## 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	185	856	1039	
Section	2	20	84	100	
Section	3	213	887	1086	
Section	4	128	560	686	
Section	5	132	524	640	
Section	6	208	898	1107	
Section	7	78	376	444	
Section	8	99	418	515	
Section	9	50	218	261	
Section	10	62	274	332	
Section	11	21	88	107	
Section	12	118	517	628	

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Answer-to-Question- 1

1.1 A trader has to register for VAT if their taxable turnover exceed £90,000 registration

limit.

This is tested by either the historic test which looks at the previous 12 months of trade

and if the traders taxable turnover is breaches the limit they must notify HMRC within 30

days from the end of the month of the breach and have to start charging VAT from the 1st

day of the second month after the breach.

Only taxable supplies are included in the calculation of these limits. Debroah exepcts to

make a monthly turnover of £7,250 x 12 = £87,000 for 12 months. This is below the

threshold.

Future test is not applicable to this scenario.

1.2 She should take into account her purchases and whether it would be likely that she

would benefit from registering so that she could claim back the input VAT on purchases.

She should also take into account whether she sees her business growing and therefore

turnover increasing - if it does increase and she breaches the threshold without knowing

she will be liable to pay penalties on the breach.

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

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ANSWER-2-BELOW
Answer-to-Question2_
2.1 standard rated
2.2 zero rated
2.3 zero rated
2.4 Exempt - if from an eligible body
2.5 reduced rate
ANSWER-2-ABOVE

 ANSWER-3-BE	I.OW		
IND WERE 5 DE			

Answer-to-Question-\_3\_

OutpuT VAT	Amount				
Standard Supplies	40,000				
Zero rated	0				
Input VAT					
Standard Puurchases	(10,000)				
Zero rated	0				
Output VAT due	30,000				

Note 1:Supplies

standard supplies :  $200,000 \times 20\% = 40,000$ 

Zer rated supplies :  $20,000 \times 0\% = 0$ 

Purchases

Standard rated :  $50,000 \times 20\% = 10,000$ 

Zero rated :  $2,000 \times 0\% = 0$ 

3.1 Bad debt relief can be claimed if 6 months have passed from the later of the due date of payment or supply of the goods or services, the debt has been written off in the traders account, they have already accounted and paid for the VAT and the trader holds the correct evidence.

Donkey Ltd for the quarter 31 March 2025 will be able to claim bad debt relief for

The invoice from 30TH August 2024 as 6 months have passed since the due date for payment (28th February 2025 would be 6 months) and he has written the debt off if the accounts.

As well as for the invoice 30th September 2024 as 6 months have also passed and the debt has been written off in the account.

	-
He can claim bad debt relief for both invoices 31 March 2025. For the september invoit will only be the amount remaining	ice
ANSWER-3-ABOVE	

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<del></del>
ANSWER-4-BELOW
Answer-to-Question4_
A trader can voluntarily deregister for VAT when there taxable turnover in the next 12 months drop below the threshold limit of £88,000 for $2024/25$ . As Jose expected turnover is estimated to be £75,000 he will be able to deregister
When Jose deregisters they will have to make a deemed supply of all the assets that they hold at the time of deregistration which they have already claimed input VAT on. The charge to VAT will be based on the replacement cost of the assets. If the total output VAT charge for all assets is below £1,000 then he will not need to account for the output. However if it is more than £1,000 Jose will have to account for the output VAT on his final VAT return.
ANSWER-4-ABOVE

ANSWER-5-BELOW	
Answer-to-Question5_	

VAT QUARTER	Late filing penalty	Late payment penalty		
30 June 2024	1 penalty pont	Nothing as paid within 15 days		
30 September 2024	1 penalty point	2% x 45,000 = £900		
31 December 2024	1 penalty point	No libaility as they were owed input VAT		
31 March 2025	1 penalty point = £200	16-30 days 2% x 35,000 = 700 30 days 2% x 35,000 = 700 30+ 4% x 35,000 =		

The total interst and penalties due for

31 December 2024 nothing as there was no VAT payable to HMRC Domanian Ltd only accrued a penalty point for late filing

31 March 2025

£200 for 4th penalty point +700 + 700 = £1,600

There will also be an additional 4% per annum x 35,000 charged until the VAT is paid.

