

The Chartered Tax Adviser Examination

May 2024

Application and Professional Skills

Taxation of Individuals

Pre-seen information

You may print this copy of the pre-seen information but you will not be permitted to take this into the test centre. It will be contained in the final Exhibit in each question.

Pre-seen information

Client name	Sarah Masters
Date and place of birth	05 May 1963, United Kingdom
Children	None
Residence	United Kingdom
Will	All assets to be left to Shropshire Cat Sanctuary
Employment	Employee of Tea & Biscuits Ltd

Asset Schedule 1 May 2024

Shares in SM Rental Ltd

Sarah owns 100% of SM Rental Ltd, an unquoted property company, of which she is sole director.

SM Rental Ltd owns one residential property, which is let long-term to a third party. Profits are extracted by way of dividends.

Unexercised EMI share options in Tea & Biscuits Ltd

Sarah has been granted share options over a total of 667,098 shares in her employer Tea & Biscuits Ltd. The options meet all qualifying conditions of the Enterprise Management Incentive Scheme. Sarah has not previously claimed business asset disposal relief.

<u>Date granted</u>	<u>No. of shares</u>	<u>Unrestricted Market Value at grant per share (£)</u>	<u>Total Unrestricted Market Value at grant (£)</u>	<u>Option exercise price per share (£)</u>
31 March 2018	200,000	0.05	10,000	0.05
31 March 2019	142,857	0.07	10,000	0.07
31 March 2020	166,666	0.06	10,000	0.06
31 March 2021	90,909	0.11	10,000	0.11
31 March 2022	<u>66,666</u>	0.15	<u>10,000</u>	0.15
Total	667,098			

Pension

Sarah's employer provides a defined benefit occupational pension scheme.

Savings

Sarah has £100,000 in a cash ISA.

Main Residence

Sarah's home is mortgage-free and its value is £500,000.

Continued

Continuation

Sarah Masters – 2023/24 Tax Return

Tax Calculation

	£
Pay from all employments	150,000
Dividends from UK companies	<u>10,000</u>
Total income on which tax is due	<u>160,000</u>
Pay, pensions, profits:	
Basic rate £37,700 x 20%	7,540
Higher rate £87,440 x 40%	34,976
Additional rate £24,860 at 45%	11,187
Dividends from companies:	
Nil rate £1,000 x 0	0
Additional rate £9,000 x 39.35%	<u>3,541</u>
Income tax due	<u>57,244</u>