

Tolley[®] Exam Training

CTA

AWARENESS PAPER

MODULE D – INDIVIDUALS

PRE REVISION QUESTION BANK

FA 2024 & F(No 2)A 2024

May and November 2025 Sitzings

PQ827D

Tolley[®]

Tax intelligence
from LexisNexis[®]

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INTRODUCTION

This Pre Revision Question Bank for the Awareness paper contains two exam standard 12 question past paper tests with answers updated to Finance Act 2024 and Finance (No 2) Act 2024. This question bank forms an important part of your preparation for the examination - question practice is the key to passing exams.

As you answer the questions you may refer to either a hard copy or on-screen version of the **CTA Tax Tables 2025** and your own personalised version of the approved online legislation.

Using this question bank

In the real exam each of your three chosen Modules will have 12 questions and each question carries five marks. You must answer all 12 of the questions from the three Modules you are sitting.

You should use the tests in this question bank to consolidate your knowledge after you have worked through all of the study packs for your three chosen Modules. They will be a useful part of your preparation for the pre revision mock examination.

We recommend that you attempt each test in this bank as if you were in the real exam, ideally doing "Test 1" for this Module along with both the "Test 1" questions from the pre revision question banks for your other two Modules, allowing yourself three hours 15 minutes to answer all three Modules.

We suggest you **allocate five minutes per question** which allows for five minutes review time as you finish each of the three Modules.

Your final score out of 180 is turned into a percentage – the pass mark is 50% overall, but with a **minimum mark for each Module** set at 21 marks out of the 60 marks available ie 35%. Even if a pass mark in excess of 50% overall has been achieved, if the minimum mark of 35% has not been achieved in all three modules, then the entire Awareness paper would need to be re-sat.

You should try to avoid just reading the answers to questions - it is all too easy to nod as you read the model answer saying "yes I know those points" - the test is, would you have actually put those points in your answer? You won't find this out, unless you **type up the answers and we recommend you do this using the on-screen version of this QB**. Ensuring you type up "proper" answers also gives you a good idea of how long each Module will take you to work through.

Preparing your answers

Your answers should be **brief bullet points and/or summary computations** where appropriate. There are no presentation marks in this paper but bear in mind that the marker must be able to follow your answer and follow-through method marks cannot be awarded unless clear workings are shown.

You should make all calculations to the nearest month and pound unless stated otherwise.

Reviewing your answers

It is essential to read through your answers when you have finished typing them – **before** you look at the model answer.

You may be able to make some small corrections at the review stage – you may find you have missed out a vital word such as "not" or you may at this stage think of another point or two to add while reading through your answers. This approach could increase your marks much more effectively than carrying on with the point you were making before you stopped to do this final review.

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Test 1

Test 2

Answers to Test 1

Answers to Test 2

INCOME TAX - RATES AND THRESHOLDS

	2024/25	2023/24
Rates	%	%
Starting rate for savings income only	0	0
Basic rate for non-savings and savings income only	20	20
Higher rate for non-savings and savings income only	40	40
Additional and trust rate for non-savings and savings income	45	45
Dividend ordinary rate	8.75	8.75
Dividend upper rate	33.75	33.75
Dividend additional rate and trust rate for dividends	39.35	39.35
Thresholds	£	£
Savings income starting rate band	1 – 5,000	1 – 5,000
Basic rate band	1 – 37,700	1 – 37,700
Higher rate band	37,701 – 125,140	37,701 – 125,140
Dividend allowance	500	1,000
Savings allowance		
– Taxpayer with basic rate income	1,000	1,000
– Taxpayer with higher rate income	500	500
– Taxpayer with additional rate income	Nil	Nil
Standard rate band for trusts	N/A	1,000
Scottish Tax Rates⁽¹⁾	%	%
Starter rate	19	19
Scottish basic rate	20	20
Intermediate rate	21	21
Higher rate	42	42
Advanced rate	45	N/A
Top rate	48	47
Scottish Tax Thresholds⁽¹⁾	£	£
Starter rate	1 – 2,306	1 – 2,162
Scottish basic rate	2,307 – 13,991	2,163 – 13,118
Intermediate rate	13,992 – 31,092	13,119 – 31,092
Higher rate	31,093 – 62,430	31,093 – 125,140
Advanced rate	62,431 – 125,140	N/A
Top rate	125,140+	125,140+

