

CIOT - CTA

Paper: **Awareness**

Part/Module: **Module C**

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 -----ANSWER-25-BELOW-----  
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Answer-to-Question- 25

	AP1		AP2 3m		
trading profit	1,200,000		300,000		
Less: CA	(18,000)		(3,690)		
Rent	9/12 * 36,000= 27,000		9,000		
Gain			20,000		
TTP	1,209,000		325,310		
@19%	229,710		61,809		

CA:

	Main			
b/f	100,000			
18%	18,000	AP1		
	82,000			
18% * 3/12	3690	AP2		

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 -----ANSWER-25-ABOVE-----  
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-----ANSWER-26-BELOW-----  
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Answer-to-Question-\_26\_

Revenue repair is an allowable deductible expense for trading profit.

As the storm is accidental therefore the repair is classed as revenue repair.

As company is based on accrual basis and the provision is certain not contingent, therefore provision of repair is an allowable expense for the period ending 31 March 2023. The work will be carry out within 9 months therefore allowable for this period.

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-----ANSWER-26-ABOVE-----  
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-----ANSWER-27-BELOW-----  
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Answer-to-Question-\_27\_

£	Main pool	Special	FYA 130%	AIA	FYA 50%	Total CA£
		102,000	30,000	40,000	42,000	
6%		6,120				
130%			39,000			
100%				40,000		
50%					21,000	
						106,120
		£				
	Profit before ad	240,000				
	Less: CA	(106,120)				
	Add: Superdeductti on	12,000 * 130% = 15,600				
	TTP	149,480				

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-----ANSWER-27-ABOVE-----  
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-----ANSWER-28-BELOW-----  
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Answer-to-Question-\_28\_

1) this will be deductible interest as expense as it relating to the property investment £6,000

2)

Allowable premium  $30,000 * (50-39)/50 = 6,600$

$6,600 / 40 = £165$  is allowable expense to be deducted per year

Legal fee of £1500 is also deductible.

The income is  $£30,000 - £6,600 = £23,400$  is chargeable profit.

3) Company is usually accrual basis therefore the income would be  $£2,000 * 12 \text{ months} = £24,000$ . Chargeable income for the year.

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-----ANSWER-28-ABOVE-----  
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-----ANSWER-29-BELOW-----  
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Answer-to-Question-\_29\_

The disposal of qualifying patent and repurchase of another qualifying patent within 3 years after disposal will be eligible for BADR, this mean the gain will be subject to CGT at 10%.

$$400,000 - 210,000 = \text{£}190,000$$

$$\text{£}520,000 - \text{£}190,000 = \text{£}330,000 \text{ Taxable gain}$$

$$\text{TTP} : \text{£}1,880,000 + \text{£}330,000 - (\text{£}280,000 + \text{£}60,000) = \text{£}1,870,000$$

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-----ANSWER-29-ABOVE-----  
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-----ANSWER-30-BELOW-----  
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Answer-to-Question-\_30\_

First tax liability is due when the corporation tax is payable, which it is 1 May 2023. At this date, the outstanding loan is  $\pounds(100,000 - 60,000 - 30,000) = \pounds10,000$ . Tax to HMRC is  $\pounds10,000 @ 33.75\% = \pounds3375$

On the next tax year, by 1 May 2024, the outstanding loan is  $\pounds(10,000 + 50,000) = \pounds60,000$ . Tax due is  $33.75\% \pounds60,000 = \pounds20,250$

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-----ANSWER-30-ABOVE-----  
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-----ANSWER-31-BELOW-----  
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Answer-to-Question- 32

	31.12. 21	31.03. 22	31.03.2023			
Trading	0	0				
property	12,000 - 4875= 7125	0				
gain		-	8,000 (8,000) cy claim  nil			
donation						
<b>TTP £</b>	<b>7125</b>	<b>0</b>	<b>0</b>			
carry back	58,000 - 11,500 = 46,500 * 9/12= 34,875	66,000 - 8,000 =58,000				

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Small company for RD purposes as less than 50 employees

£ RD  
sal 82,000 + (30% \* 100,000) =  
112,000  
rent -  
Utility 4,000  
116,000



@230%      266,800

Tax payable: £(420,000 - £266,800) = £153,200  
@ 19% = £29,108

**This is the actual answer for Q31.**

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-----ANSWER-31-ABOVE-----  
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-----ANSWER-32-BELOW-----  
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Answer-to-Question- 32\_

Please see above I have answered Q32 in Q31 by accident.

