[redacted]

1)

REQUIREMENTS:

1)

For the 4 employees who make contributions to the occupational pension scheme, they will gain tax relief for their contributions made under a net pay arrangement. The contributions will reduce their gross pay for PAYE, meaning that the amount of their pay liable to tax will be reduced. For Wenda, who pays into a personal pension scheme, the income tax relief will come from her pension provider claiming basic rate tax relief directly from HMRC which is then added to her fund, so she will be contributing £12,000 but her fund will receive £15,000 (£12,000 x 1.25).

Mei must make the payment into the pension scheme within 19 days (or 22 days if the payment is made electronically) of the end of the month in which they were taken.

2)

a.

Gross monthly earnings	3500
less pension contribution	-105
Subject to PAYE	**3395**
Subject to NIC	**3500**

b. As Wenda has no unused annual allowance from previous years, it means that she can make use of these unused allowances from the previous 3 years. The annual allowance is £60,000. If she also uses the previous 3 years, ,she would have:

£60,000 x 3 = £180,000 plus this year @ £60,000 = £240,000

However, you are also limited by your earnings. The maximum gross contribution qualifying for tax relief that someone can make in any single tax year is 100% of their relevant earnings for that year. For Wenda this would be here total employment income (assuming she doesn't have any benefits or share incentive income) = £238,000.

3)

<u>**Sale of building materials for £40,000 to a VAT-registered customer in France**</u>

In this transaction, Wei is selling goods to a customer within the EU. This is an export. As the goods are leaving the UK, this means that they have a UK place of supply. This would mean that they are zero-rated but there would need to be evidence of export movement provided. The VAT would then be accounted for by the customer in France through the reverse charge system.

<u>**Purchase of design services for £12,000 from a company based in the USA**</u>

In this transaction, Wei is purchasing a service. This transaction is Business to Business (B2B) and therefore the services are treated as being supplied in the country in which the recipient belongs, in this case, Wei, As they would be treated as being supplied in

[redacted]

the UK, they would be subject to VAT. In this instance, as Wei is a UK business buying a service from a non-UK supplier, she would add output tax to her own VAT return and recover that amount as input tax through the reverse charge system.

Purchase of surveyor services for £8,000 in relation to a sale of land in Germany, from a German VAT-registered company.

In this instance, as the service being purchased relates to land, the general rule is overridden. This means that the place of supply is where the land is situated. As this would mean that the service's place of supply would be in Germany, UK VAT does not apply and it is outside the scope of UK VAT.

4)Under the MTD rules, all VAT-registered businesses have to submit VAT return information electronically using software that is compatible with the systems that HRMC have. There are some exceptions to having to complete this, but this is based on it not being reasonable or practical f or you to use digital tools – e.g. due to age, remote locations, religious beliefs or disability.

[redacted]

2)

REQUIREMENTS

1) a. CG Tech Ltd can reclaim the VAT on the computer equipment purchased on 15 July 2025. As they computer equipment has been used for the business purpose it can be claimed. And even though it was purchased before they VAT registered. You can claim input tax on goods purchased within the previous 4 years if they are still held at registration. The computer equipment was purchased less than a month before the registration date so it would fall into this category.

   b. The basic tax point for services is the date that the service was performed, this means that the basic tax point here would be 8th August. The basic tax point can be overridden in 2 situations, when there is an early overrider and when there is a late overrider. Neither actual payment or tax invoice was produced before 8th August so there is no early overrider. The invoice was issued within 14 days of the basic tax point – 10th August which is only 2 days later. This means that in this instance, the tax point date is 10th August.

   c. As the services are being supplied continuously, the tax point date becomes one of two things. It is the earlier of either the date that the money is paid of the date that an invoice is issued. Assuming that they didn't pay the invoice until after it was issued, this would make the tax point date the date of the invoice which is 1st September 2025.

   d. VAT invoices must include: The date that the VAT invoice is being issued, an invoice number (must be sequential with other invoices), the supplier's name and address, the suppliers VAT number, the customers name and address, a description of the goods/services being supplied that is good enough to identify the good/service, the rate of VAT that is being charged and the quantity of goods/services being supplied.

2) Any retainer arrangement should ideally be set out in writing, most likely in a letter of engagement. It should clearly explain the extent, limitations and arrangements that are being set out and it should make clear the point at which further charges may be levied. The letter of engagement should also include termination arrangements. As a firm, we should consider carefully of the implications before entering into a retainer arrangement.

