

Institution **CIOT - CTA**
Course **Awareness**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID 

Count (s)	Word (s)	Char (s)	Char (s) (WS)
Section 13	83	387	468
Section 14	66	327	381
Section 15	30	202	214
Section 16	94	399	490
Section 17	72	359	412
Section 18	65	336	376
Section 19	146	689	833
Section 20	25	175	183
Section 21	62	291	351
Section 22	24	112	118
Section 23	32	160	168
Section 24	29	131	142

-----ANSWER-13-BELOW-----

Answer-to-Question- 13

The gift to her nephew on his wedding will benefit from the £1,000 marriage exemption. the remainder will be covered by Adele's annual exemption, so no IHT will be due.

The gift into trust will be a chargeable lifetime transfer. The value of the gift will be reduced by the remainder of the 2024/25 annual allowance, as well as the 2023/24 annual allowance. Adele's nil rate band of £325,00 will then be deducted. The resulting amount will be chargeable to IHT at 20%.

-----ANSWER-13-ABOVE-----

-----ANSWER-14-BELOW-----

Answer-to-Question- 14

Estate	240,000+53 0,000				770,000
Less NRB					<u>nil</u>
Chargeable					770,000
IHT @ 40%					308,000

The IHT payable in respect of the land is payable by instalments as it is a transfer of land on the death of the transferor. IHT is therefore payable by 10 equal instalments of:
 $308,000 * (1/10) * (240/530) = 13,947$
Interest would not be chargeable on the instalments as it is not a transfer of shares or securities.

-----ANSWER-14-ABOVE-----

 -----ANSWER-15-BELOW-----

Answer-to-Question- 15

Molly's RNRB $175,000 - 50\% * (2,300,000 - 2,000,000) = 25,000$

Lifetime transfer					
GCT					250,000
L					
Estate					750,000
Less: RNRB	175,000+25,000				(200,000)
Less: NRB	325,000-250,000				(75,000)
					475,000
IHT @ 40%					190,000
Due date for payment					30/09/2025

 -----ANSWER-15-ABOVE-----

-----ANSWER-16-BELOW-----

Answer-to-Question- 16

In 1974/75 his domicile of origin is taken from his father due to his parents being married. He was therefore domiciled in France.

As he was under the age of 16 in 1980/81 he became domiciled in Germany through a domicile of dependency.

In 2024/25, Thato has spent 14 of the last 20 tax years as resident in the UK. He is therefore not deemed UK domiciled for IHT purposes. He will be deemed UK domiciled from the 25/26 tax year, when he will have spent 15 of the last 20 tax years UK resident.

-----ANSWER-16-ABOVE-----

-----ANSWER-17-BELOW-----

Answer-to-Question- 17

There is no additional tax ayable in respect of the 2013 gift as more than 7 years have passed between the transfer and death.

The September 2019 transfer will be covered by Zander's nil rate band, so no additional IHT will be payable.

Jan 2022 gift				300,000
Less NRB remaining	325,000-205,000			(120,000)
				180,000
IHT @ 40%				72,000
Less: taper relief	20%*72,000			(14,400)
IHT liability				57,600
Less: tax paid				(36,000)
IHT payable				21,600

-----ANSWER-17-ABOVE-----

-----ANSWER-18-BELOW-----

Answer-to-Question- 18

Mancheser flat diregarded as loss is less than £1,000

		Liv Flat	Liv House	man house	Man flat	London flat
Probate		133,000	220,000	420,000	120,000	650,000
		(125,000)	(240,000)	(380,000)	(119,500)	(680,000)
gain/(loss)		(8,000)	20,000	(40,000)	(500)	30,000
Total gain /loss						

The purchase of land is not relevant as it was purchased more than 4 months after the last sale in the three year period after death

-----ANSWER-18-ABOVE-----

-----ANSWER-19-BELOW-----

Answer-to-Question- 19

Agricultural property relief (APR) will be available in respect of the land used for the farming business. This is because the land is agricultural property and the 2 year minimum holding requirement is satisfied because the land was transferred to Darcy upon the death of her spouse. APR will relieve the agricultural value of the land only.

Additionally, as the land has been used by Emmet for various trading businesses, the value of the land in excess of the agricultural value would have qualified for relief under Business property relief on the death transfer to Darcy. Again, as the transfer to Darcy was made on the death of her spouse, the minimum holding period will be immediately satisfied. As a result, the remaining value of the land will be covered by BPR, and no IHT will be payable on the transfer of the land into trust.