INCOME TAX - RELIEFS

	2024/25	2023/24
	£	£
Personal allowance ⁽²⁾	12,570	12,570
Married couple's allowance ⁽³⁾	11,080	10,375
– Maximum income before abatement of relief - £1 for £2	37,000	34,600
– Minimum allowance	4,280	4,010
Transferable Tax allowance for married couples and civil partners ⁽⁴⁾	1,260	1,260
Blind person's allowance	3,070	2,870
Enterprise investment scheme relief limit ⁽⁵⁾	1,000,000	1,000,000
Venture capital trust relief limit	200,000	200,000
Seed enterprise investment scheme relief limit	200,000	200,000
De minimis trusts amount	500	N/A

- Notes:** (1) Scottish taxpayers pay Scottish income tax on non-savings income.
- (2) The personal allowance of any individual with adjusted net income above £100,000 is reduced by £1 for every £2 of adjusted net income above the £100,000 limit.
- (3) Only available where at least one partner was born before 6 April 1935. Relief restricted to 10%.
- (4) The recipient must not be liable to tax above the basic rate. The recipient is eligible for a tax reduction of 20% of the transferred amount.
- (5) The limit is £2 million, where over £1 million is invested in knowledge intensive companies.

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ISA limits	2024/25	2023/24
Maximum subscription:	£	£
'Adult' ISAs	20,000	20,000
Junior ISAs	9,000	9,000

Pension contributions	Annual allowance ⁽¹⁾	Minimum pension age
	£	
2023/24	60,000	55
2024/25	60,000	55

Basic amount qualifying for tax relief £3,600

Lump sum allowance £268,275

Note: (1) The annual allowance is tapered by £1 for every £2 of adjusted income above £260,000 for individuals with threshold income above £200,000. It cannot be reduced below £10,000.

Employer Supported Childcare	2024/25	2023/24
Exemption – basic rate taxpayer ⁽²⁾	£55 per week	£55 per week

Note: (2) For schemes joined on or after 6 April 2011 the exempt childcare amounts for higher and additional rate taxpayers (based on the employer's earning assessment only) are £28 and £25 respectively.

ITEPA mileage rates

Car or van ⁽³⁾	First 10,000 business miles	45p
	Additional business miles	25p
Motorcycles		24p
Bicycles		20p
Passenger payments		5p

Note: (3) For NIC purposes, a rate of 45p applies irrespective of mileage.

INCOME TAX - BENEFITS

Car benefits – 2024/25

Emissions	Electric range (miles)	Car benefit % ⁽⁴⁾	
0g/km	N/A	2%	
1-50g/km	>130	2%	
1-50g/km	70-129	5%	
1-50g/km	40-69	8%	
1-50g/km	30-39	12%	
1-50g/km	<30	14%	
51-54g/km		15%	
55-59g/km		16%	
60-64g/km		17%	
65-69g/km		18%	
70-74g/km		19%	
75g/km or more		20%	+ 1% for every additional whole 5g/km above 75g/km
160g/km or more		37%	

Note: (4) 4% supplement for diesel cars excluding those that meet the Real Driving Emissions Step 2 (RDE2) standard (not to exceed maximum of 37%).

Fuel benefit base figure	2024/25	2023/24
	£	£
	27,800	27,800

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Van benefits	2024/25	2023/24
	£	£
No CO ₂ emissions	Nil	Nil
CO ₂ emissions > 0g/km	3,960	3,960
Fuel benefit for vans	757	757
Official rate of interest	2.25%	2.25%

INCOME TAX - CHARGES

Child benefit charge	Withdrawal rate
Adjusted net income >£60,000	1% of benefit per £200 of income between £60,000 and £80,000
Adjusted net income >£80,000	Full child benefit amount assessable in that tax year

CAPITAL ALLOWANCES

Annual investment allowance for plant and machinery (AIA) ⁽¹⁾	100%
WDA on plant and machinery in main pool ⁽²⁾	18%
WDA on plant and machinery in special rate pool ⁽³⁾	6%
WDA on patent rights and know-how	25%
WDA on structures and buildings (SBA) ⁽⁴⁾	3%

- Notes:** (1) On first £1,000,000 of investment in plant & machinery (not cars).
 (2) The main pool rate applies to cars with CO₂ emissions of not more than 50g/km (prior to April 2021 not more than 110g/km).
 (3) The special pool rate applies to cars with CO₂ emissions greater than 50g/km (prior to April 2021 greater than 110g/km).
 (4) A 10% rate applies in respect of special tax site expenditure.

