

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

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID

Count (s)	Word (s)	Char (s)	Char (s) (WS)
Section 1	<b>109</b>	<b>533</b>	<b>637</b>
Section 2	<b>32</b>	<b>173</b>	<b>201</b>
Section 3	<b>71</b>	<b>279</b>	<b>342</b>
Section 4	<b>73</b>	<b>310</b>	<b>382</b>
Section 5	<b>0</b>	<b>0</b>	<b>0</b>
Section 6	<b>112</b>	<b>454</b>	<b>563</b>
Section 7	<b>0</b>	<b>0</b>	<b>0</b>
Section 8	<b>31</b>	<b>131</b>	<b>161</b>
Section 9	<b>57</b>	<b>239</b>	<b>286</b>
Section 10	<b>37</b>	<b>165</b>	<b>198</b>
Section 11	<b>34</b>	<b>147</b>	<b>177</b>
Section 12	<b>81</b>	<b>318</b>	<b>393</b>

---

Answer-to-Question- \_1\_

Deborah will not exceed the VAT threshold of £90,000:

-in the next 30 days (future test)

-or in the previous 12 months (historic test)

$7,250 \times 12 = £87,000$

factors to consider when deciding if should register for VAT:

-if she registers it gives the business more credibility. Although she started trading in May 2025 being VAT registered may make her business seem more established

-she is likely to have penalties for late registration if she does breach the VAT threshold of £90,000 in the next 30 days or previous 12 months

-being VAT registered would increase the compliance burden for Deborah having to file quarterly VAT returns.

-----

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

-----

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

Answer-to-Question- \_2\_

chocolate biscuits = standard rated  
electronic newspaper = standard rated  
freehold sale of dwelling bought by client = exempt  
membership of professional body = reduced rates  
child car seat = zero rates

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

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

Answer-to-Question- \_3\_

output VAT

$$200,000 \times 20\% = \text{£}40,000$$

less: input VAT

$$50,000 \times 20\% = 10,000$$

$$2,000 \times 20\% = 400$$

$$10,400$$

$$40,000 - 10,400 = \underline{\underline{\text{£}29,600}}$$

Bad debt relief can be made 6 months after the due date for payment Provided it has been written of in the accounts and the value of the supply is not more than the selling price and Doonkey Ltd has evidence to show HMRC this.

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

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

Answer-to-Question- \_4\_

Jose can de-register voluntarily as his taxable turnover is expected to be less than £88,000 in the next 12 months.

He must pay output tax to HMRC in respect of goods on hand at the date of deregistration, in input VAT has been claimed on these goods previously.

If the value is less than £1,000 then no output VAT will have to be paid to HMRC on these goods at held at deregistration.

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

---

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

Answer-to-Question- \_5\_

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

---

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

Answer-to-Question- \_6\_

Sielver Ltd, Goolld Ltd, Broonze Ltd and Coppper Ltd can form a VAT group, as they are established in the UK and fixed place of business in the UK. There is also common ownership of more than 50% so these can form a VAT group.

Saapphire Inc is not based in the UK and is not established in the UK and fixed place of business in the UK, so cannot join the VAT Group.

It may be beneficial for Sielver Ltd to not join the VAT group as it makes monthly VAT returns, this may increase the compliance burden of the VAT group as a whole having to file monthly VAT returns.

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

---

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

Answer-to-Question- \_7\_

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



---

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

Answer-to-Question- \_8\_

The VAT treatment of goood and servcies supplied to businesses in spain will be zero rated. He can reclaim input VAT on purchases and VAT will be at 0% on sales.

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

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

Answer-to-Question- 9

Flate rate scheme

taxable turnover x flat rate %

$$£95,000 \times 1.2 = £114,000$$

$$114,000 \times 10.5\% = \underline{£11,970}$$

normal method of accounting for VAT

output VAT:

$$95,000 \times 20\% = £19,000$$

less: input VAT

$$20,000 \times 20\% = £4,000$$

$$£19,000 - £4,000 = \underline{£15,000}$$

The saving for the year would be  $£15,000 - £11,970 = \underline{£3,030}$

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

---

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

Answer-to-Question- \_10\_

TOGC condtions

- The purchaser will carry on the same kind of business as Jane
- There wont be a significant break in trading
- The purchaseer will take responsibility of the VAT affairs of the business

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

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

Answer-to-Question- \_11\_

consideration = £100,000 + 7,500 = £107,500

£107,500 x 0.5% = £537.50

rounded up to the nearest 5 = £540 -> SD payable on the transfer of shares

Averil is responsible for paying it

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

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

Answer-to-Question- \_12\_

Sven

As Sven is a first time buyer and bought the property for less than £625,000 he would benefit from a reduced rate.