-----ANSWER-19-ABOVE-----

 -----ANSWER-20-BELOW-----

Answer-to-Question- 20

Current value						880,000
Less: NRB	325,000- 150,000- 75,000					(100,000)
						780,000
Notional IHT @ 20%						156,000
Effective rate	156,000/80,000					17.73%
Actual rate	30%*17.73%					5.32%
IHT payable	880,000*5.32%					46,816

 -----ANSWER-20-ABOVE-----

-----ANSWER-21-BELOW-----

Answer-to-Question- 21

BPR is not available in respect of the holding in an investment company, as only shares in a trading company are eligible for BPR.

As Terrance, along with his wife Katy, controlled Leeng plc, and Leeng plc is a quoted trading company, and these conditions have been satisfied for more than 2 years before Terrance's death, BPR will be available at 50%.

-----ANSWER-21-ABOVE-----

-----ANSWER-22-BELOW-----

Answer-to-Question- 22

				NS	S	D
Property	37,000-1 5,000			22,000		
Interest					10,000	
Divs						7,000
22,000@ 20%						4,400
10,000 @ 20%						2,000
7,000 @ 8/75%						<u>613</u>
IT payable						7,013

-----ANSWER-22-ABOVE-----

-----ANSWER-23-BELOW-----

Answer-to-Question- 23

				Res prop	other
painting					10,000
shares				(3,250)	
Res prop				<u>35,000</u>	
				31,750	10,000
Less AEA	1,500/6			<u>(300)</u>	
				31,450	10,000
CGT @ 24%/20%				7,548	2,000
Total					9,548
Less: tax paid					<u>(7,680)</u>
CGT payable					1,868

-----ANSWER-23-ABOVE-----

-----ANSWER-24-BELOW-----

Answer-to-Question- 24

					NS	D
Property	9*1,125				10,125	
Divs						2,000
Less: interest paid					(3,000)	
					7,125	2,000
7,125 @ 20%						1,425
2,000 @ 8.75%						<u>175</u>
IT payable						1,600


Payable by 31 January 2026

-----ANSWER-24-ABOVE-----

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Section 25	36	200	218
Section 26	59	281	299
Section 27	122	608	723
Section 28	39	215	229
Section 29	24	159	165
Section 30	49	307	328
Section 31	78	394	469
Section 32	103	468	569
Section 33	33	161	171
Section 34	33	255	268
Section 35	81	336	415
Section 36	42	183	222

-----ANSWER-25-BELOW-----

Answer-to-Question- 25

draft profit					220,000
Christmas party	allowable				-
Legal fees	disallowed as capital				12,000
Roof repair	disallowed as capital				48,000
Interest on loan	taken out to buy trading asset - allowable				
Fine	Disallowed				<u>20,000</u>
Trading profit					300,000

-----ANSWER-25-ABOVE-----

 -----ANSWER-26-BELOW-----

Answer-to-Question- 26

12m/e 30.09.24						
				MP	SRP	CAs
b/f				1,100	990,000	
Disposals				(750)		
				350	990,000	
MP small pool				(350)		350
SRP					(59,400)	59,400
CAs in y/e 30/09/24						59,750
3m/e 31.12.24		FYAs 50%	AIA	mp	SRP	CAs
b/f				nil	930,600	
Additions		950,000	250,000			
FYAs @ 50%		(475,000)				475,000
AIA @ 100%			(250,000)			250,000
SRP @ 6%*3/12					(13,959)	<u>13,959</u>
CAs in 3m/e 31.12.24						738,959

 -----ANSWER-26-ABOVE-----

-----ANSWER-27-BELOW-----

Answer-to-Question- 27

SBAs are available. The relief is a 3% deduction of the qualifying costs, prorated for the amount of time the warehouse has been used by the business in the year. Only the land and construction costs will qualify for SBAs.

SBAs available in year = $(850,000+700,000)*3\%*9/12 = £34,875$

The electrical and water systems qualify for capital allowances. As there is no AIA available, first year allowances should be claimed at 50% provided the systems are new and unused. The deduction under 50% FYAs would be:

$250,000*50\% = £125,000.$

If the systems are not new and unused, then writing down allowances will be available at 6%:

$6\%*250,000 = £15,000$

There is no relief available for the architects fees and costs of planning permission.

