[redacted]

Question 1

1.

An individual can make contributions into a person pension scheme and an employees pension scheme. Relief is available as below:

The maximum gross contribution qualifying for tax relief that an individual can make into a pension scheme each year is the higher of 100% of relevant earnings or £3600. So in this case the relevant earnings would be higher of 3500 per month.

Payments to personal pension schemes are made net of 20% tax. If you are a higher or additional rate tax payer you can extend the bands which will be the case for Wenda.

The employees will get tax relief from the contributions made to an occupational pension scheme under the net pay arrangement scheme. Meaning the employees gross pay will be reduced to less tax due.

Any contributions made by Mei will be tax free. There is however an annual allowance of £60k per year which will be reduced for high income individuals to a min of £10k.

Mei will need to make these contributions by the 22nd of the following tax month if electronically or 19th otherwise.

2.

4 Employees		
105	=3500*3%	
	only employee portion	
3,395	=3500-105	Subject to NIC and PAYE
Wenda		
Threshold Income		
Net income	238,000	
Less personal pension contributions	- 15,000	=12000*-100/80
Threshold Income	**223,000**	
Threshold income exceeds 200k so taper applied		

[redacted]

Adjusted income		
	268,000	=238000+30000
Reduced by 1 for ever 2 of adjsuted income over 260k.		
4,000	=(268000-260000)/2	
Adjsuted allowance	**56,000**	**=60000-4000**
Therefore 56k is the max contribtuions		

3.

A.

The 40,000 would not be subject to UK vat as it is being exported. Relevant documents will need to be held and Mei will be able to claim the VAT back as Input VAT.

20%*40000=8000

B.

As this is a service from a non uk supplier and mei is a uk business there will be a reverse charge obligation meaning that the Mei will add the appropriate output tax to the VAT return and then can recover the amount as input tax.

20%*12000=2400

C.

Land services are an exception and is treated as where the land is situated. Therefore no UK vat is charged, instead German vat will be charged.

4.

Peng will be affected by the making tax digital (MTD) for VAT. As he is a VAT registered business. Peng can be exempted from filing electronic returns under special circumstances.

Peng will need to submit the VAT return information electronically using software that is compataible with HMRC systsmes.

[redacted]

The compatible software must:

- Keep records in digital form
- Preserve digital records in a digital form
- Be able to create VAT return from digital records and be able to do so using the API platform
- Be able to rpvodie HMRC with VAT on a voluntary basis

Information such as the below must be held digitally:

- Name and address
- Pengs VAT number
- Time of supply
- Value of supply
- Rate of VAT charged
- Total input VAT

[redacted]

Question 2

1.

A

CG tech ltd can reclaim the VAT on the computer equipment as under the pre registration input tax rules you can claim VAT on goods held from the previous 4 years from the registration date so up to 1 august 2021.

20%*6000=1200 can be claimed.

B

The basic tax point for these services is the date the service is performed unless it is overridden by 2 situations:

- If there is payment or a tax invoice issue on a date before the BTP this becomes the acutal tax point
- If the invoice is issues within 14 days after the basix tax point then this becomes the actual tax point.

For this situation the tax points will be as below:

Services provided – 8 August 2025 - BTP

Payment – 20 August 2025

Invoice – 10 August 2025 - ATP

There are 2 ways that CG tech can deal with the prompt payment discount either by issuing a credit note of the 10%.

Or by having certain wording in the invoice to say that input vat can only be recovered on the VAT actually paid.

As the prompt payment discount is claimed VAT will be due of : 5000*90%*20%=900.

C

The actual tax point will be the date of the invoice at 1 sep 2025.

VAT due 12000*20%=2400 to be include in the return.

D

Cg Tech must include the following in its invoice for VAT purposes:

- Invoice Number
- Date of supply

- Date when VAT invoice is being issues
- Suppliers name, address, VAT no.
- Customers name and address
- Description of goods/supplies/services
- VAT rate
- Discount
- NET VAT amount
- VAT charged

2

Retainer Arrangement

The retainer arrangement should be set out in writing in a letter of engagement to ensure that we and the client clearly under the extent, limitations of the arrangements.

