ATT Paper 4 Corporate Taxation

ATT Paper 4 Corporate Taxation May 2026

0/98

Cover Page

THE ASSOCIATION OF TAXATION TECHNICIANS

ATT PAPER 4 CORPORATE TAXATION

May 2026

TIME ALLOWED

3 HOURS 30 MINUTES

- All workings should be shown and made to the nearest month and pound unless the question specifies otherwise.

Marks available per question:

Question 1: 22 marks

Question 2: 19 marks

Question 3: 20 marks

Question 4: 22 marks

Question 5: 15 marks

A maximum of two marks will be awarded for the quality of presentation of the answers.

Total: 100 marks

Important Information – Please read carefully

- An Excel spreadsheet is provided with each question.You do not have to use this, but where the requirements include calculations and workings, you may find it a useful tool. However, please note that all Excel calculations and workings that you wish to include as part of your answer **must** be copied into the word processor answer box, otherwise they will not be marked.

When you have pasted calculations from Excel into the answer box, you might only see gridlines where there is an entry in the cell. You do not need to spend time adding extra gridlines manually. Please **do not** expand the width of tables in the answer box once pasted in from Excel. Column widths have been deliberately limited in the Excel spreadsheet to facilitate marking.

Question 1 /22

Question 1 0/22

Icarus Ltd is wholly owned by Hanna and prepares its accounts to 31 March 2026. Icarus Ltd owns some residential properties that it rents out to unconnected individuals and has a portfolio of shares.

The following items have been included in arriving at the accounting profit for Icarus Ltd, and no adjustment made for tax purposes:

Income	£
Bank interest receivable on deposit account	2,000
Rental receipts	280,000
Dividends received from companies in which Icarus Ltd owns less than 10%	5,000

Expenditure	£
Depreciation	12,000
Staff entertaining	300
Salaries	30,000
Insurance (£6,500 for the rental properties and £2,300 for the head office building)	8,800
Commission paid to stockbroker for managing the share portfolio	2,000
Audit and accountancy fees	3,200
Repairs to rental properties	5,400
Legal fees for short lease on a rental property (two years)	650
Loss on disposal of car	3,000
Interest on late payment of Corporation Tax	200
Donation to registered charity	500

Icarus Ltd purchased the following assets during the year ended 31 March 2026:

	£
New office equipment	5,750
New computer equipment	2,500
Car with CO_2 emissions of 75g/km	27,500

At 1 April 2025 the pool balances were:

	£
General pool	25,750
Special rate pool	12,500

Icarus Ltd disposed of a car that was purchased in the year ended 31 March 2022 for proceeds of £7,500. The car had emissions of 120g/km and originally cost £20,000.

Icarus Ltd sold 8,000 shares in Crimson Ltd on 7 January 2026 for £40,000. Icarus Ltd had purchased the shares in Crimson Ltd as follows:

Date		Shares	Cost
			£
March 2014	Purchase	3,000	10,000
April 2018	Purchase	5,000	27,500
June 2022	1-for-2 Bonus issue		

Requirements:

1) Explain whether Icarus Ltd is a close company and/or a close investment holding company for Corporation Tax purposes. (2)

2) Calculate the maximum capital allowances available for the year ended 31 March 2026. (4)

3) Calculate the chargeable gain on the disposal of shares in Crimson Ltd. (6)

4) Calculate the total taxable profits for the year ended 31 March 2026. (8)

5) Calculate the tax payable by Icarus Ltd for the year ended 31 March 2026. (2)

Total (22)

ATTP4M26_Q1-Tolley ATT Paper 4 Memory Joggers

ATTP4M26_Q1-ATT Tax Tables

ATTP4M26_Q1-ATT Paper 4 CT Manual

ATTP4M26_Q1-ATT Paper 4 OT Manual

ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual

ATTP4M26_Q1-ATT P4 Q1

Part 1

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ATTP4M26_Q1-ATT P4 Q1

Response

1-part1-ATTP4M26_Q1.xlsx

Part 2

This is your answer box for Question 1. If you use the Excel spreadsheet, you **must** copy and paste any calculations and workings that accompany your answer into this box

Response

1)

Icarus Ltd is a close company as it is wholly owed by Hanna who is a individual shareholder. Where a company is owned and controlled by five or less shareholders it is a close company. It is a close investment holding company as it's nature of business is investing in residential properties and shares.