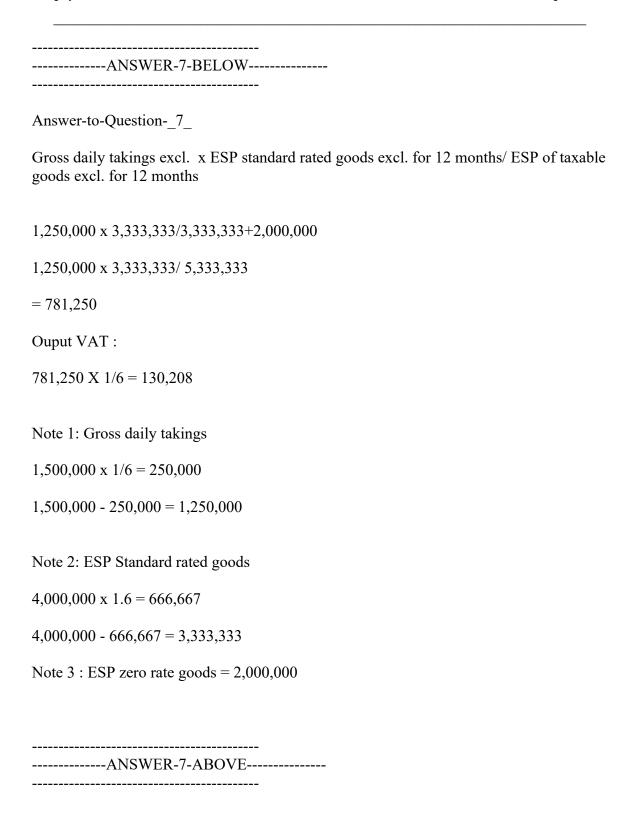
-----ANSWER-5-ABOVE------

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ANSWER-6-BELOW
Answer-to-Question6_
In order to form a VAT group there must be at least 50% common control between the companies.
An overseas company can only join a VAT group if they have a permanent establishment in the UK. Therefore Saapphire Inc can not form part of the VAT group
An indvidual can join a VAT group if they are a relevant person who control a body corporate. As Jasmine is not in business she would not be able to be part of the group
Goolld Ltd , Sielver Ltd Broonze Ltd and Copper Ltd will all be able to form a VAT group.
When companies join together to form a VAT group they become directly and severally liable for each others VAT liability. They will submit one return as a group.
It may not be beneficial for Sielver Ltd to join the VAT group as they will lose the advantage of being a repayment trader. At the moment they only make zero rated supplies which means they have no output VAT liability. Joining the group which makes standard rated supplies will mean they will be liable to pay output VAT. They also lose the cash flow advantage of making monthly returns and instead will have to do one annual return.
ANSWER-6-ABOVE



ANSWER-8-BELOW
Answer-to-Question8_
For goods supplied from the UK to Spain this is known as an export. The place of supply will be the UK and the goods will be zero rated as long as there is proper documentation that the goods have left the UK.
The supply of Ganndy Ltd of services to a business in spain will follow the business to business rules of supplying services which means that the place of supply will be where the recipient is i.e Spain. Therefore the services of marketing will be in Spain and therefore not fall under the scope of UK VAT.
ANGWED & ADOVE
ANSWER-8-ABOVE

ANSWER-9-BELOW	
nswer-to-Question9_	

Flate rate scheme		Output VAT DUE	
95,000 x 120%	114,000 x 10.5%	11,970	
Normal accounting			
95,000 X 20%	19,000		
Less input VAT			
20,000 x 20%	(4,000)		
Output VAT DUE	15,000		

Saving for the year for Nazeem using flat rate scheme instead of normal way:

15,000 - 11,970 = 3,030	
ANSWER-9-ABOVE	

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Answer-to-Question10_
Business Activities - the effect of the transfer must put the new owner in a position to operate  Use of assets - same kind of business  VAT registration of buyer and seller  Consecutive transfers - must not be a series of immediate consecutive transfers  No significant break in trading  If transferring land - opt to tax
ANSWER-10-ABOVE

ANSWER-11-BELOW	
Answer-to-Question11_	
Averil will be responsible for paying the stamp duty	
$107,500 \times 0.5\% = 537.5$ rounded to the nearest £5 = £540	
ANSWER-11-ABOVE	

ANSWER-12-BELOW	
Answer-to-Question12_	

# 12. 1 Sven will benefit from the first time buyer relief

	SDLT		
425,000 @ 0%	0	FIRST TIME	
		BUYER	
600,000 -	8,750		
600,000 - 425,00 @ 5%			

SDLT due is £8,750 which will be due for payment 14 days after transfer i.e 14th May 2025

12.2

As Stacey is not buying her first home and already has a main residence she will not benefit from the £425,000 first time buyer relief.

On top of that the basic rates for residential property will be increased by 3% (the "higher rates") where purchase is of an additional residential property for indviduals.

Therefore for stacey transaction she would pay SDLT as follows:

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Count(s)		Word(s)	Char(s)	Char(s)	(WS)
Section	25	98	510	585	
Section	26	33	191	215	
Section	27	169	746	895	
Section	28	159	659	816	
Section	29	57	272	321	
Section	30	108	582	665	
Section	31	228	928	1153	
Section	32	121	581	671	
Section	33	188	862	1031	
Section	34	49	291	321	
Section	35	142	584	724	
Section	36	169	664	832	

ANSWER-25-BELOW-		
THIS WERE 20 BEES W		
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Answer-to-Question-\_25\_

Ganimeed Ltd	Total	UK	Foreign trade	
Trade profits	300,000	300,000		
Foreign trade	100,000		100,000	
TTP	400,000			
Corporation tax Liability				
400,000 @ 25%	100,000		25,000	
Foreign tax suffered			30,000	
Less DTR	(25,000)			
tAX LIABILITY	75,000			
Uropah Ltd				
Trade profits	40,000			
Corporation tax liability				
40,000 @ 25%	10,000			
Less marginal releif	(1,275)			
Corporation taqx liability	8,725			

Note 1 : Foreign Trade profit

70,000 + 30,000 = 100,000

Note 2:
Upper limit and lower limit are split between the 2 companies
50,000/2 = 25,000
250,000/2 = 125,000
Note 2: Marginal relief
3/200 x (125,000 - 40,000)
$3/200 \times 85,000 = 1,275$
ANSWER-25-ABOVE

	· · · · · · · · · · · · · · · · · · ·
Inswer-to-Question26_	

Accounting trade profits	2,400,000	
Add back		
Amortisation of goodwill	5,300	
Interest on loan	13,000	
Pension contribution after year end	8,000	
Finance lease	-	
Less bonus included in previous year	80,000	
Trade profit	2,506,300	

ANSWER-26-ABOVE

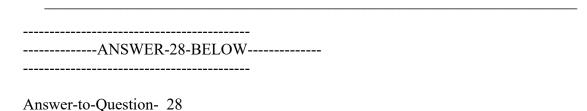
Answer-to-Question- 27

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	ANSWER-27-BELOW	

Expenditure on machines the date that they incurred for capital allowances is usually the day of delivery. However if the due payment date is 4 months after the delivery date then the later date of payment will be the date expenditure incurred. In this case the company took delivery of the item on the 1 November 2024 when they made there first payment howver the rest of the cost of the machine was only paid for on 1 February 2024 an 1 May 2025 which is more than 4 months after the delivery of the goods. therefore the date of expenditure for the goods will be the later date of 1 may 2025 for the remaining 20,000 of the second hand machine. The initial £20,000 will have been incurred on 1 November 20245

	FYA	AIA	MAIN POOL	SPECI AL	CA CLAIM	
				RATE		
TWDV			42,000			
Sale of			(3,800)			
computer						
Additions						
SECOND		20,000				
HAND						
MACHINE						
Total		20,000	38,200	-		
AIA @		(20,000)			20,000	
WDA @			(6,876)		6,876	
18%						
Total CA					26,876	
Claim						

ANSWER-27-ABOVE



Structure and building allowance is allowed to be claimed for the construiction of a building. The SBA is claimed over 33 1./3 years @ 3% per annum.