We should consider our ability to be able to fulfil the obligations to this client and other clients and consider any possible negative risks that could come with it.

We should also include termination arrangements within the written letter of engagement.

Commission

We may accept the commission as long as we have no reason to believe or does not believe that undue pressure or influence was exerted on the third party.

We must also disclose before accepting the commission the amount and the nature of the fess to the prospective client and the third party. This must be done in writing.

Question 3

1.

Conifier Ltd is a close company as UK registered and it is controlled by 5 of fewer partipators. Where control is having voting writes of over 50%.

As conifier ltd is a close company there will be a S455 charge on the company. This will be calculated at 33.75% of the amount of the loan, where the amount of the loan is the lower of the amount outstanding on:

- The las day of the accounting period
- The normal due datr

The situations are calculated below:

A.

The loan was repaid before 31 march 2026 and before the normal due date so therefore no S455 charge arises.

Emma will have benefit for the loan though as it is over 10,000.

Under the average method this is:

3.75-0.5% = 3.25%. Lessing interest Emma paid

20,000*3.25%*7/12=£379

Class 1A will be due on this at 15% (15%*379=£57)

B.

An s455 charge will arise in relation to Nicks loan on the amount outstanding at 31 march 2026 of 40,000.

40,000*33.75%=13,500 this will be chargeable when conifier pays its corporation tax liability.

As nick is a participator he will be taxed on this benefit as a dividend.

40,000*8.75%=3500.

No NICs are due.

2.

Ellie - Mat leave	
90% for first 6 weeks	
3,240	=90%*600*6
Remaining 33 weeks it is is the lower of:	

[redacted]

90% of AWE	540	
187.18		
6,177	=187.18*33	
Total stat payments due:	9,417	
James - sick pay		
AWE exceed 125 per week.		
Excluding 2 - 4 as waiting days		
17 days are qualifying as sick note is 4 weeks.		
3.4	weeks qualifying	
Stat sick pay	404	=3.4*118.75

3.

Margaret	
Primary Employee	
(50270-12570)*8%	3,016
(78000-50270)*2%	555
Secondary Employer	
(78000-5000)*15%	10,950
Liam	
Primary Employee	
(13200-12570)*8%	50
Secondary Employer	

No employer contributions between ST and US threshold as apprentice under 25

4.

A.

A company share option plan would most likely be the best solution. This is as the employess will be under the 30% cap of shares owned as they will only own 5% in your stated plan.

You have also not suggested to give discount on the shares and this cannot be done in a CSOP plan.

The max value of the shares that can be held is £60k per employee and under your scheme each employee will won 50k£.

Therefore this scheme would be eligible for the plan you outlined.

In relation to Tax and NICs:

There are no income tax on NIC implications on the exercise of the company share options if the exercise is made between 3-10 years from the date of grant.

The employee will only have a share capital gain equal to the difference between cost and sale proceeds.

If the exercise of the options is made outside of the 3-10 year from the date of grant, there is a charge to employment income at the date of the exercise as below:

MV of shares at exercise

Less option Price

Employment income chargeable to income tax.

As confier is a ltd company the shares are not readily convertible and therefore there will be no NIC charge.

B

MV at exercise	150,000
less amount paid	- 50,000
Amount chargeable to cinme tax	100,000

No NIC due as not readily convertibe;

[redacted]

Question 4

1.

April to sep		
Trading profits	144,000	=216000*6/9
	Ann	**Beck**
Capital interest 6/12		250
Profit distribution	86,250	86,250
Oct to dec		
Trading profits	72,000	=216000*3/9
	Ann	**Beck**
Salary 3/12	20,000	
Interest 3/12		125
profit share	25,938	25,938
TTP	132,188	112,563

2.