2) capital allowances for YE 31 March 2026

	AIA/FYA	General pool	Special rate	Capital Allowances
TWDV		25,750	12,500	
New office equipment	5,750			
Less: AIA	-5,750			5,750
Computer equipment	2,500			
Less: AIA	-2,500			2,500
Car Co2 75g	27,500		27,500	
Less: Disposal of car			-7,500	
Total		25,750	32,500	
Capital allowance at 18% and 6% respectively		-4,635	-1,950	6,585
TWDV c/f		21,115	30,550	
			Total capital allowance claim	**14,835**

3) Capital Gains on share disposal

Proceeds	40,000
Less: Cost (W1)	-25,610
Capital Gains	**14,390**

W1		
	no of shares	cost
Mar-14	3,000	10,000
Indexation to April 2018		
RPI at March 2014 254.8		
RPI at April 2018 i.e Dec 2017 278.1 10,000 * (278.1-254.8/254.8)		914
Total	**3,000**	**10,914**

Apr-18	5,000	27,500
Total	**8,000**	**38,414**
Bonus issue 8000 * 1/2	4,000	-
Total	12,000	38,414
Less: Cost of 8,000 shares	8,000	**25,610**

4) Taxable Profits for year ended 31 March 2025

Taxable Profits for year ended 31 March 2025	
Rental Income (w1)	268,100
Non trading loan defecit/surplus (W2)	1,800
Management expenses (W3)	-52,635
Capital gains	14,390
Charitable Donations	-500
Dividends - exempt	-
Total taxable profits	**231,155**

W1 - Rental income	
Rent receipts	280,000
Less: Insurance for rent properties	-6,500
Repairs to rent properties	-5,400
Legal fee for short lease	-
Total	**268,100**

Non trading loan defecit (W2)	
Bank interest Income	2,000
Interest on late payment of tax	-200
Non trading loan income	**1,800**

Management expenses (W3)	
Depreciation	-
Staff entertainment	-300
Salaries	-30,000
Insurance office building	-2,300
Stock broker commission	-2,000
Audit and accountancy	-3,200
Loss on dispoal of car	-

Capital Allowances	-14,835
Total	**-52,635**

5) Total tax payable by Icarus Ltd for period ended 31 March 2026

Total taxable profits	231,155
Add: Dividends	5,000
Total Augmented Profits	**236,155**
Tax at 25% 231,155 * 25%	57,789
Less: Marginal relief	
3/200*(250,000 - 236,155)*231,155/236,155)	-203
Total taxable payable	**57,586**

Question 2 /19

Question 1 0/19

You work in the tax department of Advisers LLP. Marie is an audit manager at your firm. Advisers LLP has recently been engaged by We Transport Ltd, a company which operates in the haulage and logistics sector.

Marie has been asked to attend a meeting with the client, and in advance of the meeting has sent an email to you:

"I know that you have not yet had a chance to consider in detail We Transport Ltd's tax but could you look at various issues prior to my meeting:

<u>VAT</u>

There is a concern that the company is not correctly accounting for VAT, the issues being as follows:

a) Invoices to customers who take a prompt payment discount. One customer of We Transport Ltd is Retail Products Ltd. This customer has an informal arrangement whereby its invoice from We Transport Ltd is paid on the next working day after it is submitted to them, but only pays 97.5% of the invoice value. The informal arrangement – i.e. not documented – allows them to do this. We Transport Ltd says they are ok with this arrangement but are concerned that their VAT treatment may not be correct. They currently base the VAT on the amount paid by Retail Products Ltd.