When there is a sale of a building that had claimed SBA the new owner can takeover the claim of SBA over the remaining 33 1/3 years. It will be pro rated if bought during a year. The SBA is available from when the building comes into use.

Construction of student accomodation

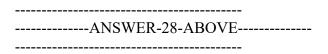
$$1,300,000 \times 3\% \times 8/12 = 26,000$$

The SBA for the watehouse and office will only be allowed to be claimed on its original cost prorated in the first year of sale for how long the properties have been in use in the company

Warehouse:  $220,000 \times 3\% 9/12 = 4,950$ 

Office:  $600,000 \times 3\% \times 4/12 = 6,000$ 

For the warehouse and the office SBA will only be claimable for the remainder of the 33 1/3 years.



	SWER-29-BELO				
Answer-to-Ques					
Rent paid for labratory	16,000				
Gas and electricity	2,000				
Salary staff	18,700				
Dividends	-				
Maximum RDEC	36,700				
Note 1: Salary will only	be allowed for the	he amount relate	ed to the R&D	) work	
22,000 x 85% =	18,700				
Note 2:					
Cost of acquirin through capital	g plant and machallowances.	ninery will not re	eceive RDEC	but instead ca	an get relief
ANS	 SWER-29-ABOV	 /E			

ANSW	ER-30-BELOW		

Answer-to-Question-\_30\_

Original sale of	
warehouse	
Gain	450,000
Less rollover relief	(250,000)
Gain	200,000
Base cost of new	
warehouse	
Cost	600,000
Less rollover relief	(250,000)
Revised base cost	350,000
Sale of	
Warehouse	
Proceeds	1,100,000
Less selling cost	(4,500)
<b>Net Proceeds</b>	1,095,500
Less cost	(350,000)
Less extension	(120,000)
Unindexed Gain	625,500
Indexation	(142,450)
allowance	
Indexed gain	483,050

Rollover relief on asset
800,000 - 600,000 = 200,000 immediately was chargeable
Rollover relief:
450,000 - 200,000 = 250,000
Note 2 : Indexation allowance
No indexataion allowance for the extension as itr is after 2017.
Index on cost:
278.1 - 197.7/197.7 x 350,000 =
$0.407 \times 350,000 = 142,450$
ANSWER-30-ABOVE

-		
	ANSWER-32-BELOW	

Answer-to-Question-\_32\_

	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2025
Trade profit	5,000	16,000	13,000
Uk Property business	6,000	-	8,000
Overseas Property		-	_*
Total	11,000	16,000	21,000
Current year claim Uk property loss		(16,000)	
Carry forward claim of UK property loss			(21,000)
QCD	-	WASTED	-
TTP	11,000	-	-

Note 1: Oversease property loss is carried forward and automatically set against the overseas property income

Remaining overseas property income to carry forward:

$$(10,000) - 4,000 = (6,000)$$

Note 2: Uk property loss can not be carried back it can only be carried forward against future profits.

UK property loss : (40,000)	
Less current year claim: 16,000	
Carry forward claim: 21,000	
ANSWER-32-ABOVE	

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ANSWER-33-BELOW	
Answer-to-Question33_	

To be in a loss group there has to be 75% direct and indirect ownership

Althair, Belatrick Ltd and Canopuz Ltd are in a lost group together. Denbowla is below the threshold. They are also in a gains group

	Belatrick Ltd		
Trade profit	90,000		
Capital Gains	30,000		
Less	(20,000)		
reallocation of			
gain			
Total	100,000		
Less group	(40,000)		
relief trade			
profit			
Less non trade	(8,667)		
deficit group			
relief			
Less excess	(1,333)		
QCD			
ttp	50,000		