100% First year allowances (FYA) available to all businesses

Capital expenditure incurred by a person on research and development.

New zero-emission goods vehicles (until 1 or 6 April 2025).

New cars that either emit 0g/km of CO₂ (50g/km prior to April 2021) or are electric (until 1 April 2025).

Electric vehicle charging points (until 1 or 6 April 2025).

First year allowances (FYA) available to companies only

	Main pool assets	Special rate pool assets
Expenditure on new plant and machinery (other than cars) from 1 April 2023 onwards ⁽⁵⁾	100%	50%
Expenditure on new plant and machinery (other than cars) in a special tax site	100%	100%

- Notes:** (5) 130% for main pool expenditure and 50% for special rate pool expenditure between 1 April 2021 and 31 March 2023.

INCOME TAX - SIMPLIFICATION MEASURES

	2024/25	2023/24
	£	£
'Rent-a-room' limit	7,500	7,500
Property allowance/Trading allowance	1,000	1,000

Flat Rate Expenses for Unincorporated Businesses

Motoring expenses		
Cars or vans	First 10,000 business miles	45p per mile
	Additional business miles	25p per mile
Motorcycles		24p per mile
Business use of home	25 – 50 hours use	£10 per month
	51 – 100 hours use	£18 per month
	101+ hours use	£26 per month
Private use of business premises	No of persons living there:	
	1	£350 per month
	2	£500 per month
	3+	£650 per month

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NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits	2024/25			2023/24		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
Lower earnings limit (LEL)	£6,396	£533	£123	£6,396	£533	£123
Primary threshold (PT)	£12,570	£1,048	£242	£12,570	£1,048	£242
Secondary threshold (ST)	£9,100	£758	£175	£9,100	£758	£175
Upper earnings limit (UEL)	£50,270	£4,189	£967	£50,270	£4,189	£967
Upper secondary threshold for under 21 (UST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Apprentice upper secondary threshold for under 25 (AUST)	£50,270	£4,189	£967	£50,270	£4,189	£967
Special tax sites upper secondary threshold	£25,000	£2,083	£481	£25,000	£2,083	£481

Class 1 primary contribution rates

Earnings between PT and UEL

8%

12%

Earnings above UEL

2%

2%

Class 1 secondary contribution rates

Earnings above ST ⁽¹⁾

13.8%

13.8%

Note: (1) Rate of secondary NICs between the ST and the UST, AUST & special tax sites upper secondary threshold is 0%.

	2024/25	2023/24
Employment allowance		
Per year, per employer	£5,000	£5,000
Class 1A contributions	13.8%	13.8%
Class 1B contributions	13.8%	13.8%
Class 2 contributions		
Rate	£3.45 pw	£3.45 pw
Small profits threshold (SPL) ⁽²⁾	£6,725	£6,725
Lower profits limit (LPL)	N/A	£12,570

Note: (2) From 2024/25, self-employed individuals with profits below the small profits threshold can pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension.

Class 3 contributions	£17.45 pw	£17.45 pw
Class 4 contributions		
Annual lower profits limit (LPL)	£12,570	£12,570
Annual upper profits limit (UPL)	£50,270	£50,270
Percentage rate between LPL and UPL	6%	9%
Percentage rate above UPL	2%	2%

OTHER PAYROLL INFORMATION

Statutory maternity/adoption pay	First 6 weeks @ 90% of AWE Next 33 weeks @ the lower of £184.03 and 90% of AWE
Statutory shared parental pay /paternity pay/parental bereavement pay	For each qualifying week, the lower of 90% of AWE and £184.03
Statutory sick pay	£116.75 per week

