

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	74	285	359
Section 2	119	507	616
Section 3	90	407	494
Section 4	11	62	68
Section 5	75	288	356
Section 6	103	478	581
Section 7	131	614	729
Section 8	52	210	259
Section 9	0	0	0
Section 10	0	0	0
Section 11	0	0	0
Section 12	0	0	0

Answer-to-Question- _1_

1. Input Vat cannot be recovered because there is no record of input VAT having been paid as invoice was destroyed and cannot be replaced.
2. Input VAT on cars with private use is blocked.
3. Input vat can be claimed on the business use in line with advisory fuel rates for the kind of car, so 23p per mile x 600 = 138. Input Vat to claim is $138 \times \frac{1}{6} = 23$.

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

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

Answer-to-Question- 2

Cumulative turnover:

1.4.23 to 30.9.23, so $6 \times 7000 = 42000$

october and november, so $2 \times 9500 = 19000$

December, January and February, $3 \times 10000 = 30000$

Cumulative turnover for the above was 91,000 and the registration threshold was breached at the end of February 2024.

The historic test applies and Reuben should have notified HMRC within 30 days of the end of the month so by 30 March 2024. Effective date for registration is 1 April 2024.

2. VAT payable by Reuben for first quarter, first quarter being 1.4.24 to 30 June 2024

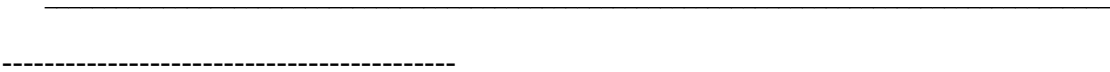
output VAT:

turnover = $30000 \times 1/6 = 5000$

input VAT:

stock purchases = $6500 \times 3 = 19500 \times 1/6 = 3250$

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



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

Answer-to-Question- 3

Olivia's instalments will be based on 120000 assuming she has been registered for at least 12 months. each instalment is 10% of 120,000 with 90% of the 120,000 payable by instalments on months 4 to 11, so july 2024 through to february 2025.

each instalment is 12,000

total amount payable by instalment is 108,000 (90% x 120000)

finals instalment of 12,000 will be payable two months after the end of the VAT year so 31 May 2025. the return will also be payable two months after the VAT year end.

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

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

Answer-to-Question- 4

1. standard rated
2. zero-rated
3. zero-rated
4. zero-rated
5. zer-rated

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

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

Answer-to-Question- 5

second hand good scheme: output vat paid on profit margin, no input vat on cost, but can claim inpt vat on costs relating to restoration

necklace:

output vat $(9000 - 450) \times 1/6 = 1425$

input vat $1200 \times 20\% = 240$

output vat on chair = nil as no profit

net vat = 1185

Global accounting:

$9000 - 450 + 400 - 500 = 8450 \times 1/6 = 1408$

input vat $1200 \times 20\% = 240$

Net vat = 1168

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

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

Answer-to-Question- 6

The basic tax point is when the service is performed/good are delivered.

THis is overridden firstly if a payment id received or an invoice is issued beforehand.

THis applies to the deposit, so the actaul tax point for the depoits is the when the deposits are paid.

The second tax point is when the invoice is received so on the day of the performance.

Assuming that the partnership is registered for VAT, yes, it needs to provide invoices.

It could move to simplified invoicing if the consideration is less than £250 and the recipient of teh invoice is not in another member state.

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

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

Answer-to-Question- 7

taxable supplies - 265000

VAT - 80000

Exempt supplies - 40000

VAT - 5000

Residual vat calculated as a % of taxable supplies/total supplies = $265000/305000=87\%$
(rounded up to a whole number)

Residual input vat attriutable to taxable supplies:

$87\% \times 25000=21750$

Residual input vat attributable to exempt supplies:

$13\% \times 25000 = 3250$

total input vat on taxable supplies = 101750

total input vat on exempt supplies = 8250

106 reg normal de minimis test

less than 625 per month? no as $8250/3 = 2750$

leass than 50% of total input vat? yes

input vat on exempt supplies not recoverable

so vat that can be recovered for the period is 101750

The annau adjustment is therefore $110000 - 101750 = 8250$ of input vat has been overclaimed and needs to be repaid.

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

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

Answer-to-Question- 8

any transactions within a vat group are disregarded for vat purposes.