VAT deregistration Is needed when the deregistration threshold is met of £88k.

HMRC will need ti be notified within 30 days of hitting this threshold. Any VAT on goods still at hand must be accounted for on the final VAT return unless the VAT is not more than £1000. This is the total VAT on all chargeable assets.

Where no inpit tax has been recovered on the asset purchase then there is no ouput tax due.

3.

25/26	April 25 to march 26	
Partnership Income	112,563	class 4 NIC

[redacted]

amount of excess Mileage above 45p 2 months	200	Class 1 NIC
salary 2/12	4,000	Class 1 NIC
Class 4		
(50270-12570)*6%	2,262	
(112563-50270)*2%	1,246	
Class 1 NIC primary		
(2100-1048)*8%*2	168	
	3,676	

4.

Under the PCRT we should first advise Ann of the correct treatment (i.e to refund the tax back to HMRC as soon as possible.

We should then explain the penalties to Ann (i.e 100% for deliberate and conceled action or reduced down to 30% with unprompted disclosure of 50% if a prompted disclosure.

We should not submit the incorrect return or be associated with it.

We should inform Ann in writing that will be disengaging if the VAT is not disclosed and paid back to HMRC.

We should consider raising a SAR report.

Finally we should let HMRC know that we have disengaged but not disclosed the reason.

[redacted]

Question 5

1.

Bryony

As this is Byrony first job and they are not receiving certain taxable benefits the tax is deducted on a cummlative basis and tax code will be 1257L

Kerrin

Kerrin has net adjusted income of over 125140 so thefore has no PA allowance.

Car Benefit:

List price	25,000	
Less capital contribution	-5,000	capped at 5k
Revised list price	20,000	
CO2 %	34.00	=21+((140-75)/5)
Car benefit	6,800	
PA	NIL	
Less benefits	-6,800	
Negative allowance	-6,800	
Tax Code	K680	

Sean

PA	12,570
Blind persons allowance	3,130
Less underpaid	-1,600
Net allowance	14,100
Tax Code	1410L

[redacted]

2.

Xenia will received a P60 form from conyer ltd on the 31 may 2027. This will include details of the value of taxable benefits included in payroll and deductions

Xenia will also receive a P11D by the 6th jul 2027 which will include the benefits which are not included in the payroll. This will include details of the loan.

3.

You should not act with professional behaviour and not complete the work as this appears to be incorrect. This could discredit the ATT.

You should also act with integrity, as the work is out of the scope of the engagement and it is without proper approval

[redacted]

Question 6

1.

	31-Mar-24	
TTP	66,500	
Upper limit	250,000	
Lower Limit	50,000	
	Therefore marginal relief avalaible	
CT AT 25%	16,625	
Less marginal relief	- 2,753	=-3/200*(250000-66500)*(66500/66500)
CT liability	13,873	

	31-Mar-26
TTP	2,600,000
CT at 25%	650,000
CT liability	650,000

2.

Proove Ltd exceed the 1.5 threshold in 24 so quaretly installment payments will apply to the year ended 31 march 2026. This will be due as follows:

-14 october 2025

- 14 jan 2026

- 14 april 2026

- 14 july 2026

3/12*650,000=162,500 per installment

[redacted]

3.

31-Mar-24		
Due on 01/01/2025, 3 months late		
Interest due	239	=7%*90/365*13873
31-Mar-26		

Due dates	Cumlative paid	Cumaltive due	Over/under paid		Interest
14-Oct-25	-	162,500	-162,500	Under	11,375
14-Jan-26	-	162,500	-162,500	Under	11,375
14-Apr-26	550,000	162,500	62,500	Over	-2,188
14-Jul-26	-	162,500	-100,000	Under	7,000
				Interest payable	27,563

4.

The corporation tax records for Proov ltds should be kept for 6 years from the end of the AP therefore until 31 march 2030 for the year end 31 march 2024.

If this is not done there could potentially be a penalty of £3000.