

Candidate Number			



**Association of Taxation Technicians**

## **Examination**

May 2006

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### **PAPER 1 – PART I**

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### **PERSONAL TAXATION**

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TIME ALLOWED – 3 HOURS  
(for Part I and Part II)

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You are required to answer **all** questions in Part I and any **three** out of five questions in Part II (printed separately).

#### **Part I**

- You must write your answers in this booklet using the space provided under each question and complete your candidate number at the top of this page.
- Each question carries two marks.
- It is expected that your answers will be in brief bullet point format or summary computations.
- It is not expected that you will require all of the space provided.

1. Hayden is 59 and had the following sources of income for 2005/06:

	£
Pension from former employer	4,250
Building Society interest (net)	2,800
UK company dividends (net)	2,250

**Show your calculation of the net tax repayment for 2005/06.**

[illegible]

- Show the tax repayment due for 2005/06.**

[illegible]

- Assume that the official rate of interest is 5%.

This image shows a full page of white paper with horizontal dashed lines, typical of primary school handwriting practice paper. The lines are evenly spaced and run across the entire width of the page. There are no margins, text, or other markings present.

- Show your calculation of Henry's tax liability for 2005/06.**

[illegible]

- Calculate the amount assessable for 2005/06 in respect of the car benefit.**

[illegible]

6. On 5 August 2005, Daniel Williams left the UK to take up an employment contract abroad which was for six years. His earnings in the UK up to the date of departure were £15,000 and he received interest on his deposit account in the UK as follows:

	£
30 June 2005	480 (net)
31 December 2005	400 (net)

**Show your calculation of Daniel's liability to UK Income Tax for 2005/06.**

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- Calculate the total child tax credit and working family tax credit due for 2005/06.**

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



- Show the amount of chargeable to Income Tax in respect of the exercise of the share option in 2005/06.**

This image shows a full page of white paper with horizontal dashed lines, typical of primary school handwriting practice paper. The lines are evenly spaced and run across the entire width of the page. There are no margins, text, or other markings present.

- You are required to state the date for submission of the form P35 and the date from which interest will be charged on late payment of tax and National Insurance contributions.**

[illegible]

- You are required to show the amount of assessable benefit in respect of the telephone for 2005/06.**

[illegible]

11. Helen worked for many years in Brussels and has now retired. She is domiciled and resident in the UK and receives a pension of £20,000 per annum from her employer in Brussels. The money is paid into a bank account in Brussels which Helen uses for her many trips to visit friends in the region. During 2005/06 she remitted £16,000 to her UK bank account.

**You are required to show the amount assessable in respect of the pension for 2005/06.**

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

- You are required to show the net chargeable gain before annual exemption for 2005/06 on the basis that losses are relieved as soon as possible.**

This image shows a full page of white paper with horizontal dashed lines, typical of primary school handwriting practice paper. The lines are evenly spaced and run across the entire width of the page. There are no margins, text, or other markings present.

- You are required to show the net chargeable gain for 2005/06 before annual exemption.**

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- You are required to show the net chargeable gain for 2005/06 before annual exemption.**

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- You are required to show the net chargeable gain for 2005/06 before annual exemption.**

[illegible]



16. Mark won £50,000 in a premium bond draw in May 2005. He used part of the money to purchase a veteran car in July 2005 for £10,000 and then spent £5,000 in restoring it to working order. He became bored with the car and sold it for £18,000 in January 2006. In August 2005, Mark purchased 3,000 shares in a quoted company at £5 per share which he sold at £10 per share in March 2006.

**You are required to show the net chargeable gain for 2005/06 before annual exemption.**

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

17. In December 2005, Sylvia sold an antique vase for £10,000 which she had inherited from her mother in May 2005. The value at the date of death was £2,000.

**You are required to show the net chargeable gain for 2005/06 before annual exemption.**

This image shows a full page of a worksheet designed for handwriting practice. It consists of multiple rows of horizontal dashed lines spaced evenly across the page, providing a guide for letter height and placement. The background is plain white, and there are no other markings or text present.

18. In June 2004 Ben gave £2,000 to his daughter. In July 2005 he gave £5,000 to his son. Ben died in January 2006. He had made no other lifetime gifts.

**You are required to show the value of the gifts to his son and daughter to be taken into account in determining the value of Ben's estate for Inheritance Tax purposes.**

[illegible]

19. Jasper owns two factory units which he has used for business purposes for twenty years. In July 2005, when he gave both buildings to his son to use in his own business, they were each valued at £250,000. In September 2005 his son sold one factory unit for £400,000 reinvesting £200,000 of the proceeds in new equipment for his business. He continued to use the other building for trading purposes. Jasper died in March 2006.

**You are required to show the value for Inheritance Tax purposes of the gift of the buildings to his son by Jasper.**

[illegible]

20. In April every year Mary gave her son and daughter £1,500 each. In June 2005, Mary gave an extra £15,000 to her daughter on the occasion of her daughter's marriage. In September 2005, Mary gave £2,500 to her niece on the occasion of her niece's marriage. Mary died in January 2006.

**You are required to show the value of the gifts to her daughter and her niece to be taken into account in determining the value of Mary's estate for Inheritance Tax purposes.**

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