b) Fuel. As a transport company, We Transport Ltd buys a lot of fuel for the business. Some of the employees are allowed to use the business vehicles (both cars and vans) for their private journeys, and hence some of the fuel bought by the company is used for private purposes. The company wants to ensure that it charges the employee for the fuel. The company suggests a nominal 10p per litre for fuel used for private purposes. Does that sort out any VAT issues? The company wants to reclaim all the input VAT incurred on all fuel purchased.

c) Vehicles. The company buys a lot of vans and cars for use in the business and reclaims the input VAT on the purchases. Given that they allow some private use of some of these vehicles, how do they apportion the private and business use to make sure they reclaim the correct input VAT?

d) Entertaining. The company does a lot of entertaining, of both employees and of key customers. What is the correct treatment of the input VAT incurred on the cost of entertaining?

<u>Corporation Tax</u>

We Transport Ltd had taxable total profits in the year ended 30 April 2025 of £8,000,000 and is forecasting taxable total profits of £9,800,000 in the year ended 30 April 2026.

The company has a 55% investment in Long Haul Ltd (a trading company operating in Scotland); a 75% investment in Trucking Ltd which was acquired on 31 May 2025; and also it has a dormant 100% subsidiary, WT Ltd.

In addition, the company has a 20% interest in Bronco Ltd from which it received a dividend of £250,000 in the year ended 30 April 2026. There was no dividend received in the previous accounting period.

The company understands that it should be paying tax in instalments but has a concern as to when tax was or will be due for the year ended 30 April 2026 and how much should have been/will have to be paid.

If you could get back to me by email, I would be really grateful. The meeting is next Wednesday.

Many thanks

Marie"

Requirements:

Write an email to Marie in which you;

1) Explain the correct VAT treatment of;

a) Prompt payment discounts, specifically referencing the informal arrangement with Retail Products Ltd;

b) Private fuel use and how this will affect the suggested 10p per litre charge;

c) Input VAT on the purchase of the vehicles by We Transport Ltd, and

d) Input VAT on entertaining costs. (10)

2) Explain what factors are taken into account when deciding when Corporation Tax payments are due. For the year ended 30 April 2026 identify into which instalment payment regime We Transport Ltd falls. (6)

3) State We Transport Ltd's due dates for payment of Corporation Tax for the year ended 30 April 2026, and calculate the tax due on each date. (3)

Total (19)

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ATTP4M26_Q1-ATT Tax Tables

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ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual

ATTP4M26_Q1-ATT P4 Q1

Part 1

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ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual

ATTP4M26_Q1-ATT P4 Q1

Response

1-part1-ATTP4M26_Q2.xlsx

Part 2

This is your answer box for Question 2. If you use the Excel spreadsheet, you **must** copy and paste any calculations and workings that accompany your answer into this box

Response

1)

To: We Transport Ltd

From: Adviders LLP

Date: Today

Subject: VAT queries and Corporation Tax Payment dates

Thank you for forwarding me the details. I have answered in the below email the various issues raised by our client We Transport Ltd.

VAT Issues:

a) The invoice should be recorded at the original price and not at the amount received from customer. The invoice should clear state that if prompt payments are made within the timelines mentioned a discount will be given or a credit note if the prompt payment discount is availed by the customers. The current way of recording based on the amount paid is not correct. Also such agreements should not be informal and there should be clear agreement for such prompt payments.

b) and c) Input VAT cannot be claimed where there is a personal use of car and therefore since you mentioned that some percentage is used for private journeys, input VAT cannot be claimed on Cars. For Vans, Input tax can be claimed only to the extent that it is for business use and any fuel for private use of Van cannot be claimed. For Vans, they should have a clear record showing the business and private use and claim accordingly on the business use alone.

d) VAT can be claimed only for employee entertainment costs and no input VAT can be claimed for customer entertaining unless it is an overseas client.

2) Corporation Tax

When deciding if the company has to make instalment payments, the following should be considered:

No of associates at the end of the previous accounting period. Hence 75% investment in Truck Ltd is ignored as it is made in the current period.