Cannot copy and paste the right format.

Answer-to-Question- 32\_

	31.12.21	31.03.22	31.03.2023
Trading	0	0	
property	12,000	- 4875=	
	7125 0		
gain		- 8,000	
(8,000)cy claim			

nil

donation

TTP £	7125 0	0	
carry back	58,000	- 11,500=	
	46,500	* 9/12=	
	34,875	66,000 - 8,000	=58,0-00

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-----ANSWER-32-ABOVE-----  
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-----ANSWER-33-BELOW-----  
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Answer-to-Question-\_33\_

Common period is 9 months therefore Nect allowable group loss relief is  $(9/12 * £60,000) - £7,000 = £38,000$ .

Overseas property loss from Lemum Ltd cannot be relieved to Mannogoe.

	£ Mann		
trading	45,000 - 38,000 = 7,000		
gain	nil		
quali do	(2,000)		
TTP	5,000		

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-----ANSWER-33-ABOVE-----  
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-----ANSWER-34-BELOW-----  
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Answer-to-Question-\_34\_

$$500,000 - 1800 = \text{£}498,200$$

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-----ANSWER-34-ABOVE-----  
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-----ANSWER-35-BELOW-----  
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Answer-to-Question-\_35\_

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-----ANSWER-35-ABOVE-----  
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-----ANSWER-36-BELOW-----  
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Answer-to-Question-\_36\_

As Tanjereen is less than 51%, therefore dividend from Tanjereen should be included in calculating the TTP. Revised TTP for 2023 is therefore £2,050,000.

Threshold for large company is £1.5m, divide by 2 as there is subsidiary of Strwbury. So the POA threshold is £750,000. As Razbry is not large in 2022 therefore the company is not required to pay in instalment, unless it optionally want to.

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-----ANSWER-36-ABOVE-----  
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Paper: **Awareness**

Part/Module: **Module D**

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 -----ANSWER-37-BELOW-----  
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Answer-to-Question-\_37\_

£	Non	Savin	Divid		
salary	25,000				
tres		exempt from tax			
National savings		12,000			
Dividend			15,000		
Interest		(500)			
	25,000	11,500	15,000		
Less: AEA	(12,570)				
Taxable income	12,340	11,500	15,000		

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 -----ANSWER-37-ABOVE-----  
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-----ANSWER-38-BELOW-----  
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Answer-to-Question-\_38\_

£	£			
Salary	30,000			
Car bene	45,000 * 5% = 2250			
Interest free	(8,000)			
Party	160 - 50 = 110			
Flow	-			
LEss: Gift aid	10* 12 *100/80 = (150)			
Income	24,210			

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-----ANSWER-38-ABOVE-----  
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 -----ANSWER-39-BELOW-----  
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Answer-to-Question-39

Income threshold

$\pounds 280,000 - (12,000 * 100/80) = \pounds 265,000$  which excess  
 $\pounds 200,000$

Adjusted income

$\pounds 280,000 + \pounds 50,000 = \pounds 333,000$  which excess  $\pounds 240,000$

The annual allowance is restricted as both income and adjusted income excess the threshold. Tappered by  $\pounds 1$  for every  $\pounds 2$  of the adjusted income.

	£		
Allowance	40,000		
Tappered	$(333,000 - 240,000) / 2 = 31,000$		
Annual allowance	9,000		

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 -----ANSWER-39-ABOVE-----  
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-----ANSWER-40-BELOW-----  
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Answer-to-Question-\_40\_

Director so on annual based.

NIC by Omar

$$£66,000 + £1,800 = £67,800$$

$$(50,270 - 11,908) * 13.25\% = £5083$$

$$(67,800 - 50,270) * 3.25\% = £570$$

NIC by Welba

$$1,800 * 15.05\% = £270$$

$$(66,000 - 9,100) * 15.05\% = £8564$$

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-----ANSWER-40-ABOVE-----  
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-----ANSWER-41-BELOW-----  
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Answer-to-Question-\_41\_

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-----ANSWER-41-ABOVE-----  
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-----ANSWER-42-BELOW-----  
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Answer-to-Question- 42

1)a) the replacement of microwave unit is allowable expense for deduction in property income as the previous has been broken therefore classed as revenue expenditure, however, it will be restricted to £85 as the same model cost only £85.

b) again, qualifying revenue expenditure and full £2,000 is allowable for deduction.

c) AS commercial, qualify for tax reducer at 20%, which is  $(1000 + 1000) @ 20\% = £400$  deductible after net tax liability.

