

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.

1. On 1 August 2006, John South was provided with a new petrol driven car by his 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:

- 1) **The amount that will be returned as a taxable benefit for John in 2006/07.**
- 2) **The Class 1A National Insurance Contribution payable by the employer on John's benefits in 2006/07.** (4)

2. John, who is not a director and not contracted out, earns £5,000 per month.

Calculate, to the nearest penny, the monthly employee Class 1 National Insurance Contribution due. (2)

- The construction company Shovel Ltd is due to make a payment to a sub-contractor holding a CIS4 registration card.

The invoice against which the payment is comprised is as follows:

	£
Labour	1,500.00
Materials	450.00
VAT	341.25
Total	<u>£2,291.25</u>

What amount should be shown in the “amount deducted” box of the CIS25 completed for this payment? (2)

4. Alison Garvey is an employee receiving a gross monthly salary of £5,000. Her 2006/07 tax code is 503L. Alison makes a monthly charitable donation of £200 via payroll giving.

For Alison what is the monthly cost of this donation net of Income Tax saved?

(2)

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5. Karen Briggs received an interest-free loan from her employer on 5 June 2006 of £8,500. Karen is repaying the loan with a payment of £250 per month. The first repayment was made on 6 July 2006.

Calculate the amount that will be returned as a taxable benefit for Karen in 2006/07 using the “average” method. (3)

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

- 1) Goods are paid for on 1 March, delivered on 10 March and a VAT invoice is issued on 30 March.
- 2) Goods are delivered on 1 March, a VAT invoice is issued on 10 March and 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.
- 4) A plumber fixes a fault on 1 March and issues a VAT invoice on the same day. The invoice is paid on 20 March. (2)
