest
Course fee relief	\$5,500 (max)
Foreign domestic worker levy relief	\$6,360 (max)
Supplementary Retirement Scheme <ul style="list-style-type: none"> <li>• Singapore citizens and PRs</li> <li>• Foreign citizens</li> </ul>	\$15,300 (max) \$35,700 (max)

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### National Service Man (NSman) relief

	Normal appointment	Key appointment holder
Active NSman	\$3,000	\$5,000
Non-active NSman	\$1,500	\$3,500
Wife/widow/parent of NSman	\$750	\$750

### Withholding tax rates

Nature of income	% rates payable
Interest and other payments in connection with loan or indebtedness	15%
Royalty or other lump sum payments for the use of, or the right to use, movable properties	10%
Payment for the use of, or the right to use, scientific, technical, industrial, or commercial knowledge or information	10%
Technical assistance and service fees	Prevailing Corporate Tax Rate
Management fees	Prevailing Corporate Tax Rate
Rent or other payments for the use of movable properties	15%
Director's remuneration	22%
Non-resident professional	15% of gross or 22% of net

## Appendix B – Common verbs used by the Examiners

Verb	Description
<b>Advise / Give advice</b>	This type of question requires you to give specific guidance, so your answer <u>must</u> provide specific information or make a <b>recommendation</b> tailored to the individual or group and <b>justify</b> your position.
<b>Calculate / Compute</b>	Do the number crunching and derive the correct answer. Make sure that you write down your workings and crosscheck your numbers.
<b>Determine</b>	Ascertain or <b>conclude</b> after <b>analysis</b> and <b>evaluation</b> the most appropriate course of action or most correct answer from a range of viable alternatives.
<b>Explain</b>	<b>Explain</b> requires you to write at least several sentences conveying how you have <b>analysed</b> the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand.
<b>Justify</b>	Whenever you see the word <b>justify</b> you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to <b>justify</b> your answer, you will lose valuable marks.
<b>Outline</b>	<b>Outline</b> requires you to provide a general overview of the situation and indicate the main features.
<b>State</b>	<b>State</b> is similar to <b>list</b> , but the items require your professional judgement. For instance, " <b>State</b> any restrictions that apply". One of the easiest ways to make sure that you state comprehensively is to think, " <b>list and justify</b> ".