-----ANSWER-27-ABOVE-----

-----ANSWER-28-BELOW-----

Answer-to-Question- 28

			UK com	UK res	O/S
Income			150,000	24,000	82,000
Less: expenses			(5,000)	(1,500)	(6,000)
			145,000	22,500	76,000
Less: UK Losses b/f			(8,000)		
O/S losses b/f					(10,000)
			137,000	22,500	66,000
UK property business income					159,500
O/S property business income					66,000

-----ANSWER-28-ABOVE-----

 -----ANSWER-30-BELOW-----

Answer-to-Question- 30

			y/e 30.6.23	9m/e 31.3.24	y/e 31.3.25	y/e 31.3.26
Trading profit			15,000,000	9,000,000		11,000,000
Gains			1,000,000		2,000,000	1,000,000
Less Capital loss b/f					(1,500,000)	
Less CY claim					(500,000)	
Less carry back (9m period)	16,000,000*3/12			(9,000,000)		
Less carry back claim (y/e 30.06.23)			(4,000,000)			
Less c/f claim						<u>(10,500,000)</u>
TTP			£12,000,000	nil	nil	1,500,000

 -----ANSWER-30-ABOVE-----

-----ANSWER-31-BELOW-----

Answer-to-Question- 31

Rickon Ltd has no losses available to surrender. It must carry forward its capital loss.

Pycelle Ltd may surrender its trading loss and NTLR deficit via group relief. However, the losses surrendered are limited to the available profit of the the other group companies, so the maximum loss P ltd could surrender is $28,000 + 17,000 = 45,000$.

Arinne Ltd ay surrender its property income loss. The qualifying charitable odnations may also be utilise by other group companies.

-----ANSWER-31-ABOVE-----

-----ANSWER-32-BELOW-----

Answer-to-Question- 32

Vyserys and Danerys were in a chargeable gains group at the time the building was sold to Danerys, so the transfer would have taken place at no gain no loss. However, as Danerys Limited has left the group within 6 years of the transfer, a degrouping charge will arise.

The charge will be calculated as the loss that would have arisen had the building been sold to Danerys at its market value.

The charge will be negative, as the building has decreased in value, so the degrouping charge will have the effect of increasing Vyserys' loss on the sale of its shares in Danerys.

-----ANSWER-32-ABOVE-----

 -----ANSWER-33-BELOW-----

Answer-to-Question- 33

	Total	UK	O/S
Trading		220,000	
Gain			<u>25,000</u>
	245,000		
CT @ 25%	61,250	55,000	6,250
O/S tax			5,000
Less: double tax relief	<u>(5,000)</u>		
Tax payable	56,250		

Profit			245,000
Aug profit			252,000
Chargeable @ 25%			

 -----ANSWER-33-ABOVE-----

 -----ANSWER-34-BELOW-----

Answer-to-Question- 34

Base cost of office bulding	800,000-200,000				600,000
Proceeds					1,100,000
Less: base cost					(600,000)
					500,000
Less: IA	$600,000 * (278.1 - 223.6) / 223.6$	$600,000 * 0.244$			(146,400)
Gain					353,600
Gai remaining chargeable	1,100,000-900,000				200,000
Base cst of new machine	900,000-(356,600-200,000)				743,400

 -----ANSWER-34-ABOVE-----

-----ANSWER-35-BELOW-----

Answer-to-Question- 35

The disposal in 2017 wil qualify for SSE as Cersey Ltd is a trading company and Gendry owned at least 10% of the company for a continuous 12 month period in the 6 years before disposal.

The 2025 disposal will not qualify for SSE as the Gendry Ltd did not hold at least 10% of the share capital of Cersey for a continuous 12 month period in the 6 years before disposal. the period was only March 2019 to October 2019.

-----ANSWER-35-ABOVE-----

-----ANSWER-36-BELOW-----

Answer-to-Question- 36

1. Due date for y/e 31.3.24 is 1.1.25

2. The large compny limit is $1,500,000 * 9/12 = 1,125,000$

The company does not have to pay CT by instalment as its aug profit is less than $10,000,000 * 9/12 = 7,500,000$. Due date is 1.10.25

-----ANSWER-36-ABOVE-----

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Count (s)	Word (s)	Char (s)	Char (s) (WS)
Section 1	55	239	292
Section 2	28	182	192
Section 3	68	297	363
Section 4	53	267	298
Section 5	73	307	377
Section 6	86	409	487
Section 7	84	377	457
Section 8	26	217	227
Section 9	61	273	332
Section 10	21	129	140
Section 11	0	0	0
Section 12	63	303	361

Answer-to-Question- _1_

At he end of June 2025, Li's taxabale supplies in the previous 12 months totalled £108,000.

She therefore had to notify HMRC within 30 days of breaching the 90,000 12 month threshold. The date on which she had to notify HMRC is 30 July 2025 and she would begin charging VAT from 1 August 2025.

-----ANSWER-1-ABOVE-----

-----ANSWER-2-BELOW-----

Answer-to-Question- 2

			Recoverable input tax
Office equipment	$6,000 * 1/6$		1,000
Lease costs	50% recoverable		2,400
Car	Blocked		-
Entertaining overseas suppliers	Allowable if proportionate		4,500
Fuel	$240 * 900 / 1200$		<u>180</u>
Ttal recovery			8,080

-----ANSWER-2-ABOVE-----

-----ANSWER-3-BELOW-----

Answer-to-Question- 3

Ruben will pay 9 monthly instalments of 10% of the previous year's VAT liability, i.e. $55,000 \times 10\% = £5,500$. The first instalment will be paid on 31 August 2024 and the final instalment will be paid on 30 April 2025.

