

CIOT - CTA

Paper: **Awareness**

Part/Module: **Module A**

Answer-to-Question-_1_

1)

You are a limited cost trader if the amount you spent on relevant goods is either:

- less than 2% of your VAT flat rate turnover
- greater than 2% but less than £1,000/year

Saul's relevant goods are:

- stationary
- electricity

Advertising and rent are not relevant goods.

	Net	VAT	Total
stationary	100	20	120
588 electricity	560	28	588

VAT flat rate turnover is £36,000

Total cost of relevant goods (as seen above) is £708.

2% of 36,000 = £720

£708 is less than £720

2) VAT payable by Saul is 16.5% under the limited cost trader rules. BUT a 1% discount is available in the first year.

Therefore VAT payable is £36,000 x 15.5% = £5,580

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

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

Answer-to-Question-_2_

Output VAT

$£22,000 \times 20\% = £440$

Input VAT recoverable

taking each cost in turn:

1. Fuel for use in business = full allowable
all input VAT can be recovered = $£2,250 \times 20\% = £450$
2. Fuel for Jessie's car
= also fully allowable = $£680 \times 20\% = £136$
3. Gifts of pens
 $£1,200 / 30 = £40$ each
the pens contain the company's phone number and are business gifts under the £50 threshold
therefore no VAT is due on these supplies
input tax can be recovered = $£1,200 \times 20\% = 240$
4. Cauffer drive car to wedding
no VAT recoverable as purely for private use/not business related

	input tax recovery		
full for business	450		
Jessies' fuel	136		
PEns	240		
Cauffer	0		
TOTAL input tax	826		

Amount payable = output tax - input tax
= 440 - 826

=- VAT refund of £386 for the quarter

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

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

Answer-to-Question-3_

1)

In order to be part of a VAT group, a company must be 51% owned (i.e. over 50%) and have a UK place of establishment.

Hamlynne Ltd can be part of a VAT group as Howard has control.

Gustavo can also be part of the group as Howard has control and it has a UK place of establishment.

2) disadvantages:

All companies are jointly and severally liable for penalties/errors of others

the inclusion of a company that makes exempt supplies makes the whole group partially exempt

The penalties are greater for VAT errors in groups

There is greater difficulty obtaining all of the necessary information to make up the one VAT return

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

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

Answer-to-Question- 4_

2)
31 March 2023 = £38,000 VAT liability
3 quarterly payments elected

Payments are due in months 4, 7, 10 and 14 from the start of the accounting period (1 April 2022)

therefore the payments are due

- 1.1 August 2022
- 2.1 December 2022
- 3.1 April 2023
- 4. 1 June 2023

The three interim payments (first three above will be 1/4 of previous year's VAT liability = £8,500

The amount of the final payment will be the total for current year's accounting period less the interim payments made above i.e £38,000 - (3x £8,500) = £12,500

the due date for the submission of the VAT return is 1 month + 7 days from end of the accounting period
= 31 March 2023 = 1 month + 7 days
= 7 May 2023

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

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

Answer-to-Question-_5_

INput tax recoverable:

1. car lease - 15% recoverable
= £288

2. input tax recovery is blocked for UK client entertaining
= nil input tax recoverable

3. input tax on UK staff entertaining is recoverable but not
the prportion incurred for any guests
= $50/100 \times £3,100 = £1,550$

Therefore the total input tax recoverable is $£288 + £1,550 =$
 $£1,838$

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

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

Answer-to-Question-_6_

1) companies need to register for VAT under the historic test where their taxable supplies exceed £85,000 in the previous 12 months

AT the end of November 2022, the taxable supplies in the previous 12 months were = £47,000 + £52,000 = £99,000, exceeding this threshold

HMRC need to be notified within 30 days of the end of month that this limit is breached (October 2022 + 30 days = 30 November 2022), with registration to take place in the first day of the following month ie 1 December 2022.