425,000 @ 0% = 0

175,000 @ 5% = **£8,750**

The due date for payment is within 14 days i.e. 14th May 2025.

Stacey

she will have to pay an additional 3% on the purchase as this is an additional residential property.

250,000 @ 3% = £7,500

350,000 @ 8 % = £28,000

28,000 + 7,500 = £35,500

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

---

---

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	<b>14</b>	<b>77</b>	<b>87</b>
Section 14	<b>95</b>	<b>431</b>	<b>518</b>
Section 15	<b>52</b>	<b>279</b>	<b>322</b>
Section 16	<b>88</b>	<b>410</b>	<b>484</b>
Section 17	<b>120</b>	<b>515</b>	<b>633</b>
Section 18	<b>50</b>	<b>223</b>	<b>271</b>
Section 19	<b>32</b>	<b>164</b>	<b>191</b>
Section 20	<b>73</b>	<b>365</b>	<b>429</b>
Section 21	<b>119</b>	<b>479</b>	<b>596</b>
Section 22	<b>59</b>	<b>305</b>	<b>344</b>
Section 23	<b>36</b>	<b>163</b>	<b>193</b>
Section 24	<b>121</b>	<b>549</b>	<b>667</b>

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

Answer-to-Question- \_13\_

$$780,000 - 160,000 = £620,000$$

			Related Property Value		
before gift			780,000		
after gift					
			160,000		

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



---

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

Answer-to-Question- 14

life time tax payable on transfer to discretionary trust

£450,000

less: 2024/25 AE (£3,000)

less: 2023/24 AE (£3,000)

£444,000 less: NRB (50,000)

Nil rate band remaining less any transfers in previous 7 years:

325,000 - (275,000) = £50,000

£394,000 X 20 / 80 = **£98,500** payable by emily.

The due date for payment is the earlier of 12 months from date of transfer i.e. 14th March 2026 or on the submission of the IHT 100 form.

Emily must submit an IHT 100 form in respect of the transfer within 12 months. i.e. 14th March 2026.

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

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

Answer-to-Question- 15

Richard

In February 2018 the RNRB available was £100,000  
Less: Family home to isabella (£60,000)  
RNRB remaining = £40,000

remaining RNRB

£175,000 which is matildas residence nil rate band for 2024/25  
Plus:  $40,000/100,000 \times 175,000 = £70,000$

$£175,000 + £70,000 = £245,000$

As she remarried she cannot claim addtional RNRB from Seth.

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

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

Answer-to-Question- \_16\_

IHT due on the neacklace:

PET chargeable as Mary died within 7 years.

194,000  
less: AE 2019/20 (3,000)  
less: AE 2018/19 (3,000)  
£188,000  
less: NRB remaining (172,750)  
£15,250 @ 40% = £6,100  
less: taper relief (between 5-6 years): 6,100 x 60% = (£3,660)  
**£2,440**

Nil rate band remaining less any transfers in previous 7 years:  
325,000 - 152,250 = £172,750

**IHT due on the necklace is £2,440**

IHT on the necklace is payable by Catherine, within 6 months from the date of Mary's death i.e 31 August 2025.

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

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

Answer-to-Question- \_17\_

The spouse exemption on Williams death is £325,000 as his spouse is not domiciled in the UK.

Maragrethe could elect for the spouse exemption to apply, which would mean all of Williams estate of £8,500,000 would be exempt from IHT as it is a transfer between her and her spouse/. However this would mean Margerthe would have to pay IHT on her assets in the UK as well as worldwide assets.

If Margrethe is returns to Denamark and does not return to the UK , as UK resident, for period of more than 4 years then no IHT on the transfer between her and her spouse will no longer apply and Margethe will have to pay IHT on Williams estate.

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

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

Answer-to-Question- \_18\_

Gross Chargeable transfer: £493,750  
less: NRB: (325,000)  
less APR @ 100% based on agricultural value at 17 october 2018: (960,000 - 500,000 =  
460,000)

APR is available @ 100% as Phillip has owned the land for a period of more than 7  
years, and is not a pre-sept 1997 lease

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

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

Answer-to-Question- \_19\_

£895,000 - NRB £325,000 = £570,000  
570,000 x 40% = £228,000

less quick succession relief:

$46,000 \times 240,000 - 46,000 / 240,000 \times 80\% = 29,747$

IHT payable on Diana's estate:  
 $228,000 - 29,747 = \underline{\underline{\text{£198,253}}}$

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

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

Answer-to-Question- 20

Nil rate band remaining less any transfers in previous 7 years:  
 $325,000 - 260,000 = £65,000$

$£1,520,000 + 100,000 \text{ (BPR)} + (\text{charity}) 500,000 = £1,620,000$   
 $1,620,000 - 65,000 \text{ (NRB)} = £1,555,000$

$1,555,000 \times 10\% = 155,000.$

As charitable legacy is more than 10% of net death estate the rate of IHT @ 36% applies.