The length of the accounting period

Dormant companies are not considered as associates and hence 100% subsidiary WT Ltd is ignored.

There should be a common control of more than 50% and therefore Bronco Ltd is also ignored.

The augmented profits received from subsidiaries where there is less than 51% should be considered and therefore the dividend of 250,000 from Bronco Ltd should be included for augmented profits.

	30-Apr-26
Taxable Profits	9,800,000
Dividends	250,000
Augmented Profits	**10,050,000**

No of associates	1
i.e 55% Investment in Long Haul Ltd	
Very large company threshold	20,000,000

Apportion for associated companies 20 million / 2	10,000,000

Since the augmented profits exceeds the number of associated adjusted threshold of 10 million, the company is very large for Corporation tax purposes and should pay instalment payments.

3) Since it is a verge large company, the payments are due as follows for year ended 30 April 2026

14-Jul-25	612,500
14-Oct-25	612,500
14-Jan-26	612,500
14-Apr-26	612,500

I trust the above answers you queries and help you have a good conversation with our client. Please let me know if you need any further details or have any queries.

Regards,

Tax Advisor

Question 3 /20

Question 1 0/20

You work in the tax department of Angel & Co. Your client is PR Business LLP, a limited liability partnership that provides public relations advice to medium sized businesses. The LLP makes up its accounts to 31 March each year.

PR Business LLP has a number of capital assets on which it claims capital allowances, but employees and members use their own cars when visiting clients. In the year ended 31 March 2026, PR Business LLP made a loss of £545,000.

Jakeson Ltd and Chris are two of the members of PR Business LLP and each has contacted you about the loss. They query what the tax implications of it are as the LLP has never made a loss before and they want to understand what the members can do with the loss.

Jakeson Ltd is a UK resident company and has a 20% share in the LLP. The company prepares its own accounts to 30 June each year.

Chris has a 27% share in the LLP which she obtained by investing £49,500 into it. In addition, she has agreed to contribute a further £10,500 if the LLP were ever to be wound up.

Rosa is a new member of the LLP. She tells you that she was unhappy with the way her previous LLP was dealt with by their advisors and she found making a complaint was difficult. She says that she hopes never to have to make a complaint against Angel & Co, but in case the need arises, can you confirm whether your firm has a complaints procedure and if so what does it contain?

Jakeson Ltd is also a client of your firm. The company is a growing business and believes it has sufficient employees to warrant having the services of an HR specialist three days a week. It is at the early stages of appointing such a specialist and the company has the option of using an employee or a self-employed consultant. Depending on what route they go down they may have to structure the salary or fee structure differently. In order to inform decision making Jakeson Ltd has asked your firm if you could advise it on the amount of National Insurance Contribution (NIC) that would be payable using the employee route versus that which would be payable using the self-employed consultant route. In order to make a comparison Jakeson Ltd has asked you in the first instance to assume that the salary would be £70,000 and the self-employed profit would be £70,000.

Requirements:

1) Explain the issues affecting the calculation of the loss of PR Business LLP to be allocated to Jakeson Ltd. (5)

2) Calculate the loss which is available to Chris for the period ended 31 March 2026 explaining how the loss can be used. Explain any restrictions to the use of the loss that may apply. (5)

3) Outline how Angel & Co should deal with complaints in line with ATT's Professional Rules and Practice Guidelines (PRPG). (5)

4) Calculate the National Insurance Contributions (NIC) that would be payable if the HR specialist was either;

a) A self-employed consultant; or

b) An employee of Jakeson Ltd.

Identify each class of NIC.

No explanation is required in relation to employment status. (5)

Total (20)

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ATTP4M26_Q1-ATT Tax Tables

ATTP4M26_Q1-ATT Paper 4 CT Manual

ATTP4M26_Q1-ATT Paper 4 OT Manual

ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual

ATTP4M26_Q1-ATT P4 Q1

Part 1

This is your Excel spreadsheet for Question 3. It is only for your workings: the spreadsheet itself **will not be marked**.