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Student Loan	Plan 1:	9% of earnings exceeding £24,990 per year (£2,082.50 per month/ £480.57 per week)
	Plan 2:	9% of earnings exceeding £27,295 per year (£2,274.58 per month /£524.90 per week)
	Plan 4:	9% of earnings exceeding £31,395 per year (£2,616.25 per month /£603.75 per week)
Postgraduate Loan		6% of earnings exceeding £21,000 per year (£1,750 per month/£403.84 per week)

National living/minimum wage (April 2024 onwards)

Category of Worker	Rate per hour £	Category of Worker	Rate per hour £
Workers aged 21 and over	11.44	16–17 year olds	6.40
18–20 year olds	8.60	Apprentices	6.40

Accommodation Offset £9.99 per day

HMRC INTEREST RATES (assumed)

Late payment interest	7.75%
Interest on underpaid corporation tax instalments	6.25%
Repayment interest	4.25%
Interest on overpaid corporation tax instalments	5.00%

CAPITAL GAINS TAX

	2024/25	2023/24
Annual exempt amount for individuals	£3,000	£6,000

CGT rates for individuals, trusts and estates

Gains qualifying for business asset disposal ⁽¹⁾ /investors' relief	10%	10%
Gains for individuals falling within remaining basic rate band ⁽²⁾	10%	10%
Gains for individuals exceeding basic rate band and gains for trusts and estates ⁽³⁾	20%	20%

- Notes:** (1) Formerly called entrepreneurs' relief
 (2) The rate is 18% if the gain is in respect of a residential property
 (3) The rate is 24% (28% in 2023/24) if the gain is in respect of a residential property

Business Asset Disposal relief	2024/25	2023/24
Relevant gains (lifetime maximum) ⁽⁴⁾	£1 million	£1 million

Investors' relief		
Relevant gains (lifetime maximum)	£10 million	£10 million

Note: (4) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million.

Lease percentage table

Years	Percentage	Years	Percentage	Years	Percentage	Years	Percentage
50+	100.000	37	93.497	24	79.622	11	50.038
49	99.657	36	92.761	23	78.055	10	46.695
48	99.289	35	91.981	22	76.399	9	43.154
47	98.902	34	91.156	21	74.635	8	39.399
46	98.490	33	90.280	20	72.770	7	35.414
45	98.059	32	89.354	19	70.791	6	31.195
44	97.595	31	88.371	18	68.697	5	26.722
43	97.107	30	87.330	17	66.470	4	21.983
42	96.593	29	86.226	16	64.116	3	16.959
41	96.041	28	85.053	15	61.617	2	11.629
40	95.457	27	83.816	14	58.971	1	5.983
39	94.842	26	82.496	13	56.167	0	0.000
38	94.189	25	81.100	12	53.191		

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Retail Prices Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	—	—	79.44	81.04	81.62	81.85	81.88	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9	264.8	265.5	267.1
2017	265.5	268.4	269.3	270.6	271.7	272.3	272.9	274.7	275.1	275.3	275.8	278.1

CORPORATION TAX

Financial year	2024	2023
Main rate	25%	25%
Standard small profits rate	19%	19%
Augmented profit limit for standard small profits rate	£50,000	£50,000
Augmented profit limit for marginal relief	£250,000	£250,000
Standard marginal relief fraction	3/200	3/200
Marginal rate	26.5%	26.5%
Patent rate	10%	10%

EU definition of small and medium sized enterprises

	Small ⁽²⁾	Medium ⁽²⁾	Extended definition for R&D expenditure
Employees ⁽¹⁾	< 50	< 250	<500
Turnover ⁽¹⁾	≤ €10m	≤ €50m	≤ €100m
Balance sheet assets ⁽¹⁾	≤ €10m	≤ €43m	≤ €86m

Notes: (1) Must meet employees criteria and either turnover or balance sheet assets criteria.

(2) Thresholds apply for transfer pricing and distributions received by small companies.

Research and development expenditure

Financial year	2023
Total relief for Small & medium enterprises (SMEs)	186%
R&D tax credit for SME losses	10%
Large companies – RDEC	20%
Financial year	2024
Enhanced R&D Intensive Support (ERIS) - total relief for loss making R&D intensive SMEs	186%
R&D tax credit for R&D intensive SME losses	14.5%
RDEC (merged scheme RDEC) ⁽¹⁾	20%

Note: (1) From 1 April 2024 the merged scheme RDEC is available to all companies.