2) Deliberate but not concealed penalties incur a maximum late registration penalty of 70% of potential lost revenue:
 $£47,000 + £52,000 \times 70\% = £69,300$

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

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

Answer-to-Question-_7_

Capital good scheme

5 intervals/years to claim

bought 1 Jan 2021 (YR 31 March 2021)

initial VAT claim is

$£60,000 \times 20\% = £12,000$

$\times 75\% \text{ business-use} = £9,000$

Year 2 = YR 31 March 2022

Need to do 2 adjustments:

1. Normal inyear business % proportion adjustment
2. Sales adjustment

1. NO change to business use % so input tax claim is the same as before divided by number of years (5) = $£9,000/5 = £1,800$

2. Sales adjustment

adjustment as above but assumes 100% business use i.e

$£12,000 \times (100\%) / 5 = £2,400$

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

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

Answer-to-Question-_8_

Option to tax causes any previously exempt supplies to be become standard rates, This means taht input tax will be able to recovered of any costs.

1. Sale of building

TOGCs are normally outside the scope of VAT. Therefore there is no exempt supply which can subsequently become standard rated. Therefore there are no VAT implications on the sale.

2. Letting

However, one of the exemptions to option to tax is that residential property/tenants are unaffected and supplies remain exempt supplies. He may therefore wish to charge additional rent to tenants in order to make up for the loss in VAT being recoverable.

3. Renovations

Renovations of commercial properties are typically zero rated for VAT purposes. The option to tax will not affect the zero rated supply of the renovations.

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

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

Answer-to-Question- 9_

There are several steps to the calculation of VAT in apportionment scheme 1:

including working out the percentage of supplies at the different rates:

	SR	Zero-rates	Total
	70,000	21,000	£91,000

Standard rates supplies make up 76.92% of the supplies.
Zero rates make up 23.06% of the supplies

Therefore 76.92% of the takings need to be taxed at the standard rate and 23.06% at zero rate

$£249,600 \times 76.92 \times 20\% = £38,306.16 = \text{VAT payable on standard rated}$

Zero-rated = will always be zero

Therefore the total VAT payable is £38,306.

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

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

Answer-to-Question-_10_

1) late filing of VAT returns:

a penalty point is incurred when a filing deadline is missed. the maximum number of points allowable for someone who submits VAT returns quarterly is 4.

The fourth late return will mean the acquisition of 4 penalty points. Initial penalty is £200. He iw be liable to another penalty of £200 unless the penalty points expire.

Ths will only occur when every quarterly returns has been submitted on time for a period o 12 months and all returns have been made (on time or not) with the past 24 months.

2) PEnalties depend on payments date:

within 15 days of due date = no penalty
if not paid within 30 days = 2% of unpaid tax is penalty

due date = 1 month + 7 days from end of quarter
= 7 May 2023
if paid within 15 days (22 May 2023) = no penalty
if not paid within 30 days (7 June 2023) = 2% penalty = £134

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

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

Answer-to-Question-_11_

1)
business lease £240,000 property

	%	SDLT payable	
0-150,000	0	0	
150000 - 240,000	2%	1,800	

2) DUE date for SDLT payment = no later than filing date of return

filing deadline date of SDLT return is = 14 days of transaction
= 1 October 2022 + 14 days = 15 October 2022

3) late filing penalty is £100
2 months late = no additional penalties

late payment penalty = 5% unpaid tax (£1,800) = £90

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

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

Answer-to-Question-_12_

SDLT due

£1.68m

residential properties = higher rates apply as purchase by company

	%	SDLT		
0-125,000	3	3750		
125000 - 250,000	5	6250		
925000-250000	8	54,000		
1,500,000 - 925,000	13	74,750		
1,680,000 - 1,500,000	15	27000		
Total SDLT		141,450		

the above plus without multiple dwellings relief

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

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Paper: **Awareness**

Part/Module: **Module B**

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

Answer-to-Question-_13_

Jackson death

£1.2m estate

£300,000 cash to son, remainder to wife

cash to son left in will so exempt from calculation of IHT.

estate	900,000		
Less NRB	(£325,000)		
Net chargeable estate	575,000		
IHT at 40%	230,000		

Aria died

estate valuye	2,060,000		
Less: NRB	(£325,000)		
Less RNRB	(175,000)		
Lsess spouse RNRB	(£175,000)		
NEt chargeabl e estate	1,385,000		
IHT at 40%	554,000		

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

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

Answer-to-Question-_14_

charitable legacy = exempt from IHT
remaining taxable estate of £640,000 - £30,000 = £610,000

estate	610,000			
Less NRB	(325,000)			
net chargeable estate	285,000			

IHT chargeable at 36% when the amount given to charity is 10% or more of the baseline amount.

