

CIOT - ATT-CTA

Paper: **CTA Awareness**

Part/Module: **Module D**

-----ANSWER-37-BELOW-----

Answer-to-Question- 37 -

Income	80,000
Less PA	(12,500)
Income	67,500
Interest on shares	6,000

Tax

42,500 @20%	= 8,500
25,000 @40%	= 10,000
500@0%	= 0
5,500@40%	= 2,200

Total tax liability: 20,700

New BR:

$37,500 + 4,000 * 100 / 80 = 42,500$

-----ANSWER-37-ABOVE-----

-----ANSWER-38-BELOW-----

Answer-to-Question- 38 -

House benefit:

annual value	4,800
additional yer rent	
315,000-75,000*2.25%	5,400
TOTAL	10,200

Income	30,000
Add house benefit	10,200
Less allowed expense	(300)
Employment income	39,900

-----ANSWER-38-ABOVE-----

-----ANSWER-39-BELOW-----

Answer-to-Question- 39 -

1:

Car list price: 18,000
*37%
 $(195-75) / 5 + 18 = 42\% - \text{MAX } 37\%$
Car benefit 6,660

2: 10,000 @45p= 4500

(12000-10,000) @25p=500

Total fuel allowance for her own car 5,000

-----ANSWER-39-ABOVE-----

-----ANSWER-40-BELOW-----

Answer-to-Question- 40

Her rent rooms income will be $175 \times 52 = 9,100$

She can claim to use rent a room relief, it is only can be applied once although she rent two room. The allowance is £ 7,500 a year, then she can deduct from her rental income £ 9100, therefore it is £ 1600

however, if she use rent a room relief, then she cannot deduct household expenses.

her income from letting public to use the grounds is only £ 980 and it is less than £ 1000, which can be covered by property allowance. So this will not be taxable.

As she has other rental income, the total expense will be a lot, so she may not use rent a relief and deduct 1,200 from her rent.

if it is lower than £ 7,500 a year, then she should use the relief and elect as it is not automatic applied.

Income	60,000
rent	9,100
rent a room relief	(7,500)
less PA	(12,500)
Income	49,100

-----ANSWER-40-ABOVE-----

-----ANSWER-41-BELOW-----

Answer-to-Question-_41_-

Income	222,000
Pension by company	18,000
Property income	15,000
Ner income	255,000
Less gross personal pension	(5,000)
threshold income	250,000

more than threshold income 200,000

Income	222,000
Pension by company	18,000
Property income	15,000
Ajusted income	255,000
less	(240,000)
restiction1/2	7,500

Annual allowance	40,000
less restiction	(7,500)
Tapered annual allowance	32,500

-----ANSWER-41-ABOVE-----

-----ANSWER-42-BELOW-----

Answer-to-Question- 42 -

First of all, For SEIS shares, she can't be connected to the company that is not an employee nor her husband or have more than 30% shares.

Therefore, the shares in Sidderz and Rickz can not be qualified for SEIS share scheme. Because she will be a director and her husband works for Rickz

Second the Seed company can't have more than £200,000 asset, and the employee must be less than 25 people.

Therefore, Vickz has more than 25 employees and Dunnz has more asset which is £30,000 exceeds. So they are not qualified to be SEIS company

for SEIs if they spend money on a qualifying activity within three years. and it has to be a new trade, that must not be more than two years.

Teddz, started trading the same trade since 2016, so it is over 2 years. Therefore, it also can not qualify for SEIS

-----ANSWER-42-ABOVE-----

-----ANSWER-43-BELOW-----

Answer-to-Question- 43

For SIP, for free shares, he can be awarded up to £3,600 shares per annum.

At £9
Max free share : $3,600/9=400$

he cannt buy exceed 10% of his salary into the plance, as his annual salary is £13,500, he can buy up to £1,350 worth of partnership shares

For partnership shares: $1350/9=150$

Matching share: $400+150$
Dividen rebuy 18/9: 2
TOTAL Max SHARES: 1102

-----ANSWER-43-ABOVE-----

-----ANSWER-44-BELOW-----

Answer-to-Question- 44 -

For Glenn, he has reached his pension age, therefore he will get his state pension, his pension is also taxable,, as his income is at 14,000 which will use up his PA. therefore, his pension will be taxable at 20%

Diandra is not at pension age, her pension:

Class 1 Primary:
 $15,000 + 60,000 = 75,000$

for 11 months: 6,250
for 1 months: $6,250 + 30,000 = 36,250$

for 11 months Class 1 Primary

$(4167 - 792) * 12\% * 11 = 4455$
 $(6250 - 4167) * 2\% * 11 = 42$

for 1 month
 $(4167 - 792) * 12\% = 405$
 $(36,250 - 4167) * 2\% = 642$

Total: 5544

-----ANSWER-44-ABOVE-----

-----ANSWER-45-BELOW-----

Answer-to-Question- 45

In 2020/21 she was in the UK and her resident will be in the UK.

however, they she leaves UK throught the year, we should use split year treatment. because she is a UK resident for that year and she started full time job overseas.

-----ANSWER-45-ABOVE-----

-----ANSWER-46-BELOW-----

Answer-to-Question-_46_-

-----ANSWER-46-ABOVE-----

-----ANSWER-47-BELOW-----

Answer-to-Question-_47_-

Property	
Proceeds	125,000
Less cost	(82,000)
Gain	43,000

CGT @28% 12,040

-----ANSWER-47-ABOVE-----

-----ANSWER-48-BELOW-----

Answer-to-Question- 48 -

Proceeds	550,000
Less cost	(250,000)
Gain	300,000

contingent value	120,000
received	(95,000)
Loss	(35,000)

CG	300,000
less loss	(35,000)
Adjusted CG	265,000
CGT (100% share will qualify BADR)	
BADR @10%	26,500

The receipt of the contingent is lower than the value at that date, therefore, it will create a loss.

-----ANSWER-48-ABOVE-----
