Candidate Number					



Association of Taxation Technicians

Examination

May 2007

PAPER 6 - PART I

BUSINESS COMPLIANCE

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

You are required to answer **all** questions in Part I and 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 between two and four marks as indicated in brackets.
- 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.

On 1 August 2006, John South was provided with a new petrol driven car by his 1. employer. John's private fuel for the car was paid for by the employer. The car's CO2 emissions were 198g/km and its list price was £15,000. Calculate the following: The amount that will be returned as a taxable benefit for John in 2006/07. 1) 2) The Class 1A National Insurance Contribution payable by the employer on John's benefits in 2006/07. (4)

Calculate, Insurance	, to the neares Contribution due	et penny, e.	the	monthly	employee	Class	1	Natio

The construction comholding a CIS4 registra	ation card.		, ,	
The invoice against wh	nich the payment	is comprised is	as follows:	
Labour Materials VAT Total	£ 1,500.00 450.00 341.25 £2,291.25			
What amount shoul completed for this pa		the "amount	deducted" bo	ox of the Cl
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3.

F	For Alison what is the monthly cost of this donation net of Income Tax saved?
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Calculate the amount that v	will be returned as a taxable benefit for Karen method.
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6.	On 1 September 2006, Tracker Ltd started to employ a trainee manager who has an outstanding student loan. The employee is paid monthly and has an annual salary of £21,000.
	Calculate the student loan deductions from the employee's pay Tracker Ltd is required to make for 2006/07. (2)
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will be collected through his 2006/07 tax code.	
Thomas is not a higher rate tax payer in 2006/07.	
What is Thomas' PAYE code for 2006/07?	

8.	Louise Adams works as an IT consultant through her person Ltd. For 2006/07, the company had the following income and ex	al service compan penditure:	y, LA
		£	
	Sales income for services falling within IR35 legislation	45,000	
	Salary paid to Louise	5,000	
	Business mileage expenses reimbursed by LA Ltd to Louise	775	
	at 40p per mile		
	at top per mile		
			4-1
	Calculate the deemed employment payment for 2006/07.		(3)

9.	Helen Dimond is considering setting up her own taxation practice.					
	For members in practice, what is the minimum level of cover from Professional Indemnity Insurance recommended by the Association of Taxation Technicians?					

1) Goods are paid for on 1 March, delivered on 10 March and a VAT invoice is issued on 30 March. Goods are delivered on 1 March, a VAT invoice is issued on 10 March and 2) payment is made on 30 March. 3) A telecoms company issues VAT invoices for its services at the end of each month in arrears. A VAT invoice is issued on 31 March and paid on 20 April. A plumber fixes a fault on 1 March and issues a VAT invoice on the same 4) day. The invoice is paid on 20 March.

What is the tax point for the supplies in each of the following examples?

11.	What is the difference between a supply which is exempt and a supply which is zero-rated for VAT purposes?
	Give two examples of exempt supplies and two examples of zero-rated supplies.

12. Apex Ltd's records show that the following invoices are outstanding. Payment is always due 30 days after the invoice date:

Invoice Date	Amount due (inc VAT)	VAT Rate
1 January 2006	£2,000	0%
1 January 2006	£1,500	17.5%
1 March 2006	£3,500	17.5%
1 July 2006	£4,800	17.5%
	1 January 2006 1 January 2006 1 March 2006	1 January 2006 £2,000 1 January 2006 £1,500 1 March 2006 £3,500

A payment of £2,500 was received from Alpha Ltd on 1 December 2006. Apex Ltd has never made a claim for bad debt relief.

Calculate the amount of bad debt relief that can be claimed on the VAT return to the quarter ended 31 December 2006.				
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group?	is must be met	in order for	two or more	Companies	to join a

14.	Since September 2006, Taylor Maid Ltd has been using the services of a bookkeeper who works at the business premises and who works solely for the company on an hourly rate basis. The company has treated the appointment of the bookkeeper as a self-employed engagement.
	Explain why HM Revenue & Customs is likely to view the bookkeeper as employed rather than self-employed. (4)
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