The baseline amount here is £285,000, 10% = £28,500
therefore £30,000 > £28,500 so IHT is taxable at 36%

£285,000 x 36% = £102,600

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

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

Answer-to-Question-_15_

2)
May 89 (89/90)
born in Spain to Spanish domiciled parents

Lola has a Spanish domicile of origin.

After moving to the UK and not acquiring a UK domicile of choice, she continued to be Spanish domiciled.

She will become deemed domicile on account of being a long-term UK resident when she has spent 15 of the previous 20 tax years as UK resident.

She moved to UK in May 2012 - assumption is she is UK resident in 2012/13

+ 14 years = 2026/27
therefore she will become UK deemed domicile from the following tax year = 2027/28 (from 6 April 2027)

2) She can elect to be UK domiciled in which case she will be able to transfer assets from her spouse/Andrew on a no-gain, no-loss basis. If she remains non-UK domiciled, this is limited to £325,000.

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

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

Answer-to-Question-_16_

July 022 - house worth £200,000.

Qualifies for the 2022/23 AE and 2021/22 AE of £3,000 each.

Therefore the net PET is £200,000 - (2x £3000) = £194,000

The PTE will use up £194000 of her NRB = leaving £131,000

no IHT is due on the transfer as it is below her NRB and will only become due if she dies within 7 years.

Oct 2022 - cash to charity

Gifts to charity are exempt transfers for IHT purposes. Therefore no IHT is payable on the transfer.

Feb 2023 - £400k cash to DT.

£400,000 chargable lifetime transfer
less available NRB (See above) = (131,000)
£269,000 subject to IHT at 40% = £107,600

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

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

Answer-to-Question-_17_

Cash gift

- no annual exemptions available as used in gifts to nephew

£75,000 is a PET
not subject to IHT at time of transfer

July 2018

£543,750 GCT
£43,750 lifetime tax paid

Death - 10 Janury 2023.

Lifeimte tax due on £75,000 PET made in Decemner 2016

No NRB is available as the GCTs in the 7 years prior to
death eceeds £325,000

therefore IHT of 40% is due on £75,000 PET = £30,000
but death was within 6-7 of transfer so taper relief of 80%
ius available
 $£30,000 - (£30000 \times 80\%) = £6,000$

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

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

Answer-to-Question-_18_

1) 30% unquoted trading company

100% BPR relief available on any shares un unquoted trading
compnies

100% of £420,000 = £420,000

2) 20% shares in unquoted investmetn company
shares in an investment business do not qualify for BPR
therefore no relief is available

3) We would need further informaiton to determine
eligibility for APR.

APR is only avaiailable of agricultural land and buildings in
the UK. We would need to know if the land was in the UK.

50% APR is available on pre-1 Sept 1995 tenancies where the
tenancy remainng is more than 2 years prior to the transfer.
Otherwise, it is available at 100%

We would need to know when the tenancy started.

50% APR = £350,000

100 APR = £700,000

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

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

Answer-to-Question-_19_

2 transfers

antique chairs

1 chair = £15,000

2 chairs = £35,000

transfer value = loss to donor

loss to donor = (value before transfer) - value after transfer)

= 35,000 - 15,000 = £20,000

SHares

Jakob 80% of 10,000 shares before transfer = 8,000 shares

civilt partner owned 20% = 2,000

	standalone	related	higher		
BEFORE					
standalone value	(W1) 800,000				
related value		(W2) 1,200,000	1,200,000		
AFTER					
standalone	(W3) 630,000				
related		(W4) 840,0	840,000		

		00			

value of transfer = £1,200,000 - £840,000 = £360,000

(W1) value of standlone value -
8,000 shares x £100 = £800,000

(W2)
standalone number of shares / combined number of shares x
(combined number of shares x value)
(8,000)/(10,000) x (10,000 x £150) = £1,200,000

(W3) standadlone value -
(8000 - 1000) = 7000 shares
7000 x £90 = £630,000

(W4)
standalone number of shares / combined number of shares x
(combined number of shares x value)
7,000/9,000 x (9,000 x £120) = £840,000

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

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

Answer-to-Question-_20_

1)

Holdover relief is available when the trustees of a settlement make a disposal of certain settled property i/e transfer assets into a trust.