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ATTP4M26_Q1-ATT Tax Tables

ATTP4M26_Q1-ATT Paper 4 CT Manual

ATTP4M26_Q1-ATT Paper 4 OT Manual

ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual

ATTP4M26_Q1-ATT P4 Q1

Response

1-part1-ATTP4M26_Q3.xlsx

Part 2

This is your answer box for Question 3. If you use the Excel spreadsheet, you **must** copy and paste any calculations and workings that accompany your answer into this box

Response

1) Issues with Allocation of losses to Jakeson Ltd

a) The LLP has accounting period ended 31 March and Jakeson Ltd has accounting period ended 30 June. Since the accounting period ends are different, Jakeson Ltd can utilises losses where the period are concurrent i.e from July to March (9 months) only
b) Since it is a LLP losses, the losses are restricted to each members contribution of capital made by Jakeson Ltd and he may not receive his entire 20% share of losses from LLP that he can utilise in his own company. This restriction applies to cumulative side way losses and capital gains relief. The maximum loss he can use is restricted to 25% adjusted income or unrelieved contribution whichever is lower in case if he is a non active member.

2)

2) Losses available to Chris	
27% of PR Business LLP loss of 545,000	147,150
Chris capital contribution	49,500
Amount payable on windup	10,500

Total	**60,000**
Hence Chris can use only the restricted loss of 60,000	

Chirs can utilise the losses as follows:

- s64 claim - set off against total income of the current period and or previous period.
- Once s64 claim is made, can use the pending losses against any capital gain in the period
- Please note if the losses are utilised against non trade income these are restricted to higher of 50,000 or 25% of adjusted net income.
- The losses remaining are carried forward and set-off against future trade income.

3) Complaint handling system

- Listing name and contact of the person in the company who can be reached out if client wishes to complaint or want to discuss any issues
- Immediately acknowledging the complaint on receipt
- Take immediate action to investigate the compliant and actions taken
- Keep a record of actions taken
- Reach out to client at the earliest once internally complaint is handled and discuss how to resolve the issues or provide resolutions
- If the client is still unhappy, they can raise a compliant to Tax Disciplinary Board. Their contacts should also be provided to client.
- have a clear compliant handling procedure

4) NIC to pay

b) Employee of Jakeson Ltd	
Salary	70,000
Earnings above ST of 5000 charged at 15%	
i.e (70,000 - 5000) * 15%	9,750

a) Self employed - Unclear if Jakeson Ltd is medium/large client or small client from the question	
If Medium/Large client	
Deemed Paymemt	70,000
Earnings above ST of 5000 charged at 15%	
i.e (70,000 - 5000) * 15%	9,750
IF small client	
Income from engagement	70,000
Less: Standrd deduction at 5%	-3,500

Deemed Paymemt	66,500
Employer NIC 66500 * 15/115	8,674

Question 4 /22

Question 1 0/22

Nolan Ltd is owned as follows:

	Ownership of ordinary shares	Taxable Total Profits for the year ended 31 January 2026
		£
Brody Ltd	24%	400,000
Tennant Ltd	55%	1,500,000
Delaney Ltd	8%	250,000
Mr Peterson	7%	100,000
Tilman Inc	6%	150,000

Tilman Inc is a company incorporated and tax resident in Arizona, USA. All the other shareholders are resident in the United Kingdom.

Nolan Ltd made a trading loss for tax purposes of £1,760,500 in the year ended 31 January 2026. Nolan Ltd has no other source of income.

Delaney Ltd owned 200 shares in Redeye Ltd which is 6% of the shareholding. Delaney Ltd accepted an offer from Banks Ltd, an unconnected company, to purchase these shares in February 2026. Delaney Ltd received the following in exchange for its shares in Redeye Ltd:

	£
1,000 shares in Banks Ltd	50,000
10,000 of loan stock in Banks Ltd	14,000
Cash	16,000
	80,000

The shares in Redeye Ltd were purchased in December 2018 for £25,000.

