

Candidate Number			

You must tick the box below if you have answered this Module.



The Chartered Tax Adviser Examination

May 2009

AWARENESS

MODULE C – CORPORATION TAX

- You should only answer this module if you have not/do not intend to sit the Advanced Corporation Tax Advisory paper.
- Each question carries 5 marks.
- You should answer all the questions from the modules you choose.
- You should answer questions in brief bullet points and/or summary computations where appropriate.
- You must answer questions in the spaces provided.
- You may not need all the space provided.
- You should make all calculations to the nearest month and pound unless stated otherwise.

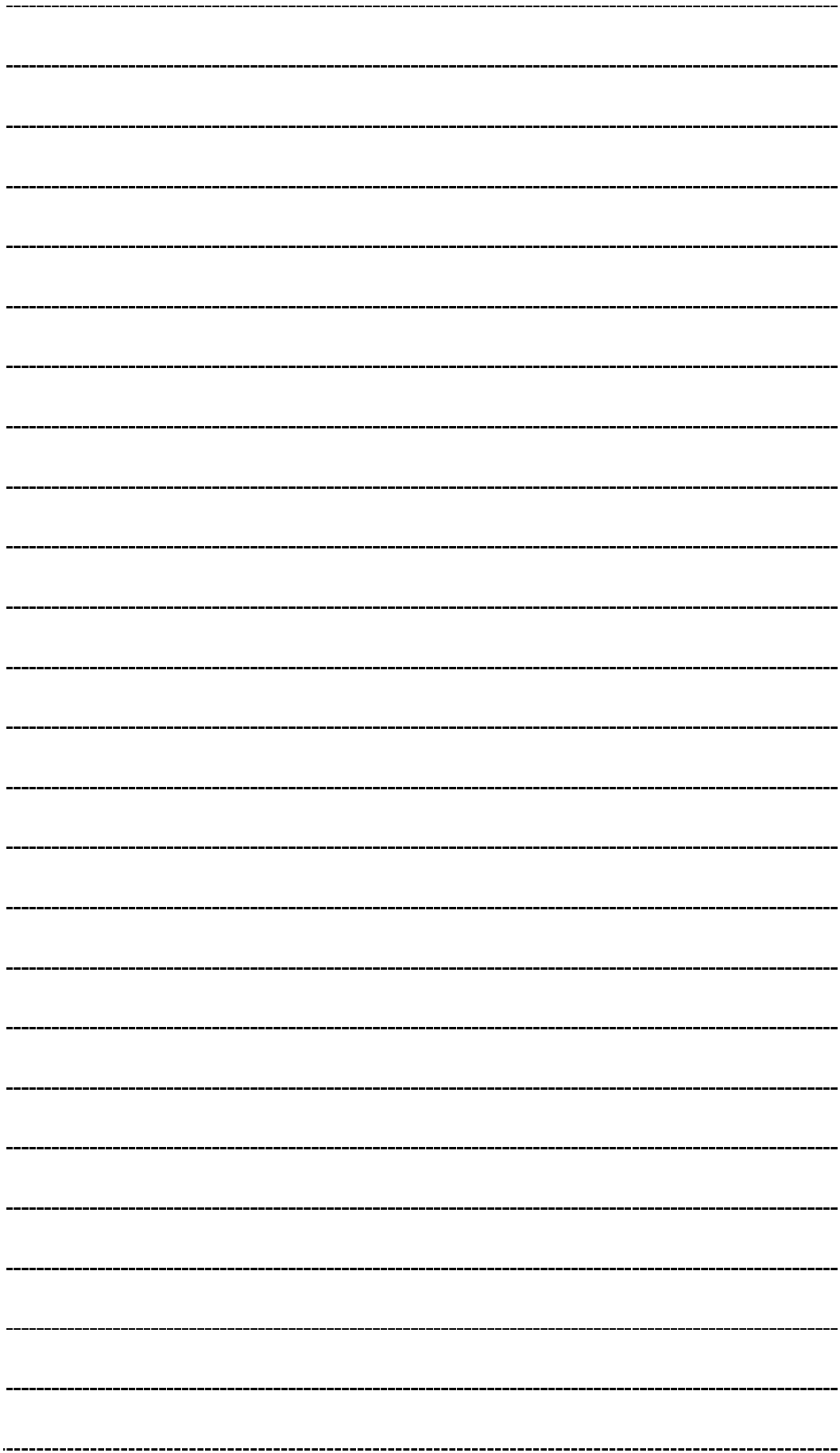
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5. Alpha plc owns 80% of the ordinary share capital of Beta plc and 90% of the ordinary share capital of Ceta plc. All companies prepare accounts annually to 31 March. None of the companies paid or received any dividends. The results for the year ended 31 March 2009 are as follows:

	<u>Alpha plc</u>	<u>Beta plc</u>	<u>Ceta plc</u>
	£	£	£
UK Trading profit/(loss)	600,000	(100,000)	130,000
Property business profits	50,000	20,000	-
Interest receivable	-	40,000	10,000
Gift aid donations	-	-	(5,000)

Assuming the group wishes to claim losses in the best manner to minimise the total Corporation Tax liability for the year ended 31 March 2009, calculate profits chargeable to Corporation Tax for each of the companies for the year ended 31 March 2009.



9. Sally was made redundant on 31 March 2008 and formed a company, SAL Ltd, through which she has contracted to provide services to her former employer.

Sally accepts that the contract with her former employer falls within the provisions of the IR35 Personal Service Companies legislation and has provided you with the following information for the year ended 5 April 2009:

	£
Total invoiced for services	155,000
Salary paid in the year (including employers' NIC)	10,000
Travel expenses (including £2,000 for home to work travel)	5,000
Employer pension contribution for Sally paid by SAL Ltd	8,000
Dividends paid (net of tax credit)	40,000

Prepare the deemed employment income calculation for 2008/09.

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11. Sugar Ltd, a small trading company, and Tea Ltd, a large trading company, incurred research and development costs in the year to 31 March 2009, as follows:

	<u>Sugar Ltd</u>	<u>Tea Ltd</u>
	£	£
Staff costs	20,000	40,000
Consumables	40,000	20,000
Apportionment of general overheads	10,000	-
Software	-	40,000

Both companies made losses in the year to 31 March 2009 of £200,000.

Calculate the amount of relief available to each company for the research and development expenditure incurred.

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