A claim is normally made by the trustees and the person who acquires the asset (the transferee)

Where the trustees are also the transferee, the claim needs to be made by the trustees making the disposal alone.

Assets transferred in to a trust qualify for holdover relief.

The claim must be made within 12 months of the end of the month of transfer,

2) Transfer to spouses are typically made on a no-gain, no loss basis. However, the trust would become settlor-interested if his spouse was a beneficiary.

Any IHT would then become taxable on Rodrigues as a result of this.

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

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

Answer-to-Question- _21_

Principal charge

value of trust		980,000		
value of related trust		nil		
Net (C)		980,000		
NRB		(325,000)		
Less CLTs in 7 years prior to trust creation or distributions made		150,000		
Net position (G)		805,000		
Notional tax (NT)	$G \times 20\%$	161,000		
Effective rate (ER)	$= \frac{NT}{C} \times 100\%$	16.429%		
Actual rate (AR)	$= \frac{ER \times 30\% \times n}{40}$	5.185%	(W1) 4.929 > 5.185%	
Charge	$= AR \times \text{value of trust}$	50,813		

(W1) the trustees are paying the tax so this rate needs to be grossed up:

$$100x \text{ AR} / (100 - \text{AR}) = 5.185\%$$

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

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

Answer-to-Question- 22_

DT Trustees

	NSI	SI	DIVs		
Gross income	18,000	7,000	6,000		
Less expenses			(1205)	(W1)	
First £1k taxed at basic rate					
Net	18,000	7,000	4795		
1000 x 20%	(200)				
Remainder taxed at marginal rate					
17000 x 45%	(7650)				
7000 x 45%		(3150)			
4795 x 39.35%			(1886)		

(W1) expenses are grossed up at the basic rate and applied to divs first
 $1,100 \times 100/91.25 =$

total tax due by trustees is $\pounds 7,650 + \pounds 3,150 + \pounds 1,886 = \pounds 12,686$

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

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

Answer-to-Question- 23_

The annual exemption for trusts is typically 6150
however, this is divided by the number of trusts created = 2
therefore the revised AE is £3,075

CGT part disposal

first disposal

cost x A/A+ B
A = part sold
B = value of remainder

cost = £70,000
cost relating to part disposal =
 $70,000 \times 25,000 / (25,000 + 105,000)$
= £13,461

(cost price of remainder = 70,000 - 13461 = 56,539)

Therefore gains on disposal in
Proceeds = £25,000 - £13,461 = 11,539

less AE noted above (3,075) = 8,464 x 20% = £1,692

disposal of remainder

Proceeds = £175,000
Cost of remainder noted above (56,539)
Less legal fees (2,300)
= 116,161

Less AE (3,075)
 $£113,086 \times 20\% = 22,617$

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

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

Answer-to-Question-_24_

Juen 2021 = PET
not a chargeable transfer for IHT purposes do no return
required

Sept 21 = 380k DT transfer

£100 penalty for failure to deliver return.

further £100 penalty is not delivered within 6 months

£3,000 if not delivered within a year

The DT transfer is a CLT
this should have been reported by the donee via an IHT100
return within the later of:
12 months from the date of transfer = September 2022

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

CIOT - CTA

Paper: **Awareness**

Part/Module: **Module C**

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

Answer-to-Question-_25_

Period of accounts 1 Jan 22 - 31 March 2023 is 15 months.
This need ssplitting into two accounting periods:

12 months - 1 Jan 22 - 31 Dec 22
3 months - 1 Jan 23 - 31 NMarch 23

	1 Jan 22 - 31 Dec 22 (12)	1 Jan 23 - 31 March 23 (3)		
Trade profits	(W1) 1,200,000	(W2) 300,000	(W1)	
Capital allowances	(18,000) (W2)	(3,690) (W3)		
Rents (W4)	27,000	9,000		
Gains (W5)		20,000		
TTP	1,209,000	325,310		
CT at 19%	229,710	61,808		

(W1) £1,500,000 apportioned on accruals basis according to months in periods

(W2) $100,000 \times 18\% = 18,000$
WDV c/f = 82,000

(W3) = $82,000 \times 18\% \times 3/12 = 3690$

(W4) rents received on accrual basis

started 1 April 2022 - 31 March 22

$9/12 \times 36,000 = 27,000$
 $3/12 \times 36,000 = 9,000$

(W5) applicable to time sold

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

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

Answer-to-Question- _26_

YE 31 March 2023
damages caused 10 March 2023
Work carried out June 2023

The provision will be deductible in the accounts.

This is because it was taken out in response to a requirement for a debt during teh relevant/same accounting period. The fact that the work was undertaken later is irrelevant, although the provision must be used within 9 months of the end of teh accounting period (31 Martch 2023 + 9 months = 31 Sept 2023).

Otherwise the amount of the provision will then be added back into the profit calculation of the subsequent accounting period.

The cost is for a repair to business property so is allowable as wholly and exclusively for bsuiness purposes.

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

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

Answer-to-Question-_27_

	FYA	FYA	AIA	Main	Special	Total CAs
			100%			
WDV B/F				0	102,000	
Acqu isit ions				30,000	82,000	
DIsp osal				(12,000) (W1)		
Net				18,000	184,000	
FYA 130%				(39,000) (W3)		39,000
FYA 100%						
FYA 50%					(41,000) (W4)	41,000
AIA 50%					(40,000) (W2)	40,000
Net				nil	103,000	
18% WDA						
6% WDA					(6,180)	6180
WDV c/f				nil	96,820	
Tota l CA claim						126,180

total CA claim is 126,180

Tax adjusted trading profits = £240,000
Less CA (126,180)
TTP = 113,820

(W1) disposal amount is lower of:

- cost (£20,000) and
- proceeds (£12,000)

(W2) it's preferable to use the remaining AIA against the special rate pool which has a lower WDA %

(W3) new P&M = 130% deduction in main pool

(W4) 50% available for new special rate acquisitions

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

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

Answer-to-Question-_28_

1 Oct 22

investment property = non-trade

dealing with non-trade loan relationships (NTLR)

interest/debits dealt with on accruals basis

£6,000 1 Oct 22 - 30 April 23

accrual basis in period YE 30 April 23

= £6,000

This will be added to the TTP in the calculation of income

1 November 2022

30,000 premium

income/.expenses only allows property income element of premium

= total premium - capital element

capital element = premium \times 2% \times (n-1)

= £23,400

therefore property income part is £30,000 - £23,400 =

£6,600

less legal fees £1,500

= 5,100

This amount (£5,100) will be added to the amount of taxable profits.

Rent

assessed on accruals basis
£2,000/month payable in advance first day of monthd
12 x £2000 = £24,000

This amount wil be added to taxable profits.

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

-----ANSWER-29-BELOW-----

Answer-to-Question-_29_

Rollover relief available as qualifying IFAs have been bought sold.

The taxable profits in the accounting year are added to accounting profits in the final CT calculation

Patent 1

bought 01/04/19 £400,000
T WDV at 31 March 22 £210,000

Profit on disposal = £520,000

amount NOT eligible for rollover relief = proceeds NOT
reinvested
£520,000 - £60,000 (cost of patent 2)
= £460,000

-----ANSWER-29-ABOVE-----

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

Answer-to-Question-_30_

31 July 2022

s455 charge arises to company when they make a loan to a shareholder.

This is 33.75% of the amount loaned.