Brody Ltd was issued a determination by HMRC for the year ended 31 January 2024 on 16 February 2026 as it has not submitted a Corporation Tax return for that year. HMRC has determined that the corporation liability for the year is £175,000. Jess, the financial controller for Brody Ltd does not understand why this has been received. She also thinks that the Corporation Tax liability that has been determined is excessive as the draft computation shows a liability of £105,000 and so the company would like to appeal the determination. Brody Ltd has made payments of Corporation Tax totalling £110,000 for the year ended 31 January 2024.

Requirements:

1) Explain why Nolan Ltd is a consortium company and calculate the maximum loss relief that Nolan Ltd can surrender to each consortium member. (8)

2) Explain the chargeable gains implications of the sale of shares in Redeye Ltd. Calculate any chargeable gain that will arise on the disposal, stating when any gain will be chargeable. (10)

3) Explain whether a valid determination has been issued to Brody Ltd and what can be done regarding the amount of tax that has been determined. (4)

Total (22)

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ATTP4M26_Q1-ATT Tax Tables

ATTP4M26_Q1-ATT Paper 4 CT Manual

ATTP4M26_Q1-ATT Paper 4 OT Manual

ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual

ATTP4M26_Q1-ATT P4 Q1

Part 1

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- ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual
- ATTP4M26_Q1-ATT P4 Q1

Response

1-part1-ATTP4M26_Q4.xlsx

Part 2

This is your answer box for Question 4. If you use the Excel spreadsheet, you **must** copy and paste any calculations and workings that accompany your answer into this box

Response

1)

Nolan Ltd is a consortium company as more than 75% of it's shares are owned by other companies and each of the below companies that are part of the consortium group own at least 5% or more of the consortium company.

Brody Ltd	24%
Tennant Ltd	55%
Delaney Ltd	8%
Tilman Inc	6%
Total	**93%**

Individual shares are not considered for consortium company and hence Mr Peterson holdings are ignored.

Losses that can be surrendered

Brody Ltd	
Loss that can be surrendered to Brody Ltd - Lower of	
1760500 * 24% Consortium member interest	422,520
Brody taxable Profits - 400,000	400,000
Lower amount of 400,000 can be surrender to Brody Ltd	
Tennant Ltd	
1760500 * 55% Consortium member interest	968,275
Tennant taxable Profits - 1,500,000	1,500,000
Lower amount of 968,275 can be surrendered to Tennant Ltd	
Delaney Ltd	

1760500 * 8% Consortium member interest	140,840
Tennant taxable Profits - 250,000	250,000
Lower amount of 140,840 can be surrendered to Delaney Ltd	

Tilman is a non UK resident and hence losses cannot be allocoated.

2)

Since Bank ltd acquired all of shares owned by Dealney it is a takeover. This disposal does not qualify for SSE as less than 10% shares are held.

1000 Shares in Bank Ltd - This part of disposal is exempt as it a share for share exchange and hence not a disposal for chargeable Gains purposes	**Cost of shares 25000 * (50000/80000)**	**15,625**
When shares are disposed in future, 15,625 is considered as the base cost		
<u>10,000 of loan stock in Bank Ltd</u>		
Proceeds	14,000	
Less: Cost		
25000 * 14000 / 80000	-4,375	
Capital gains	**9,625**	
Frozen gain - this gain crystallises when loan stock is disposed. I have assumed this is a qulifying loan stock		
Cash		
Proceeds	16,000	
Less: Cost		
25000 * (16000/80000)	-5,000	
Chargeable Gain - This is charged in the accounting period in which disposal took place	**11,000**	

3)

Valid determination has been issued to Brody Ltd as they have not filed the computation within 12 months of end of accounting period. Regarding the amount of tax, Broady Ltd can submit an appeal within 30 days of receipt of notice determination by HMRC and HMRC may consider to re-review.

Question 5 /15

Question 1 0/15

Your firm acts as tax advisors to Marble Ltd and its 80% subsidiary, Granite Ltd.