The amount of the balancing payment will be $57,000 - 5,500 \times 9 = £7,500$. This will be payable by 30 June 2025. The return will also be due on 30 June 2025

-----ANSWER-3-ABOVE-----

-----ANSWER-4-BELOW-----

Answer-to-Question- 4

1. $45,360 * 1/6 = \text{£}7,560$

Tardie Ltd				Output VAT due
Discounted price	20,000*98%			19,600
VAT @ 20%				3,920
Mexico co goods	Exports are zero rated			nil
Gifts	Not below £50 so VAT payable	85*12*20%		204
Mexico consultancy	B2B - Place of supply in UK (where customer is)	15,000*20%		(3,000)
Total VAT due	7,560+3,920+204-3,000			8,684

-----ANSWER-4-ABOVE-----

-----ANSWER-5-BELOW-----

Answer-to-Question- 5

1. Sarah's purchase of the lease is the first grant of a major interest in a dwelling. The sale of the lease is therefore zero rated. No effective OTT can be made as the building is residential.
2. The purchase of the land is exempt from VAT. An OTT would be effective and Sarah could charge VAT on rents.
3. Exempt as a lease of a commercial building. An OTT would be effective.

-----ANSWER-5-ABOVE-----

-----ANSWER-6-BELOW-----

Answer-to-Question- _6_

Test 1: $15,000/12 = 1,250$

Simplified test 1 is not met as total input tax is greater then £625 per month. However, exempt supplies are less than 50% of all supplies.

Test 2: $15,000-9,200 = 5,800$

$5,800/12 = 483$

Total input tax less input tax directly relating ot taxable supplies is less than £625 per month.

Exempt supplies are lesss than 50% of all supplies.

Therefore, Simplified test 2 is met and all input tax is recoverable.

Annual adjustment: $15,000-12,225 = £2,775$ (to recover from HMRC)

-----ANSWER-6-ABOVE-----

-----ANSWER-7-BELOW-----

Answer-to-Question- 7

Yunoe and Duea are eligible to join a vAT group as both are UK companies and Duea is controlled by Yunoe.

Additionally, G&S Traders may join the vAT group as it is a partnership which controls the companies in the vAT group.

Trey may also join the vAT group as it is under the control of Yunoe Ltd and has a UK permanent establishment.

An administrative advantage is that only one VAT return needs to be prepared for the whole group, saving admin time/costs.

-----ANSWER-7-ABOVE-----

-----ANSWER-8-BELOW-----

Answer-to-Question- 8

Initial recovery	$120,000 * 70\%$			84,000
22/23 adjustment	$(120,000/10) * (70\% - 70\%)$			nil
23/24 adjustment	$(120,000/10) * (70\% - 70\%)$			nil
24/25 normal adjustment	$(120,000/10) * (70\% - 70\%)$			nil
24/25 sale adjustment	$6 * (120,000/10) * (70\% - 0\%)$		to pay to HMRC	50,400

-----ANSWER-8-ABOVE-----

-----ANSWER-9-BELOW-----

Answer-to-Question- 9

The in-flight meal is incidental to the main purpose of the purchase, which is the flight to Spain. The entire amounts paid will therefore be charged at the rate of VAT applicable to the flight tickets, which will be the zero rate.

Nour Ltd may not reclaim the input VAT as Nadim's expenses were out of a round sum expense allowance.

-----ANSWER-9-ABOVE-----

-----ANSWER-10-BELOW-----

Answer-to-Question- 10

VAT inclusive turnover	$29,500 * 120\% + 1,000 + 200 * 120\%$				36,640
Output tax @ 12.5%					4,580
less: input tax on coffee machine	$2,500 * 20\%$				(500)
VAT payable					4,080

-----ANSWER-10-ABOVE-----

-----ANSWER-11-BELOW-----

Answer-to-Question- _11_

-----ANSWER-11-ABOVE-----

-----ANSWER-12-BELOW-----

Answer-to-Question- 12

Newnuovo - Stamp Duty is not chargeable on the issue of shares.

Potterr - Stamp Duty chargeable at 0.5% of consideration:
 $96,250 * 0.5\% = \text{£}485$ (rounded up to nearest £5 as required)

Farringzingo - As the shares are listed on a foreign stock exchange, no Stamp duty is payable.

Oldviejo - No Stamp Duty payable as there is no chargeable consideration for the transfer.

-----ANSWER-12-ABOVE-----