   In this instance, commission has been received as a result of introducing a client to a third party – the solicitors. As a firm, you would have to unform the client of your relationship with the solicitors and let them know the amount and terms of the commission. This introduction has to be justifiable as being in the best interest of the clients. Ideally, the way in which commission is treated should also be detailed in the letter of engagement and agreed with the client. The firm must make sure that the introduction is not unduly influenced by a desire to earn commission.

[redacted]

3)
REQUIREMENTS

1) Conifer Ltd is a close company as it is controlled by 5 or fewer participators.

Loans from a company to a director that exceeds £10,00 at any point in the tax year are treated as a taxable beneficial loan. The company must pay Class 1A NIC while the director pays income tax on interest not paid at the HMRC official rate.

Emma:
As Emma has repaid the loan within the same accounting period, there will be no corporation tax charges or income tax liabilities as the loan was cleared before the company's year-end (she took the loan on 1st July 2025 and had repaid it by 1st Feb 2026, their year-end is 31 March 2026). This is true as long as she doesn't break the 'bed and breakfasting' rule.- meaning she can't borrow the same (or similar) amount of money out of the company again within 30 days.

As the loan is over £10,000, Emma will need to report it as a benefit in kind.

Taxable benefit:

	262.5	20000*0.0225*(7/12)

As Aiden has not paid back the loan, there is a CTA charge of 33.75% the amount of the loan. As the full amount is still outstanding at the end of the company year meaning that the full £40,000 is charged at 33.75% = £13,500 CT.

2)
a.
SMP is payable for up to a maximum of 39 weeks
90% of average weekly earnings for first 6 weeks
33 weeks of either 90% of average weekly earnings or £187.18 (whichever is lower)

She does qualify as she has been continuously working for 26 weeks into the qualifying week (15th week before baby is due)
Her average weekly earnings have eben above £125 per weel
She has provided the necessary evidence.

90% for first 6 weeks			
	600	per week	(600*8)/8
	540	@ 90% per week	
	3240	for 6 weeks	
33 weeks		(£187.18 as lower than average weekly earnings)	
	6176.94	33*187.18	

[redacted]

Total SMP	9416.94

b.

Assuming he works 5 days per week

3 qualifying day3s

week 1 = 2 days	47.5
week 2 = fulll	118.75
week 3 = full	118.75
week 4 = full	118.75
	403.75

4)

a.

Cannot use SAYE as the share price will not be more than 80% of OMV at grant

[redacted]

4)
REQUIREMENTS:

1.

To Dec 2025 (9m)				
	Total £	Ann	Beck	calculations
Tax Adjusted trade profits	216,000			
Less: salaries	-20000	20000	0	(80000*(3/12))
Less: interest on capital	-375		375	(10000*0.05)*(9/12)
	195,625			
profit sharing ratio	-195,625	117375	78250	
less: drawings		-18000	0	
total	0	99375	78250	

2. Deregistration for VAT can either be voluntary or compulsory. Deregistration would be voluntary where a business is expected to make taxable supplies in the next twelve months that are less than the deregistration threshold (£88,000). Deregistration would be compulsory where a business is sold or ceases to make taxable supplies.

When you deregister for VAT, you must account for any VAT on goods still at hand when completing the final VAT return (unless the VAT is not more than £1,000). However, where there has been no input tax recovered on the asset purchase then there will be no output tax due on deregistration if that asset is still held.

HMRC must be notified with 30 days and deregistration takes effect from the date of whatever event has led to deregistration (e.g. the date the business ceased).

3.

	£	calculations
Income from partnership	78,250	
salary	4000	24000*(2/12)
mileage as income (w1)	200	
total income	**82,450**	
subject to class 4 NIC @ 6%	37700	(50270-12570)

[redacted]

subject to class 4 NIC @ 2%	27,980	78250-50270
total class 4 NIC	2262	
	559.6	
	2821.6	
Class 2 NIC @ 2%	4200	4000+200
total class 2 NIC	**84**	

w1		
total mileage	1100	2000*0.55
tax free mileage	900	2000*0.45
mileage liable to income tax	200	2000*0.1

4. As HMRC have made an error, first you must consider if the error is trivial. In this case, as there has been an overpayment of VAT due to the client of £21,600, this would not be classed as trivial. As Ann has been informed in writing and is still refusing to disclose the error to HMRC, we must cease to act for her. We would need to inform Ann in writing that we no longer will be acting for her in respect of any tax matters. We would need to notify HMRC that we have ceased to act. Should we receive professional clearance from a new accountant, we would have to be careful in our response. If Ann were to refuse permission for us to discuss her tax affairs, we would have to inform the prospective advisor and it would then be down to them to make enquiries as to why she refused.