1,520,000  
less NRB: (65,000)  
less: RNRB: (175,000)  
1,280,000

$£1,280,000 \times 36\% = \underline{\underline{460,800}}$  -> IHT payable on Elizabeth's death estate.

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

---

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

Answer-to-Question- \_21\_

Whilst Girogos is domiciled in greece he has been UK resident for at least 15 of the preeceeding 20 tax years which would mean he 'deemed' to be domiciled in the UK. He has been resident since tax year 2009/10 which would mean in 2024/25 he would have been reseedent for 15 tax years. For IHT purposes he would be liable to IHT on all the assets whether they are located in the UK or worldwide.

If he dies during 2025/26 he would be liable to IHT on all the assets in the UK and worldwide as he is 'deemed' to be UK domiciled as he was UK resident for at least 15 of the preeceeding 20 tax years.

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



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

Answer-to-Question- 22

	Dividend income				
	£250,000				
less managemen t exenses: 5475 x 100/39.35	(13,914)				
	<b>£236,086</b>				
236,086 @ 39.35%	£92,900				
13,914 x 8.75%	£1,217				
tax pool charge	26,500				

income tax payable by the trustees for 2024/25:  
£92,900 + £1,217 + £26,500 = £120,617

Tax pool			
b/f on 06.04.24	£500		
less income distributions 33,000 x 45/55	(27,000)		
tax pool charge	£26,500		
balance to c/f	nil		

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

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

Answer-to-Question- 23

proceeds = 950,000 - 12,500 = £937,500

less cost:

$1,300,000 \times 950,000 / 600,000 + 950,000 = £796,774$

£140,726

less AE: (1,500)

£139,226

CGT @ 20% = **£27,845** -> CGT payable by the trustees for 2024/25

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

---

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

Answer-to-Question- 24

This is a gift with the reservation of benefit (GWROB). Ishaq gave his house to his daughter Maryam but continued to benefit from living in the house. This could have been avoided if Ishaq paid rent at the commercial value.

As a result the house will form part of his death estate on Ishaq's death. As he died within 7 years the house (potentially exempt transfer) would also be chargeable to inheritance tax.

To solve this issue, IHT would be calculated on the house as part of Ishaq's death estate as well as a potentially exempt transfer which is now chargeable and HMRC would take the value which has the higher amount which would then be the IHT charge on the house.

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

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

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID

Count (s)	Word (s)	Char (s)	Char (s) (WS)
Section 37	<b>63</b>	<b>307</b>	<b>358</b>
Section 38	<b>0</b>	<b>0</b>	<b>0</b>
Section 39	<b>48</b>	<b>198</b>	<b>238</b>
Section 40	<b>138</b>	<b>475</b>	<b>588</b>
Section 41	<b>48</b>	<b>254</b>	<b>295</b>
Section 42	<b>84</b>	<b>520</b>	<b>590</b>
Section 43	<b>91</b>	<b>445</b>	<b>518</b>
Section 44	<b>26</b>	<b>116</b>	<b>140</b>
Section 45	<b>0</b>	<b>0</b>	<b>0</b>
Section 46	<b>66</b>	<b>311</b>	<b>362</b>
Section 47	<b>52</b>	<b>251</b>	<b>287</b>
Section 48	<b>0</b>	<b>0</b>	<b>0</b>

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

Answer-to-Question- 37

	non savings income	savings	Dividends	
employment income	35,000			
interest		1,500		
Dividends			7,500	
less personal allowance:	(12,570)			
	<u>22,430</u>	<u>1,500</u>	<u>7,500</u>	<u>31,430</u>
22,430 @ 20%	4,486			
1000 @ 0 % savings allowance		0		
500 @ 20%		100		
500 @ 0 % dividend allowance			0	
7,000 x 8.75%			613	
	4,486	100	613	£5,199
less: marriage allowance 1,260 x 20%				(252)
income tax liability for 2024/25				<u><b>£4,947</b></u>