In the year ended 30 April 2026 the results for the companies were as follows:

	Marble Ltd	Granite Ltd
	£	£
Trading profit	6,275,000	3,695,000
Bank interest	20,000	
Chargeable gain	1,150,000	
Dividend from ABC plc		5,000

Granite Ltd’s interest in ABC plc is less than 10%.

Marble Ltd has brought forward trading losses of £21,000,000 from the year ended 30 April 2021 and brought forward capital losses of £7,000,000 from the year ended 30 April 2023.

It is agreed that the deductions allowance will be allocated firstly to relieve all of the chargeable gain, and then the remainder will be shared equally between Marble Ltd and Granite Ltd.

Rex is the managing director of Marble Ltd and has contacted you regarding a start-up company, Bluestone Ltd, that he is possibly going to be involved with. Before being too involved he wants to make sure that the company has a clean HMRC record. He says:

“The company started trading (on incorporation) on 1 January 2024. I’m not sure if anyone has informed HMRC and if any notice or acknowledgement has been received. Initially there was a long accounting period to 30 April 2025 – when does this company need to notify HMRC? And what computations or Corporation Tax forms need to be submitted to HMRC and when?”

Requirements:

1) Calculate the total taxable profits for both Marble Ltd and Granite Ltd for the year ended 30 April 2026. Show the use of loss relief and include all necessary explanations. (8)

2) Calculate the losses carried forward at 30 April 2026. (2)

3) Explain when Bluestone Ltd should have notified HMRC of starting to trade. Explain what returns Bluestone Ltd should file and when they should be filed. (5)

Total (15)

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ATTP4M26_Q1-ATT Paper 4 OT Manual

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Part 1

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- ATTP4M26_Q1-ATT Paper 4 Required Knowledge from Paper-2 Manual
- ATTP4M26_Q1-ATT P4 Q1

Response

1-part1-ATTP4M26_Q5.xlsx

Part 2

This is your answer box for Question 5. If you use the Excel spreadsheet, you **must** copy and paste any calculations and workings that accompany your answer into this box

Response

1) Calculation of total taxable profits

	Marble Ltd	**Grantine Ltd**
Trading profits	6,275,000	3,695,000
Bank Interest	20,000	
Chargeable Gain	1,150,000	
Less: Use of brought forward capital loss	-1,150,000	
Dividend from ABC is exempt		-
Total Taxable Profits	**6,295,000**	**3,695,000**
Less: Unrelieved brought forward losses (W1)	-4,110,000	-2,810,000
Total Taxable Profits after reliefs	**2,185,000**	**885,000**

W1

Group Deduction Allowance	5,000,000	
Less: Use of brought forward capital loss	-1,150,000	
Remaining group deduction allowance	**3,850,000**	
This remianing group deduction allowance is allocated 50:50 between the two companies	1,925,000	1,925,000
	Marble Ltd	Grantine Ltd
Deduction allowance	Marble Ltd	
Capital losses	1,150,000	
Remaining group deduction allowance	1,925,000	
Total group deduction allowance for Marble Ltd	3,075,000	
Group deduction that can be utilised in Marble Ltd		

Deduction allowance + 50% (unrelieved profits - deduction allowance)	
i.e 1925000 + 50%(7445000-1925000)	**4,110,000**
Grantine Ltd	
Reamining group deduction allowance	1,925,000
Brought forward losses to utilise	
i.e 1925000 + 50%(3695000-1925000)	2,810,000

2) Losses to carry forward

Capital losses	7,000,000
Less: utilised in the year	-1,150,000
Amount to carry forward	**5,850,000**

Trading Losses	21,000,000
Less: utilised in the year	
Marble Ltd	-4,110,000
Grantine Ltd	-2,810,000
Amount to carry forward	**14,080,000**

3) Notification to HMRC for new company

Company should notify HMRC of it's chargeability within 3 months of start of its first accounting period i.e 31 March 2024

Your company should file CT600 i.e Corporation tax return. There will be two returns as it is a long accounting period. One return covering first 12 months period and another return for 4 months to April 2025. Both are due by 30 April 2026