

Candidate Number			



Association of Taxation Technicians

Examination

May 2007

PAPER 7 – PART I

PRACTICE ADMINISTRATION & ETHICS

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.

2. X Ltd has various trades and is often in a position where its quarterly VAT returns result in a small repayment of VAT being due from HM Revenue & Customs. X Ltd filed its quarterly VAT return for the period to 31 March 2006 on 14 May 2006, at the same time as which it paid over the tax due. On 29 May 2006, HM Revenue & Customs issued a VAT surcharge liability notice for the period to 31 March 2007.

Explain the time limits for lodging returns and paying VAT so that X Ltd will be free from a VAT surcharge liability notice as soon as possible. (3)

4. Flask Ltd lodged its tax return (CT600) for the year to 30 April 2006 on 20 May 2007.

State the latest date on which an enquiry may be made into the Corporation Tax return and explain the reason why. (2)

6. Carole, a single lady, died on 25 April 2006. Her estate comprised various quoted shareholdings, cash, and a house. She also had an interest in possession in a settlement created by her late father. You should assume that all of her nil rate band for Inheritance Tax purposes was used during her lifetime.

1) State when the Inheritance Tax liability arising on her death is payable and on whom the burden of the liability falls. You should assume that any possible elections to defer payment are made.

2) When must the Inheritance Tax return be submitted? (4)

7. Mike, a new self-employed client and higher-rate taxpayer, comes to see you in April 2007. He believes that he has incorrectly calculated his tax liabilities over the last few years and seeks your advice. He tells you that on 1 October 2000 he commenced payments of £100 per month into a personal pension plan, but did not include the payments on his income tax returns for those years.

Explain whether it is possible for Mike to obtain tax relief for these contributions and, if so, explain how such tax relief may be obtained. Assume that any necessary claims or other correspondence are filed with HM Revenue & Customs in April 2007. (3)

9. In certain circumstances, individuals and businesses that suffer damage under a breach of EU law may claim compensation from a member state under the state liability rule.

List the three conditions that must be fulfilled before damages can be paid. (3)

10. As a general rule, judges attempt to ascertain the intention of Parliament. This is undertaken by applying the rules of statutory interpretation.

Explain any three of the four rules of statutory interpretation. (3)

12. All members of the Association, except those not working in taxation, must comply with the requirements of the Continuing Professional Development regulations.

Detail the yearly minimum requirements in order to comply with the Continuing Professional Development regulations. (2)

13. Members owe a duty of confidentiality to their clients or employer.

Explain how a member should ensure that he does not breach the duty of confidentiality during the course of his work. (3)