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

---

---

---

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

Answer-to-Question- \_38\_

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

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

Answer-to-Question- \_39\_

list price + accessories

£53,000 + £1,000 = £54,000

less: capital contribution capped at £5,000

£54,000 - £5,000 = £49,000

£49,000 \* 8 % = £3,920

£3,920 x 6/12 = £1,960

less contribution to private use of car 50 x 6 = £300

£1,960 - £300 = **£1,660**

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



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

Answer-to-Question- \_40\_

Juliet

Class 1 Primary NIC

As Juliet is a director we will calculate NIC based on their annual salary and dividends.

$$£12,000 + £58,000 = £70,000$$

$$£12,570 @ 0 \% = 0$$

$$£37,700 @ 8\% = 3,016$$

$$19,730 @ 2\% = 395$$

$$3,016 + 395 = \underline{£3,411}$$

Roman

Class 1 Primary NIC

calculate on based on their monthly salary.  $55,000 = 12 = £4,583$

$$£1,048 @ 0\% = 0$$

$$£3,141 @ 8 \% = 251$$

$$394 @ 2\% = 8$$

$$251 + 8 = 259$$

$$259 * 12 = \underline{£3,108}$$

Reomee Ltd

Class 1 Secondary NIC payable by Reomee Ltd

For Roman this would be

$$£758 @ 0\% = 0$$

$$3825 * 13.8 \% = 528$$

$$528 \times 12 = \underline{£6,336}$$

For Juliet this would be

$$£9,100 @ 0\% = 0$$

---

$$60,900 * 13.8\% = \underline{\pounds 8,404}$$

$$\pounds 8,404 + 6,336 = \pounds 14,740$$

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

---

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

Answer-to-Question- \_41\_

statutory redundancy pay is taxable = £10,000

ex-gratia payment is taxable = £18,000

Market value of car is taxable = £9,000

retraining course is not taxable

payment for restrictive covenant is not taxable

value of redundancy package

10,000 + 18,000 9,000 = £37,000

less: (£30,000) allowance: = £7,000

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

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

Answer-to-Question- \_42\_

1) threshold income

annual salary: £205,000

less: personal pension contribution (gross): (£15,000)

£190,000

2)adjusted net income

annual salary: £205,000

add: employer pension contribution: 50,000

£255,000

As both the threshold income is below £200,000 and adjusted net income is below £260,000 we dont need to taper the annual allowance. Thus the annual allowance available will be £60,00 for 2024/25.

annual allowance: £60,000

less: personal pension contribution (gross): (£15,000)

less: employer pension contribution: (£50,000)

(£5,000)

There will be an annual allowance charge of £5,000 for 2024/25.

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

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

Answer-to-Question- \_43\_

Scottish tax payer:

	non savings income			
salary	125,140			
starter rate: 2306 @ 19%	438			
scottish basic rate 11,684 @ 20%	£2,337			
intermediate rate 17,100 @ 21%	£3,591			
Higher rate 31,337 @ 42%	£13,162			
advanced rate 63,713 @ 45%	£28,671			
<b>income tax liability for 2024/25</b>	<b>£48,199</b>			

$125,140 - 100,000 = £25,140$

$£25,140 / 2 = £12,570$

$12,570 - 12,570 = \text{nil}$  (no personal allowance) this means caroline will not have the personal allowance of £12,570 as her non savings income is £125,140

Scottish tax payers pay scottish income tax on on savings income

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

---

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

Answer-to-Question- \_44\_

Under General law Callie and Arman will not be UK Domicled.

However they will be deemed docmile for income tax purposes for the next 3 years.

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

---

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

Answer-to-Question- \_45\_

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

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

Answer-to-Question- \_46\_

S.104 Pool

	Date	shares	amount		
	30 June 2015	3,000	£6,000		
1 for 2 bonus issue	30 September 2018	1,500	£0		
	31 December 2020	1,000	£2,300		
1 for 2 rights issue @ £1,50 per share	31 March 2024	2,750	£4,125		
		8,250	£12,425		
		(5,000)	(£7,530)		
		3,250	£4,895		

Proceeds: £20,000  
less costs (workings as per table above): (£7,530)

Chargeable gain on disposal of shares:  
20,000 - £7,530 = **£12,470**

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



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

Answer-to-Question- \_47\_

	Other assets	BADR shares	
Gain on necklace	£25,000		
Gain on sale of shares in Doontello Ltd		£28,000	
less: AEA	(£3,000)		
less: capital losses b/f	(£10,000)		
	£12,000	£28,000	
12,000 @ 20%	£2,400		
28,000 @ 10% as shares qualify for business asset disposal relief		£2,800	

CGT for 2024/25 = £2,400 + £2,800 = **£5,200**

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

---

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

Answer-to-Question- \_48\_

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