VALUE ADDED TAX

	Standard rate	VAT fraction
Rate	20%	1/6
Limits	2024/25	2023/24
	£	£
Annual registration limit	90,000	85,000
De-registration limit	88,000	83,000
Thresholds	Cash accounting	Annual accounting
	£	£
Turnover threshold to join scheme	1,350,000	1,350,000
Turnover threshold to leave scheme	1,600,000	1,600,000

ADVISORY FUEL RATES (as at 1 March 2024)

Engine size	Petrol	LPG	Engine size	Diesel
1400cc or less	13p	11p	1600cc or less	12p
1401cc to 2000cc	15p	13p	1601cc to 2000cc	14p
Over 2000cc	24p	21p	Over 2000cc	19p

Electricity rate 9p

OTHER INDIRECT TAXES

	2024/25	2023/24
Insurance premium tax⁽²⁾		
Standard rate	12%	12%
Higher rate	20%	20%

Notes: (2) Premium is tax inclusive (³/₂₈ for 12% rate and ¹/₆ for 20% rate).

Landfill Tax (pro rated for part tonnes)

Standard rate	£103.70 per tonne	£102.10 per tonne
Lower rate	£3.30 per tonne	£3.25 per tonne

Landfill Communities Fund (LCF) ⁽³⁾	5.3% x landfill tax liability	5.3% x landfill tax liability
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Notes: (3) Relief for 90% of qualifying contributions

Aggregates Levy (pro rated for part tonnes)	£2.03 per tonne	£2 per tonne
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Plastic Packaging Tax (PPT) (pro rated for part tonnes)	£217.85 per tonne	£210.82 per tonne
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Climate Change Levy (CCL)⁽¹⁾

Electricity	0.775p per kwh	0.775p per kwh
Natural gas	0.775p per kwh	0.672p per kwh
Liquified petroleum gas (LPG)	2.175p per kg	2.175p per kg
Any other taxable commodity	6.064p per kg	5.258p per kg

Carbon Price Support (CPS) rates

Natural gas	0.331 per kwh	0.331 per kwh
LPG	5.28p per kg	5.28p per kg
Coal & other taxable solid fossil fuels	£1.5479 per GJ on GCV	£1.5479 per GJ on GCV

Tobacco products duty

	From 22.11.2023	From 15.03.2023
Cigarettes	16.5% x retail price + £316.70 per thousand cigarettes (or £422.80 per thousand cigarettes ⁽²⁾)	16.5% x retail price + £294.72 per thousand cigarettes (or £393.45 per thousand cigarettes ⁽²⁾)
Cigars	£395.03 per kg	£367.61 per kg
Hand-rolling tobacco	£412.32 per kg	£351.03 per kg
Other smoking/chewing tobacco	£173.68 per kg	£161.62 per kg
Tobacco for heating	£325.53 per kg	£302.93 per kg

Alcohol Duty⁽³⁾

From 1 August 2023 to 1 February 2025

	Duty in £ for each litre of pure alcohol in the product		Duty in £ for each litre of pure alcohol in the product
Beer (ABV)		Spirits/Spirit based products (ABV)	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.27	1.3% to 3.4%	9.27
3.5% to 8.4%	21.01	3.5% to 8.4%	24.77
8.5% to 22%	28.50	8.5% to 22%	28.50
Stronger than 22%	31.64	Stronger than 22%	31.64
Cider (not sparkling) (ABV)		Wine/sparkling wine (ABV)	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.27	1.3% to 3.4%	9.27
3.5% to 8.4%	9.67	3.5% to 8.4%	24.77
8.5% to 22%	28.50	8.5% to 22%	28.50
Stronger than 22%	31.64	Stronger than 22%	31.64
Sparkling cider (ABV)		Other fermented products like fruit ciders (ABV)	
0 to 1.2%	0.00	0 to 1.2%	0.00
1.3% to 3.4%	9.27	1.3% to 3.4%	9.27
3.5% to 5.5%	9.67	3.5% to 8.4%	24.77
5.6% to 8.4%	24.77	8.5% to 22%	28.50
8.5% to 22%	28.50	Stronger than 22%	31.64
Stronger than 22%	31.64		