Sales to uncnected companies

$$100000 \times 1/6 = 20000$$

$$\text{promotional sales } 70\% \text{ on full price} = 15000 \times 70\% \times 1/6 = 1750$$

$$30\% \text{ sales with } 10\% \text{ discount} = 15000 \times 30\% \times 90\% \times 1/6 = 675$$

$$\text{Output vat} = 22425$$

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

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

Answer-to-Question- 9

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

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

Answer-to-Question- 10 _

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

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

Answer-to-Question- 11 _

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

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

Answer-to-Question- 12 _

-----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 25	35	168	196
Section 26	31	165	190
Section 27	45	210	229
Section 28	30	151	175
Section 29	29	125	153
Section 30	64	288	338
Section 31	0	0	0
Section 32	0	0	0
Section 33	9	60	61
Section 34	0	0	0
Section 35	3	22	25
Section 36	43	175	215

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

Answer-to-Question- 25

lower limit $50000 \times 9/12 = 37500$

upper limit 187500

TTP $155000 \times 25\% = 38750$

less marginal relief

$3/200 \times (187500 - 170000) \times (155000 / 170000) = (240)$

CT payable = 38510

Due date fir payemnt is 1 January 2025

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

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

Answer-to-Question- 26

Accounting profit 420000
add back
Pension contributions 2500
loss on disposal 4700
15% of leasing costs 1200
theft by employee -
depreciation 12500
tax adjusted trading profit before CAs = 440900

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

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

Answer-to-Question- 27

9 months 1.1.24-30.9.24	AIA	Main pool	special rate	100%FYA
twdv		120000	62000	
additions				
integral features	30000		10000	
van				25000
disposals		(12000)		
AIA	(30000)			25000
WDA 18% x 9/12		14580		
6%			2790	
twdv c/f			68280	

<p>CAs = 30000 +14580 + 2790 + 25000 = 72370</p> <p>----- ----- ----- ----- ANSWER-27- ABOVE----- ----- ----- ----- ----- ----- ----- ANSWER-28- BELOW----- ----- ----- -----</p> <p>Answer-to- Question- <u>28</u></p> <p>rental income 12 x 2000 = 24000 lettking fees 3600 relacement boiler 3000 new dishwasher (not allowable) - loan dealt with in non trading loan</p>	22	23	24	
---	----	----	----	--

<p>relationships</p> <p>property income = 17400</p> <p>----- ----- ----- -----</p> <p>ANSWER-28- ABOVE----- ----- ----- ----- ----- ----- ----- -----</p> <p>ANSWER-29- BELOW----- ----- ----- -----</p> <p>Answer-to- Question- <u>29</u></p> <p>If there has been a major change in the type of property dealt in or services provided</p> <p>if there has been a major change on customers, outlets or</p>				
---	--	--	--	--

markets, ----- ----- ----- ----- ANSWER-29- ABOVE----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ANSWER-30- BELOW----- ----- ----- ----- ----- Answer-to- Question- _30_				
total profit	190000	12000	69000	
less CGt loss against CGt gain			(22000)	
			47000	
current year		(12000)		
carry back	(68000)			

			business use	non-business
profit for 22 = 122000 total prfit for 23 = nil - donations waisted as no partial claims allowed otal profit 24 = 47000 oversas lossess can only be set against overseas gains, no carry back calim is allowed current year ----- ----- ----- ----- ANSWER-30- ABOVE----- ----- ----- ----- ----- ----- ----- ANSWER-31- BELOW----- ----- ----- ----- Answer-to- Question- _31_				

<p>----- ----- ----- ----- ANSWER-31- ABOVE----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ANSWER-32- BELOW----- ----- ----- ----- ----- ----- Answer-to- Question- _32_ ----- ----- ----- ----- ANSWER-32- ABOVE----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ANSWER-33-</p>				
--	--	--	--	--

BELOW----- ----- ----- ----- ----- Answer-to- Question- _33_				
proceeds			1050000	350000
cost			420000	140000

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

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

Answer-to-Question- 34

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

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

Answer-to-Question- 35

transfer pricing applies

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

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

Answer-to-Question- 36

1st instalment due 6 months and 14 days after start of accounting period $3/8 = 360000$
due on 14 july 2024
2nd instalment due on 14 October 2024 $3/8 = 360000$
3rd and last instalment due 14 november 2024 of $2/8 = 240000$

-----ANSWER-36-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 49	168	730	895
Section 50	61	263	323
Section 51	96	460	556
Section 52	61	309	344
Section 53	106	476	580
Section 54	73	329	396
Section 55	40	189	225
Section 56	28	200	204
Section 57	96	417	507
Section 58	58	322	356
Section 59	32	143	175
Section 60	58	267	316

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

Answer-to-Question- 49

1. Ellie should have notified HMRC of chargeability to Income tax by 5 October following the end of the tax year for which a tax return will be needed, so she should have notified HMRC by 5 October 2023.

Ellie should have filed her tax return by 31 January 2024, as this is the later of the electronic tax return filing deadline for the 2022/23 tax year and the date the notice to file was issued.

She should have also paid the iNcomme tax and National INsurance COntributions on 31 January 2024.

2. Ellie will be charged an automatic late filing penalty of £100.

SHe may also be charged a penalty for the late ntocie of chargeability as the tax was still outstanding on 1 January 2024.