Note 1: The groups don't have the same accounting period

Canopuz Ltd AP

1 May 2024 - 30th April 2025

Belatrick Ltd AP

1 January 2024 - 31 December 2024

Common period = 1 May 2024 - 31 December 2024

#### **Belatrick Ltd**

 $90,000 \times 8/12 = 60,000 \text{ trade profit}$ 

 $30,000 \times 8/12 = 20,000$  capital gains

### **Canopuz Ltd losses**

60,000 x 8/12 = 40,000 13,000 x 8/12 = 8,667 2,000 x 8/12 = 1,333 42,000 x 8/12 = 28,000

Capital gains to be reallocated to Belatrick Ltd will be limited to the maximum of the lower of surrendering companies unrelieved loss and the claimant companies capital gain available i.e 20,000 restricted for the common period

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

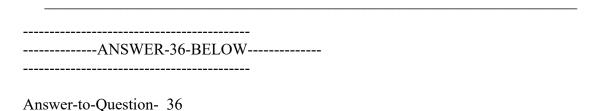
ANSWER-34-BELOW	
Answer-to-Question34_	

Degrouping chagre		
MV of office	600,000	
	600,000	
building	(500,000)	
Less cost	(720,000)	
Loss	(120,000)	
degrouping charge	120,000	
Gain	-	
Sale of shares	2,000,000	
Less cost	(800,000)	
Less incidental cost	(10,000)	
Gain	1,190,000	
Add degrouping	120,000	
charge		
Chargeable gain on	1,310,000	
shares		
Sale of warehouse		
Proceeds	750,000	
Less cost	(500,000)	
Gain	250,000	

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

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ANSWER-35-BELOW
Answer-to-Question35_
For CFC a company with a 25% holding or more will have their proportion of the profits in a CFC liable to coporation tax at 25%. They will be able to claim a deduction for creditable foreign tax paid.
As Tellesto Ltd only holds 20% of the CFC they will not be held liable for the CFC charge however Tietn Ltd will.
Tietn Ltd will be charged on 80% of the profits of Kalipsew Ltd for 31 December 2024 with their profits of 200,000 as we look at the CFC AP that ended during the companies AP
£200,000 @ $25\% = £50,000$ .
This will be added to the corporation tax liability for the period. No loss relief will be able to be used to reduce this charge however they will be able to receive credit for the foreign tax paid of £20,000.
ANSWER-35-ABOVE



When a company pays interest on a loan to an indvidual they have to pay the amount net of tax. The will have to withold 20% of this interest paid to the individual and account for this on a C61 form.

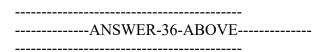
 $200,000 \times 5\% = 10,000$  $10,000 \times 20\% = £2,000$  will be witheld.

The company also suffers income tax when the royalty is paid to them so they will need to account for this on the form as well.

£3,000 x 20/80 = £750 suffered

At the end of the quarter the company will have to total all income tax suffered and witheld at source on payments to indviduals and if there is a liability payable to HMRC they will need to pay this to HMRC 14 Days after the end of the quarter.

As the company have witheld £2,000 and only suffered £750 of income tax they will need to pay £1,250 over to HMRC at the 14 days after the end of the quarter i.e 14th



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Section	49	154	741	891	
Section	50	104	473	571	
Section	51	28	140	157	
Section	52	31	131	151	
Section	53	53	232	255	
Section	54	38	175	202	
Section	55	198	879	1074	
Section	56	65	295	342	
Section	57	68	353	394	
Section	58	196	844	1026	
Section	59	58	310	343	
Section	60	57	276	313	

	3
ANSWER-49-BELOW	
Answer-to-Question49_	
HMRC is likley to continue to treat Claire as an employee because:	
	11

Mutual obligation - Claire has set times of working. Self employed workings usually have more flexible working hours, not set times during the week. This agreement is also set to continue indefinitely and with a 6 month notice period if either wishes to end the services. This suggest that she is employed as normally self employed staff have less regularity with their services and can chose who they work for and have more control over ending services for a client.

