

CIOT - ATT-CTA - 2020 November Exams

Paper: **CTA Awareness**

Part/Module: **Module E**

-----ANSWER-49-BELOW-----

Answer-to-Question-_49_

taxable trading profits = 90,000
45,000 per partner

Special pool rate applies to Ted's car $6,500 * 6\% = 390$
 $* 70\% = 273$ - capital allowance
b/f twdv = 6,110
MAin pool rate applies to Alice's car $8,000 * 18\% =$
 $1,440 * 70\% = 1,008$ = capital allowance
b/ftwdv = 6,560

-----ANSWER-49-ABOVE-----

-----ANSWER-50-BELOW-----

Answer-to-Question-_50_

If the flat rate expense is claimed, no relief can be claimed in respect of capital allowances.

The flat rate expense covers cost of buying, running and maintaining.

$$10,000 * 45p = 4,500$$
$$14,000 * 25p = 3,500$$
$$8,000 * 40\% = 3,200 = \text{is allowable}$$

$$35 \text{ hours each month} = \pounds 10 * 12 = 120 - \text{allowable}$$

$$70,000 - 96,000 + 4,450 \text{ (capital proceeds) +}$$

the loss can be carried forward and set against the first available future profits of the same trade, it cannot be offset against any other income or gains

-----ANSWER-50-ABOVE-----

-----ANSWER-51-BELOW-----

Answer-to-Question-_51_

	general pool	SR
TWDV	9,200	
Car	14,000	
SR pool @6%		
$6\% * 16 / 12 * 14,000$		1,120
Disposal	(8,000)	
WDA@18%		
$18\% * 16 / 12 * 800$	192	
B/f		12,880

192 - small pool limit (1,000 for 12 months - 1,333 for 16 months)

$192 + 1120 = 1,312$

-----ANSWER-51-ABOVE-----

-----ANSWER-52-BELOW-----

Answer-to-Question-_52_

16months - first period
first tax year 1.05.2017 to 5.04.2018

$11/16 * 24,000 = 16,500$

second year - first 12 months of trading

1.09.2017 - 31.08.2018 2018/2019 tax year
 $12/16 * 24,000 = 18,000$

1.09.2018 - 31.08.2019 = 14,000 2019/2020 tax year

1.09.2019 - 29.02.2020 = 4,000 2019/2020 tax year

overlap profits

-----ANSWER-52-ABOVE-----

-----ANSWER-53-BELOW-----

Answer-to-Question-_53_

redundancy payments of statutory amount plus up to 3 times are allowable

5,000+5,000*3 = 20,000 is allowable per person
8,000 - not allowable

Bonuses should be allowable if paid within 9 months of the end of AP

Sale of business premises will be subject to capital gains tax

-----ANSWER-53-ABOVE-----

-----ANSWER-54-BELOW-----

Answer-to-Question-_54_

Income for NIC purposes = 25,000- 14,000 = 11,000

Class 2 nIc is $3 \times 52 = 156$

Class 4 NIV = $8,632 \times 9\% = 777$

$(11,000 - 8,632) \times 2\% = 47$

total = 980

NIC stops from the start of the tax year after Aedan reaches tax pensional age, therefore from 6 April 2020.

-----ANSWER-54-ABOVE-----

-----ANSWER-55-BELOW-----

Answer-to-Question-_55_

Start of the trade 1.09.2018
tax return issued on 25.08.2019 -
later of 31 October following the tax year or
3months after notice to file was issued

She should have filed her tax return by 28th November
2019

If she were 6 week late the penalty would be = £100
 $6 * 7 \text{ days} * 10 = 420$
total 520 for late filing

if she is more than 30 days late with paying her tax
liability penalty will be 5% of the liability

Payments is due on 31.01. 2020. she needs to consider
whether she needs to make payments on the accounts - due
dates - 31.01. and 31.07

-----ANSWER-55-ABOVE-----

-----ANSWER-56-BELOW-----

Answer-to-Question-_56_

	K	H	J
Loss (50,000) Salaries	30,000	9,000	7,000
96,000 adjusted loss to share			
Loss	(19,200)	(28,800)	(48,000)
Total:	10,800	(19,800)	(41,000)
relocate 10,800		3,517	7,283
19,800/60,800*10,800			
	nil	16,283	33,717

-----ANSWER-56-ABOVE-----

-----ANSWER-57-BELOW-----

Answer-to-Question-_57_

$4,000 / (4,000 + 20,000) = 17\%$
 $12,750 * 17\% = 2,168$ cost allocated to the part that was sold

Gain = $4,000 - 2,168 = 1,832$

The calim allowas to avoid a gain on a small part of disposal of land

Qualifies if :
proceeds are less or equal 20% of value of land abd
total procceds of all land sales in the year is less or equal £20,000

In case the claim is made the proceeds of the small part of disposal are dedcuted from the cost of the land (i.e. 4,000).

-----ANSWER-57-ABOVE-----

-----ANSWER-58-BELOW-----

Answer-to-Question- _58_
s.64 claim

the loss can be used against general income of the year of loss and/or the previous year.

General income is 19,500, to be effective personal allowance should be allocated to this part before using the loss.

41,000 - 22,500 = 18,500 - chargeable gain after loss deduction

AEA - 12,000
6,500

19,500 - 12,500 = 7,000

-----ANSWER-58-ABOVE-----

-----ANSWER-59-BELOW-----

Answer-to-Question-_59_

-----ANSWER-59-ABOVE-----

-----ANSWER-60-BELOW-----

Answer-to-Question-_60_