A late payment penalty will be charged of 5% (as this is greater than £300) because the tax was not paid within 30 days of the payment date. Interest will be charged from 31 January 2024 to the date of payment.

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

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

Answer-to-Question- 50

Zainab will receive a deduction for the interest charged on the £10,000 of the loan used to buy plant and machinery for use in her employment. The interest of $6\% \times 10,000$ so 600 is a qualifying payment and so will be deducted from her net income subject to restriction of the lower of 25% of her adjusted income and 50,000.

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

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

Answer-to-Question- 51 _

The type of a pre-trading expenditure that can be claimed is of the kind that would have been normally allowable when incurred while trading. The kind of expenditure is treated as though incurred on the first day of trading.

The pre-trading expenditure must be incurred within six years prior to commencing to trade. All of the expenses fulfill this condition, but only advice on health and safety, advertising expenses can be claimed. Fitures and fitting can only be claimed if they do not form part of the setting in which the trade is being carried on.

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

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

Answer-to-Question- 52

	AIA	Main pool	BMW (65% business)	CAs
b/f TWDV		925	9800	
Additions: Goods vehicle	18000			
Disposals (restricted to cost)			(10200)	
	18,000		(400)	
AIA 18,000 x 75%	(13500)			13500
Small pool allowance		(925)		925
balancing charge			400	(400)
total				14025

New wall is part of the building so does not qualify for Capital Allowances.
 Total allowances available for this period are 14025.

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

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

Answer-to-Question- 53

The cost of the land does not qualify for SBAs, neither does the cost of obtaining the planning permission. Electrical water systems can be claimed as part of the capital allowance regime.

THE SBA will be claimed on the cost of construction, so $50,000+225000=275000$ and will be claimed from the later of the building being completed and being brought into use, this is any either case 1 January 2023.

The amounts of SBAs for the period to 31 December 2023 that she will be able to claim is 3% of $275000 = 8250$ - not time apportioned in the period as used throughout the whole period.

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

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

Answer-to-Question- 54

1. Capital allowances:

as emmissions over 50 g/km, 6% allowances are available, restricted to business ue, so 6%
x 45,000 x 67% = 1809

Allowable running costs based on business use (67% = 12000/18000), so 4800 x 67% =
3216

Total deduction are 5,025

2. Fixed rate mileage allowance, so no capital allowances or separate deduction for
running costs, so

45p x 10,000 = 4500

25p x 2,000 = 500

Total = 5000

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

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

Answer-to-Question- 55

2023/24 taxable profits
year 1.1.23 to 31.12.2023 20000
3/12 of 24,000, so 1.1.24 to 31.3.24 = 6000
less overlap profit of 18000 x 3/12 = 4500
2022/23 18,000, so year 1.1.21 to 31.12.22
2021/22 18,000, so year 1.1.21 to 31.12.22

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

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

Answer-to-Question- 56

	Total	leon	marcia	nuala
1.4.23-30.9.23				
	(150000)x6/12 =(75000)			
5% interest x6/12		2500	2500	
loss 2:3		(28000)	(42000)	
1.10.23-31.3.2 4	(150000)x6/12 =(75000)			
salary		24000		
PSR 2:3:1		(17000)	(25500)	(8500)
Totals		(18500)	(65000)	(8500)

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

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

Answer-to-Question- 57

Khashish can claim business asset disposal relief on the shares because:

- holder of 25% shares, was a director, the company is trading an unquoted and these conditions were met for at least 2 years prior to disposal.

CGT due on the shares:
Proceeds 800000
less cost 150000
Gain = 650000

BADR at 10% = 65000

BADR can also be claimed on the disposal of the land as this is an associated disposal for the purposes of claiming BADR. THE BADR is restricted as rent was charged to the company for the use of the land.

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

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

Answer-to-Question- 58

	2:1	Business use	non-business use
Proceeds	528000	352000	176000
cost	270000	180000	90000
net gain		172000	86000
proceeds fully reinvested and asset used 100% for business, and exceed net gain	400000		
Rollover relief available on		(172000)	
new asset's sale proceeds	600000		
less reduced base cost	(400000-172000)= 228000		
2023/24 gain	372000		

CGt at 20% as commercial building so = 74400

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

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

Answer-to-Question- 59

Gift relief is not available as this is a an investmenbt company.

The gift will be treated as a disposal at market value as the shares have been given to connected companies.

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

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

Answer-to-Question- 60

Gains 100,000

less Inc. relief = gains x value of shares/total consideration

so = $100000 \times \text{value of shares} / 370000$

gain needs to equal 6,000 = AEA

less AEA of (6,000) =

Gain = Nil

so incorporation relief needs to be 94000

so shares received are

$94000 = 100000 \times X / 370000$

= 347800

valance of the DLA is 370000 less 347800 = 22,200