2) the UK property income in 1 can be relieved against property 2.

However, overseas property income in 3 can only be carry forward and relieved against future overseas property income.

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-----ANSWER-42-ABOVE-----  
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-----ANSWER-43-BELOW-----  
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Answer-to-Question-\_43\_

Gift aid =  $2,400 * 100/80 = \text{£}3,000$

	£		£	
non s	140,000			
taxable	140,000	non AEA		
	2,162 + 3,000  =5162	@ 19%	981	
	(13118 - 2162) + 3,000 =  13956	@20%	2792	
	(31092 - 13118) + 3000=  20,974	@21%	4405	
	99,908	@41%	40,963	
Income lia			49,141	

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-----ANSWER-43-ABOVE-----  
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-----ANSWER-44-BELOW-----  
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Answer-to-Question-\_44\_

a) No occupation however, as Idris has used the house as main residence and leave and re-occupied during his residency period you can have up to maximum of 3 years PPR for any reason.

b) Main residence period where Idris lived in the property will qualify PPR for all period

c) PPR is available on all reasonable employment working overseas period

d) Main residency therefore all period qualify for PPR.

e) Last 9 months qualify for PPR as Idris use the house as his main residence during some period of ownership.

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-----ANSWER-44-ABOVE-----  
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 -----ANSWER-45-BELOW-----  
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Answer-to-Question-\_45\_

1)

	£	£	
MV	6.25 * 10,000 = 62,500		
exercise price	4 * 10,000 = 40,000		
Income tax	22,500		
AEA	(12,570)		
tax payable	9930 @20%	1986	

NIC payable (22,500 - 11908) \* 13.25% = £1404

Capital gain

	£		
	6.75 * 10,000 = 67,500		
MV at exercise	62,500		
Gain	5,000		

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 -----ANSWER-45-ABOVE-----  
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-----ANSWER-46-BELOW-----  
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Answer-to-Question-\_46\_

Apr 22 - Mar 23,  
From 1 Nov 22 to 5Apr 23, 5 months in the UK which is approx  
 $5 * 30 \text{ days} + 5 \text{ days} = 153 \text{ days}$ .

Under sufficient ties test, Ameera will have sufficient ties  
in 22/23 if she was resident in the UK for any of the  
previous 3 tax year, which she was.

She has spent over 120days in the UK therefore she will be a  
UK resident for 22/23.

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-----ANSWER-46-ABOVE-----  
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-----ANSWER-47-BELOW-----  
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Answer-to-Question-\_47\_

Qualifying at 10%	Not qualifying 20%		
31,000	31,000		
(11,200)	(8,500)		
19,800	22,500		
	(12,300) AEA		
	10,200		
@10%=	@20%=		
1,980	2,040		

Total: 1980 + 2040 = £4020.

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-----ANSWER-47-ABOVE-----  
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-----ANSWER-48-BELOW-----  
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Answer-to-Question-\_48\_

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-----ANSWER-48-ABOVE-----  
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Paper: **Awareness**

Part/Module: **Module E**

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-----ANSWER-49-BELOW-----  
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Answer-to-Question-\_49\_

	£		
profit	24,000		
Add: enter	750		
Fine	100		
Theft	-		
LEss: business mile	2,500 * 45p = (1125)		
Home	12* 10 = (120)		
adjusted profit	23,605		

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-----ANSWER-49-ABOVE-----  
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-----ANSWER-50-BELOW-----  
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Answer-to-Question-\_50\_

Class 2: fixed amount at £3,15 per week as it exceed the lower profit limit,  $£3.15 * 52 = £164$  payable by 31 January 24 via self assessment.

Class 4:

$$(50,270 - 11908) * 10.25\% = £3933$$

$$(72,000 - 50,270 ) * 3.25\% = £707$$

Total is £4,640

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-----ANSWER-50-ABOVE-----  
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-----ANSWER-51-BELOW-----  
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Answer-to-Question-\_51\_

Usually under hire purchase, there will be a 15% blockage for allowable expense, i.e. the interest. As the van has an CO2 emission of less than 50g/km, no 15% is blocked. However, as she only used for 80% business, the the allowable expense will be  $\pounds 432 * 80\% = \pounds 346$ .