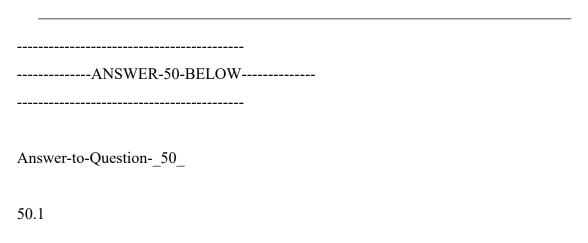
Provided with equipment - usually self employed staff have to provide their own equipment. As she has been provided equipment by Filledes Ltd this would suggest she is employed.

Claire also used to work for Filedes Ltd before as an employed cleaner this would then suggest as she is continuing to work for the company that she has maintained being employed.

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

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Deliberate and not concealed errors on a tax return are subject to a penalty based on the potential lost to revenue.

The maximum penalty would be 70% with reductions for unprompted or prompted disclosures. As HMRC have opened an enquiry this will not be an umprompted disclosure.

Therefore the minimum she would be charged is 35% of the PLR

As she is an additional rate taxpayer her liability would have been

$$50,000 @ 45\% = 22,500$$

Therefore the penalty will be based on the liability outstanding of £22,500

$$22,500 @ 70\% = 15,750$$

$$22,500 @ 35\% = 7,875$$

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50.2 Within 30 days .	
ANSWER-50-ABOVE	

ANSWER-51-BELOW	
Answer-to-Question- 51	

Taxable trade profit	42,500	
Less personal	(12,570)	
allowance		
Taxable income	29,930	
Income tax due		
29,930 @ 20%	5,986	
CG		

Total amount payable :
£5,970 + £5,986 = 11,956
ANSWER-51-ABOVE

3,750 @ 15% x 60% for private

use Total

-				
	ANSWER-:	 52-BELOW 	-	
Ans	swer-to-Question5	2_		
Т	ax adjusted profit	56,000		
A	dd back			
Iı	nterest from ISA	250		
Г	Oonation via gift	800		
a	id			
P	arking fine	-		
C	Car leasing	338		

ANSWER-52-ABOVE

57,388

Aì	NSWER-53-BEL	OW		

Answer-to-Question-\_53\_

	FYA	AIA	MAIN	SPECIA	CA
			POOL	L RATE	CLAIM
TWDV			12,000	8,000	
Disposal			(10,800)		
Additions					
Electric	7,000				
car					
charging					
points					
Car				33,000	
Total	7,000	-	1,200	41,000	
FYA @	(7,000)				7,000
100%					
wda @			(270)		270
18% x					
15/12					
WDA @				(3,075)	3,075
6% X					
15/12					
TWDV	-	-	930	37,925	
C/F					
Capital					
allowanc					
e					

ANSWER-53-ABOVE

ANSWER-54-BELOW
Answer-to-Question54_
Tax adjusted profit for 2024/25
6th April 2024 - 5th April 2025
Loss for 2024/25
$9,700 \times 12/17 = (6,847)$
Balancing charge = 1,200
Profit = 5,647

	Car	bu 80%		
TWDV	4,400			
Disposal	(5,900)			
Balancin g charge	1,500	1,200		

ANSWER-54-ABOVE
AINS WEIG-54-ABO VE

Answer-to-Question55_
When a sole trader starts trading and In the first 4 years of trading they make a loss they can claim to have the trading loss carried back and used against the previous years income. Brithe will be able to carry it back 3 years ending immediately before the start of the loss making period i.e Brithe can carry the loss back to 2021. This will be on a LIFO basis and will be able to be set against her income during those periods.
She could also chose to do a s.64 claim and carry the trading loss back against previous 12 months of profit in 2023/24.
s.64 claim is restricted when being set against non-trading income to the greater of :
£50,000 and 25% of adjusted net income.
Having made a s.64 claim if Brithe had any unrelieved gains she could make a section 71 claim to use the loss against the gains. However this would be restricted to the maximum of unrelieved loss and relevant maximum which is the gains less any brough forward losses.
Brithe could also choose to carry forward the loss which will automatically be offset against future profits from the same trade
ANSWER-55-ABOVE