- Notes:** (1) For holders of a Climate Change agreement (CCA), the rate charged is a percentage of the main rate given in the table. For 2024/25 (2023/24 in brackets) for electricity the rate is 8% (8%), for gas it is 11% (12%), for LPG it is 23% (23%) and 11% (12%) for any other taxable commodity
- (2) The £422.80/£393.45 per thousand cigarettes is a minimum excise duty (if higher than the first calculation)
- (3) There are reduced rates for qualifying draught products

INHERITANCE TAX

Death rate	40% ⁽³⁾	Lifetime rate	20%
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Note: (3) 36% rate if 10% or more of the deceased person's net chargeable estate is left to charity.

Nil rate bands

6 April 1996 – 5 April 1997	£200,000	6 April 2003 – 5 April 2004	£255,000
6 April 1997 – 5 April 1998	£215,000	6 April 2004 – 5 April 2005	£263,000
6 April 1998 – 5 April 1999	£223,000	6 April 2005 – 5 April 2006	£275,000
6 April 1999 – 5 April 2000	£231,000	6 April 2006 – 5 April 2007	£285,000
6 April 2000 – 5 April 2001	£234,000	6 April 2007 – 5 April 2008	£300,000
6 April 2001 – 5 April 2002	£242,000	6 April 2008 – 5 April 2009	£312,000
6 April 2002 – 5 April 2003	£250,000	6 April 2009 – 5 April 2026	£325,000

Residence nil rate bands⁽⁴⁾

6 April 2017 – 5 April 2018	£100,000	6 April 2019 – 5 April 2020	£150,000
6 April 2018 – 5 April 2019	£125,000	6 April 2020 – 5 April 2026	£175,000

Note: (4) An additional nil rate band is available where a main residence is passed on death to a direct descendant. Tapered withdrawal for estates > £2million.

Taper relief

Death within 3 years of gift	Nil%
Between 3 and 4 years	20%
Between 4 and 5 years	40%
Between 5 and 6 years	60%
Between 6 and 7 years	80%

Quick Succession relief

Period between transfers less than one year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

Lifetime exemptions

Annual exemption		£3,000
Small gifts		£250
Wedding gifts	Child	£5,000
	Grandchild or remoter issue or other party to marriage	£2,500
	Other	£1,000

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

Residential property value	From 1.4.24	From 1.4.23
>£0.5m – ≤ 1m	£4,400	£4,150
> £1m – ≤ 2m	£9,000	£8,450
> £2m – ≤ 5m	£30,550	£28,650
> £5m – ≤ 10m	£71,500	£67,050
> £10m – ≤ 20m	£143,550	£134,550
> £20m	£287,500	£269,450

STAMP DUTY/SDRT

Stamp duty⁽¹⁾	- On shares transferred by physical stock transfer form	0.5%
Stamp duty reserve tax (SDRT)⁽²⁾	- On agreements to transfer shares ⁽²⁾	0.5%
	- On shares transferred to depositary receipt schemes	1.5%

Notes: (1) Does not apply to UK securities traded on a recognised growth market (eg AIM).

(2) Does not apply to units in UK unit trust schemes or shares in UK OEICS bought from fund managers.

STAMP DUTY LAND TAX (SDLT)

Qualifying purchases in a Freeport receive full SDLT relief

Stamp Duty Land Tax on purchase price / lease premium / transfer value – England & NI

Basic Rate % ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Residential ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Rate %	Non-Residential
0	£0 - £250,000	0	£0 - £150,000
5	£250,001 - £925,000	2	£150,001 - £250,000
10	£925,001 - £1,500,000	5	£250,001 +
12	£1,500,001 +		

- Notes:** (3) The basic rates are increased by 3% (the 'higher rates') where the purchase is of an additional residential property for individuals. Companies and trusts pay the additional 3% on all purchases of residential properties, subject to Note 4 below.
- (4) Companies (and certain other entities) pay 15% on purchases of residential property valued > £500,000 (subject to exceptions).
- (5) First-time buyers purchasing a single dwelling as their only/main residence may benefit from a reduced rate. (This includes qualifying shared ownership properties.) SDLT will not be due on properties up to £425,000. For homes between £425,000 and £625,000, SDLT will be payable at 5% on the amount above the £425,000 threshold. Homes bought for more than £625,000 will incur the rates as per column 1 in above table.
- (6) Non-resident individuals and companies will pay an additional 2% surcharge for purchases of residential property. This is in addition to the basic rate, the higher rate (where applicable, in Note 3), and the 15% rate (where applicable, in Note 4).