[redacted]

5)

REQUIREMENTS

1. <u>Bryony</u>
   As Bryony has not yet completed a new starter checklist, she has been placed onto an 'emergency' tax code (likely BR). This means that at the moment she is being taxed at 20% on all of her income and is not getting a personal allowance. Once she has completed the new starter checklist and HMRC can be informed that she does not have another job or other taxable benefits, she will likely return to a 1257L tax code and receive the full personal allowance. She will receive a full refund of any overpaid tax as income tax is calculated cumulatively.

   <u>Kerrin</u>

	£	£	
Personal alowance (N1)		0	
less: benefits			
- car (w1)	6800		
Net allowances	-6800		
tax code	**K679**		
N1			
As Kerrin has income of over £125,140, they do not recive a personal allowance			
W1	£		
List price when new	25000		(assume calculating 25/26 tax code, which means they will have had the car for the whole tax year)
less: capital contribution	-5000		(maximum is £5k, so limited even though they have paid £6k)
revised list price	20000		
140g/kg = 34%			
car benefit	6800		20000*0.34

   <u>Sean</u>

	£	
Personal allowance	12570	
Blind Person's allowance	3250	
less:		
- tax being collected through tax code	-4000	1600*(100/40)
net allowances	11820	
Tax code	**1282L**	

[redacted]

2. For her loan, as it is exactly £10,000 it will not be classed as a benefit (assuming that her total combined outstanding balance for the year is not above this).
   For her medical insurance, she will need to receive a P11d from her employer as this is a taxable benefit. The employer must submit this to the employee and HMRC (online to HMRC) by the 6th July following the end of the tax year.
   As the horse race ticket was settled under a PSA, the employer pays the employees tax liability. There is no reporting needed for an employee.
   At the end of the tax year, she will receive a P60 from her employer. This includes her total pay, any deductions and the value of all taxable benefits if they have been included in payroll rather than through a P11d. This must be provided to her by 31st following the end of the tax year.

3. Objectivity – you must be objective in all work undertaken. As Paolo is my boss, there is a chance that I could be impacted by a conflict of interest by completing his tax return.
   Professional competence and due care – as I specialise in payroll and corporation tax, and not personal tax, if I were to complete Paolo's personal tax return the I would be undertaking professional work which I am not competent to perform through lack of experience.

   Based on those 2 fundamental principles, I should not complete Paolo's personal tax return.

[redacted]

6)
REQUIREMENTS

1.

TTP = Augmented profits as no dividends received as income

Proove Ltd			
31/2/2024		31/12/2026	
TTP	66500	TTP	2600000
		N1	
66500 @ 25%	16625		
marginal relief (w1)	-2753		
CT liability	13872	CT Liability	650000

w1

	2752.5	3/200*(250000-66500)

N1
No marginal relief as augmented profits are over 250,000

2. For the year ended 31.3.26, Proove Ltd would be considered a large company as their augmented profits exceeded £1.5 million. As a large company, Proove Ltd is required to pay their corporation tax by instalments.

Amount due:
3/12*650000= £162,500 per instalment

First instalment: 14^{th} day of month 7 = 14^{th} October 2025
Second instalment: 3 months after first instalment = 14^{th} January 2026
Third instalment: 3 months after second instalment = 14^{th} April 2026
Final instalment: 3 months plus 14 days from the end of the accounting period = 14^{th} July 2026

[redacted]

3.

	31/03/2024	£13,872	
due to be paid: 1st January 2025			
paid:			
	31/03/2025	9025	
	30/04/2025	£4,847	
Interest			
full amount (to 31/3/25)		2.66038356	(13872*7%)/365
		£2.66 per day	
@ 89 days		236.74	2.66*89
£4,847 to 30/04/25		0.92956164	(4847*7%)/365
		£0.93 per day	
@ 30 days		27.9	0.93*30
		£	
Total interest due		**264.64**	

Outstanding for 31/3/2026= £100,000

If paid by 14/5/2026, this would still be in time and therefore there would be no interest due (as the final payment would have been due by 14th July 2026 and the final payment amount was £162,500).

4. You must keep tax accounting records for 6 years from the end of the last company year-end. For the year ended 31/3/2024, this would be 31/3/2030.