

The Chartered Tax Adviser Examination

May 2026

Application and Professional Skills

Taxation of Individuals

Pre-seen information

You may print this copy of the pre-seen information but you will not be permitted to take this into the test centre. It will be contained in the final Exhibit in each question.

Pre-seen information

Client name	Alan Baird
Date and place of birth	17 May 1978, Berwick-upon-Tweed, Northumberland
Nationality	British
Marital status	Single
Children	Jake (born 8 February 2013)
Occupation	Veterinary Surgeon Full equity partner in Paws & Claws Veterinary Clinic, Oxford

Residence

Alan owns a three-bedroom house in Oxford, which he bought on 6 April 2014 for £425,000. This has always been used as his main residence.

Partnership equity/loans

Alan became a partner in Paws & Claws Veterinary Clinic on 1 July 2019. He paid a cash sum of £30,000 on joining.

There are three partners and they share profit and capital equally.

Alan made a cash loan of £20,000 to the partnership on 1 October 2023. He receives interest on the loan at a fixed annual interest rate of 8%. The loan arrangement and interest rate were set using separate commercial terms.

Pension

Alan opened a Self-Invested Pension Plan on 1 July 2019. He makes annual contributions of £10,000 before tax relief (relief at source). At the latest valuation on 5 April 2024, the plan was worth £324,000.

Savings

Alan makes regular contributions to a stocks & shares ISA. He has always paid the full annual limit each year. The savings currently total approximately £115,000.

Continued

2024/25 UK Tax ReturnTax Calculation

	Total
	£
Profit from partnership	105,000
Interest	<u>1,600</u>
Total income	106,600
Personal allowance	<u>(12,570)</u>
Taxable income	94,030
Tax on earnings:	
Basic rate increased by £12,500 for pension contributions	
Basic rate £50,200 x 20%	10,040
Higher rate £42,230 x 40%	16,892
Tax on savings:	
Nil rate £500 x 0%	0
Higher rate £1,100 x 40%	<u>440</u>
	27,372
Tax credits on interest	<u>(320)</u>
Income Tax due	<u>£27,052</u>
NIC:	
Class 4 NIC	
£12,570 x 0%	0
£37,700 x 6%	2,262
£54,730 x 2%	<u>1,095</u>
NIC due	<u>£3,357</u>
Total Income Tax and NIC due for 2024/25	30,409
Payments on account made	<u>(30,000)</u>
Balancing payment for 2024/25	<u>£409</u>
Payments on account due for 2025/26 (each)	<u>£15,205</u>