The capital element of the van, e.g.  $\pounds 23,328 - 1,728 = \pounds 21,600$  is available for capital allowance in year ended 2023. The van may qualify for AIA at 100%, depending on her AIA allowance for the year. otherwise it will be qualify for main pool at 18% with 80% allowable, 20% is restricted due to private usage.

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-----ANSWER-51-ABOVE-----  
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-----ANSWER-52-BELOW-----  
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Answer-to-Question-\_52\_

	£			
Land	50,000			
demolition	-			
structural work	80,000			
Water	-			
Allowable	130,000			

SBA:  $6/12 * £130,000 * 3\% = \mathbf{£1950}$

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-----ANSWER-52-ABOVE-----  
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 -----ANSWER-53-BELOW-----  
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Answer-to-Question-\_53\_

	Sean		Mandy		Debbie	
Profit £50,000						
Salary (55,000)			24,000		30,000	
Inter (1,200)					1,200	
(6200)	40%= (2480)		40%= (2480)		20% = (1240)	
			21520		29,960	
Notional			(2480) * 21520 /51480= (1037)		(2480) * 29,960/5 1480= (1443)	
Profit	0		20,483		28,517	

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 -----ANSWER-53-ABOVE-----  
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-----ANSWER-54-BELOW-----  
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Answer-to-Question-\_54\_

The capital loss brought forward will be relieved against capital gain £55,000, leaving £34,000 taxable.

The net taxable income is £220,000 + 34,000 = £275,000

Relief can be given in the higher of

£50,000

or 25% of net income, £275,000 \* 25% = £68,750.

Therefore, £68,750 of the trading loss can be used to relieved against the net income for 22/23.

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-----ANSWER-54-ABOVE-----  
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-----ANSWER-55-BELOW-----  
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Answer-to-Question-\_55\_

s.72 loss relief can be claimed as Usha has been making loss within 7 years of starting to trade therefore the trading loss can be carry back 3 years to settle against her net income, in a FIFO basis.

	19/20	20/21	21/22	22/23
trading		-	3,000	-
property	-	-	2,000	-
loss used	13,000	24,000		
TTP	0	0	5,000	0

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-----ANSWER-55-ABOVE-----  
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-----ANSWER-56-BELOW-----  
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Answer-to-Question-\_56\_

	£			
Sale	52,000			
Sale of equip	400			
Purchase	(27,000)			
Interest	(500)			
Car	-			
TTP	24,000			

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-----ANSWER-56-ABOVE-----  
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 -----ANSWER-57-BELOW-----  
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Answer-to-Question-\_57\_

	BADR	Non- BADR		
Shares	400,000			
Associated disposal	(100,000 + 40,000) * 50 % = 70,000			
Budilings		70,000		
AEA		(12,300)		
Chargeable	470,000	57,700		
@10%/20%	47,000	11,540		

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 -----ANSWER-57-ABOVE-----  
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-----ANSWER-58-BELOW-----  
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Answer-to-Question-\_58\_

IC relief

300,000 - 110,000 = £190,000 gain

	£			
	800,000			
	200,000			
	150,000			
Total	1,150,000			

$190,000 * 200,000 / (200,000 + 1,150,000) = £28,148$

$190,000 - 28,148 = £161,852$

@10% = £ 16,185

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-----ANSWER-58-ABOVE-----  
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-----ANSWER-59-BELOW-----  
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Answer-to-Question-\_59\_

Self-employed will usually provide their own equipment,  
Cherise is.

Employed will usually has fixed employment working hour,  
not flexible and that is the case here.

Employed - the management will usually require you to follow  
set of rule and Cherise need to follow the company's  
guideline.

Self-employed can usually provide an alternative to work for  
her and that is the case here.

Employed will usually get a set of salary, as the work hour  
is fixed therefore the salary is fixed amount.

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-----ANSWER-59-ABOVE-----  
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-----ANSWER-60-BELOW-----  
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Answer-to-Question-\_60\_

31 January :

$$\begin{aligned}(3,500 + 1,845) &= \text{£}5,345 \\ \text{Due: } (4,686 + 2379) - 5345 &= \text{£}1720 \\ (5486 + 2879) / 2 &= \text{£}4183\end{aligned}$$

Total due on 31 Jan 23 = **£5,903**

There is 5% penalty arising on the balancing charge of £1720, but as the £4183 is POA therefore no penalty for this.