ANSWER-56-BELOW	
Answer-to-Question- 56	

Terminal loss			
6 April 2025 - 30th			
April 2025			
8,000 x 1/4	(2,000)		
12 months prior			
8,000 x 3/4	(6,000)		
24,000 x 8/12	-	profit so ignore	
Terminal loss	(8,000)		
Tax years			
6th April 2024 -			
5th April 2025			
24,000 x 9/12	18,000		
8,000 x3/2	(6,000)		
Profit	12,000		
Terminal Loss	(8,000)		
Less loss already	6,000		
used			
Terminal loss	(2,000)		
available			

31 January 2029 due date	
ANSWER-56-ABOVE	

 ANSWER-57-BEL	OW	

Answer-to-Question-\_57\_

Before george	Total	Will	Ben	George
joins				
Partnership	123,750			
profits				
Will salary	(15,000)	15,000		
PSR split 50/50	108,750	54,375	54,375	
After George				
Joines				
Partnership	41,250			
profits				
Will salary	(6,00)	6,000		
PSR split	35,250	11,750	11,750	11,750
equaly				
Total		87,125	66,125	11,750

## Note 1: Partnership profits

 $165,000 \times 9/12 = 123,750$ 

Will salary

 $20,000 \times 9/12 = 15,000$ 

Note 2:

24,000 x 3/12 = 6,000

 $165,000 \times 3/12 = 41,250$ 

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

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 ANSWER-58-BELOW

Answer-to-Question-\_58\_

When a taxpayer makes a part disposal a gain will arise on the part of the land that is sold that is calculated as gross proceeds of part sold/ total value of the land remaining and part sold x cost.

However as the sale was for only £18,000 and is less that 20% of the total value of the land  $(18,000/150,000 \times 100 = 12\%)$  an election can be made that instead of the gain of the part disposal becoming immediately chargeable, the proceeds are instead rolled over and reduces the base cost of the existing land so when that land is eventually sold the base cost is lower and it will result in a larger gain.

If the elction had not been made tha gain would have been:

Proceeds	18,000		
Less Cost:	(12,981)		
18,000/18,00+190,			
000 x 150,000			
Gain	5,019		
5,019 @ 20%	1,004	CGT	

However, If the election was made the base cost of the land would have been reduced with the sale proceeds instead of cost

150,000 - 18,000 = 132,000

The eventual sale of the land would have been as follows

Proceeds	225,000	
Less cost	(132,000)	
Gain	93,000	
CGT @ 20%	18,600	

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Answer-to-Question-\_59\_

	Workshop	Retail Premises	Goodwill
Market Valeu	850,000	1,200,000	175,000
Cost	(885,000)	(280,000)	-
Gain/loss	(35,000)	920,000	175,000
Total Gain	1,060,000		

	Gains eligible for	Gains not eligible	
	BADR	for BADR	
Gains	1,000,000	60,000	
BADR @ 10%	100,000		
60,000 @ 20%		12,000	
Total CGT	112,000		

Note 1:
Gain 175,000 + 920,000 - 35,000 = 1,060,000
Note 2: BADR only 1,000,000
ANSWER-59-ABOVE

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ANSWER-60-BELOW	

Answer-to-Question-\_60\_

Sven sale of shares		
Proceeds	100,000	
Less cost	(60,000)	
Gain	40,000	
Gift Relief	(25,000)	
Chargeable Gain ( 75,000 - 60,000)	15,000	
***		
Kirsten base cost of shares		
Cost @ MV	100,000	
Less Gift relief	(25,000)	
Base Cost	75,000	
Gain on sale of shares		
Proceeds	58,000	
Less cost	(37,500)	
Chargeable Gain	20,500	

Note 1:

Cost 75,000 / 2 = 37,500