The charge is payable on the amount of outstanding loan, the lowest of:

1. end of accounting period (31 July 2022)
2. due date for payment (9 months + 1 days after end of AP)= 1 June 2023

1. Loan outstanding amount at 31 July 2022 is 100,000

2. Loan outstanding at 1 June 2023 = 10,000

33.75% of 10,000 = £3,375

However, the company is able to claim a repayment when the loan is subsequently paid off:

The repayments made in the subsequent 9 months + 7 days (31 July 2022) are £90,000

therefore, the company gets a repayment of the x455 loan equal to the proportion of the loan repaid = $90,000/100,000 \times £3,375 = £3,037$

net position = £338

However 'bed and breakfasting' is said to have occurred where loans in excess of £5,000 have been repaid and £5,000 further taken out within 30 days of repayment

the £30,000 amount repaid was then taken out again on 2 May

for £50,000

The effects are as follows:

- COmpany - continues as normal to get s455 repaymetn as above
however, then will incur class 1 seondary NICs on the amount repaid to which they will received ta relief
 $£30,000 \times 15.05\% = £4,515$

- Mr Huckberry = will be charged at the dividend rate for the amount repaid. He will also be subject to class 2 primary NICs on the amount repaid
 $30,000 \times 13.25\% = £3,975$

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

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

Answer-to-Question-_31_

Junipaberry is a small company

it is therefore allowed a 100% + 130% allowable deduction for eligible R&D expenditure

Kiwi	82,000			
Kabosu	30,000	(W1)		
Rent	-	(W2)		
Water and electric	4000			
Total R&D expenditure	116,000			

(W1) only 30% of the expenses is allowable for R&D purposes
 $100,000 \times 30\% = \text{£}30,000$

(W2) rent is not an eligible R&D expense

trading profits says its the figure after deduction of all of teh R&D expenditure named

therefore it all needs adding back to get to the gross figure:

$$420,000 + 82,000 + 100,000 + 18,000 + 4,000 = \text{£}624,000$$

Taxable profits	624,000			
100% R&D	(116,000)			
130% R&D	(150,800)			
TTP	357,200			
CT at 19%	67,868			

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

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

Answer-to-Question-_32_

	YE 31/12/21	YE 31/03/22	YE 31/03/23	
Trade	30,000	8,500	(66,000)	
UK prop	12,000	3,000	10,000	
Gains		(2,000)		
QCBS			(1,500)	

QCBS - removed from calc until end

Chargeable gains - cannot be transferred to other income types. Can only be carried forward.

trade loss -
 CY claim - £10,000
 £50,000 loss remaining

CB claim
 can only be acrried back to the previous 12 months
 3 months in YE 31/03/22 = £11,500
 9 months in YE 31/12/21 = £37,500

£1,000 loss wasted

	YE 31/12/21	YE 31/03/22	YE 31/03/23	
trade	-	-	-	
Uk prop	4500	-	-	
Gains		-	8,000	
QCBS	-	-	wasted	
Net profit	4500	nil	8,000	

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

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

Answer-to-Question-_33_

group relief

chargeable gains

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

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

Answer-to-Question-_34_

indexations/rollover relief

08/01/23

proceeds = £500,000

legal fees = 1,800

01/07/20

extension = £20,000

S&B (deduct from cost) = 1,500

01/05/15

cost = 162,000

SDLT = 1,620

Need to index both the acquisition and the enhancement first:

Original acquisition:

Cost = 162,000 + 1,620 = 163,620

x RPR at month of disposal - month of acquisition / month of acquisition

= 278.1 - 258.5 / 258.5

= 0.0759 x £163620 = 12418

Enhancement

Cost = 20,000 - 1500 = 18,500

x RPR at month of disposal - month of acquisition / month of acquisition

not indexed as took place after December 2017

Chargeable gain/loss

Proceeds	500,000		
Legal fees	(1800)		

Original acquisition	(162,000)		
SDLT	(1620)		
INDEXED cost of initial acquisition	(12,418)		
Enhancement	(20,000)		
S&B claim	1500		
TOTAL gain	303,662		

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

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

Answer-to-Question-_35_

UK proportion of profits taxable in the UK

300,000

+100,000 no deduction for management charges in the UK

400,000

x19% CT =76,000

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

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

Answer-to-Question-_36_

40% of tanjereen = no control
therefdore cannot form part of group

cpmanies have to pay instalments where profits exceed

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