New leases – Stamp Duty Land Tax on lease rentals – England & NI

Rate (%)	Net present value of rent	
	Residential	Non-residential
0	Up to £250,000	Up to £150,000
1	Excess over £250,000	£150,001-£5m
2	N/A	Over £5m

Land and Buildings Transaction Tax (LBTT) on purchase price – Scotland

Basic Rate % ⁽¹⁾⁽²⁾⁽³⁾	Residential	Rate % ⁽¹⁾	Non-Residential
0	up to £145,000	0	£0 - £150,000
2	£145,001 - £250,000	1	£150,001 - £250,000
5	£250,001 - £325,000	5	£250,001 +
10	£325,001 - £750,000		
12	£750,001 +		

- Notes:** (1) Rates are charged on the portion of consideration that falls in each band. The same tax is payable for a premium granted for a land transaction, except for residential leases which are generally exempt. Special rules apply to a premium for non-residential property where the rent exceeds £1,000 a year.
- (2) The 'Additional Dwelling Supplement' of 6% of the relevant consideration applies broadly to purchases of an additional dwelling by individuals & trusts (over which the beneficiary has substantial rights) & to purchases of a dwelling by certain businesses, companies & other trusts.
- (3) There is a relief for first-time buyers where a 0% rate is applied to the first £175,000 of the purchase consideration.

New leases – Land and Buildings Transaction Tax (LBTT) on lease rentals - Scotland

Rate (%)	Net present value of rent ⁽⁴⁾	
	Non-residential	
Zero	Up to £150,000	
1%	£150,001 to £2,000,000	
2%	£2,000,001 +	

- Note:** (4) Residential leases are generally exempt

MODULE D – TEST 1

1. For 2024/25, Rick's taxable income was as follows:

	£
Savings income	37,500
Dividend income	167,000
Taxable income	<u>204,500</u>

Calculate Rick's Income Tax liability for 2024/25.

2. Maggie (age 92) and Glen (age 64) have been married since 2002. For 2024/25, Maggie had total income of £55,000 and Glen had total income of £52,000.

Briefly explain, with supporting calculations, the amount of the married couples allowance available to Maggie and Glen for 2024/25.

3. On 1 October 2021, Daryl paid a premium of £80,000 on the grant of a 40 year lease on an investment property.

On 6 October 2024, Daryl granted a 10 year sub-lease to Carol, charging a premium of £35,000 and an annual rent of £24,000. Daryl has made the election to use the accruals basis to calculate his property income.

Daryl's brother, Merle, lives near a busy sports stadium which has limited parking facilities. He rented out his driveway, on an ad-hoc daily basis, to visitors to the stadium, at the rate of £5 per day. The driveway was rented out for 175 days during 2024/25.

Calculate, with brief explanations where necessary, Daryl and Merle's assessable property income for 2024/25.

4. Rosita is employed by Xoombie Ltd. She is provided with a company car with CO₂ emissions of 113g/km and a list price of £32,000. The car was purchased in 2022 with Rosita making a contribution of £7,000 towards the purchase price. Petrol for private journeys was not provided.

On 6 May 2024, the car developed a fault and was taken to the garage for repairs. The car was repaired and returned to Rosita on 1 June 2024.

On 6 November 2024, Rosita transferred from the Birmingham branch of Xoombie Ltd to the Edinburgh branch. The company paid Rosita's qualifying relocation expenses of £11,500.

1) Calculate Rosita's assessable benefits for 2024/25.

2) Calculate the Class 1A National Insurance Contributions payable by Xoombie Ltd based on the information provided above.

5. Lori had been employed by Hershelle Ltd since 2011. For 2024/25 her monthly gross salary was £4,000.

On 2 January 2025, Lori resigned from Hershelle Ltd and was asked to leave immediately, although her employment contract required a notice period of two months.

On 25 January 2025, Lori received a termination payment of £33,000 from Hershelle Ltd.

Briefly explain, with supporting calculations, the taxation treatment of Lori's termination payment.

6. Dale and Andrea are a married couple with three young children.

Dale has been employed by Shaene Ltd since 5 May 2010 and joined its employer supported childcare scheme on that date. For 2024/25, he received childcare vouchers to the value of £85 per week in addition to his annual salary of £64,000.

For 2024/25, Dale's wife Andrea received child benefit of £3,094. She is self-employed and had trading income of £12,000 for 2024/25.

Neither Dale nor Andrea had any other sources of income for 2024/25.

Calculate Dale's Income Tax liability for 2024/25.

7. Ezekiel (age 37) is domiciled in Canada and has been resident in the UK since 2021. During 2024/25, he received dividends of £24,500 on shares held in Canadian companies. The dividends were paid into his Canadian bank account.

On 20 February 2025, while on holiday in Canada, he withdrew funds of £23,000 from his Canadian bank account to buy a gold watch. He brought the watch back to the UK on 25 February 2025 and immediately sold it. No other withdrawals were made from this account during 2024/25.

Briefly explain the basis and amounts on which Ezekiel will be taxed in the UK on his overseas income.

8. On 5 September 2022, Carl subscribed for £100,000 of newly issued shares in Soley Ltd, a qualifying Enterprise Investment Scheme (EIS) company and claimed EIS Income Tax relief of £30,000 (£100,000 x 30%) in 2022/23.

On 10 October 2024, Carl sold the shares for £25,000, incurring selling costs of £500.

Carl elected to offset the loss on the disposal of the EIS shares against his 2023/24 income, which was income from employment of £260,000.

Calculate:

- 1) **The Income Tax relief withdrawn on the disposal of the shares.**
- 2) **The Income Tax relief obtained in 2023/24 for the loss on the disposal of the shares.**

9. On 1 October 2019, Tara acquired a freehold property for £800,000. On 1 July 2024, she granted a 30 year lease to Denise for a premium of £50,000. Legal and professional fees incurred on the grant of the lease were £1,000. The freehold reversion was valued at £950,000.

Calculate the chargeable gain arising on the grant of the lease in 2024/25.

10. On 10 February 2025, Gabriel sold 10,000 shares in Scopper plc for £45,000. The shares had been purchased as follows:

	<u>Number</u>	<u>£</u>
11 April 2017	2,000	2,200
14 September 2020	6,000	7,500
1 March 2025	1,000	1,200

On 19 November 2024, Scopper plc made a 1 for 2 bonus issue.

Calculate the chargeable gain arising on the sale of the shares in 2024/25.

11. On 17 September 2014, Eugene purchased a 100% holding in Neagan Ltd, a trading company, for £350,000. He worked full-time for the company until 2 December 2023 when he sold his entire shareholding.

The consideration for the sale was cash of £720,000 to be received immediately plus an amount contingent on the company's results for the year ended 31 December 2024. The contingent amount was valued at £25,000 on 2 December 2023. Eugene received £38,500 on 5 March 2025.

Eugene was a higher rate taxpayer for both years.

Calculate the Capital Gains Tax payable by Eugene for 2023/24 and 2024/25.

12. On 3 January 2022, Dwight, who had always been UK resident, became non-UK tax resident when he started work in his employer's New York office. He returned to the UK and resumed his UK tax residence on 22 December 2024.

Dwight realised the following gains on capital assets disposed of between 3 January 2022 and 22 December 2024:

	<u>Purchased</u>	<u>Sold</u>	<u>Gain</u> <u>£</u>
Quoted shares	1 September 2013	5 March 2023	25,000
Painting	10 April 2023	12 May 2024	10,000

Briefly explain Dwight's liability to UK Capital Gains Tax on the disposals made during his period of non-UK residence.

MODULE D – TEST 2

1. For 2024/25, Sophie had employment income of £68,000 and the following savings income:

	£
Premium Bond prize	2,500
Bank interest (non-ISA)	600

Sophie received child benefit of £1,331 for 2024/25. She is a single parent.

- 1) **Briefly explain the Income Tax payable by Sophie in respect of her savings income.**
 - 2) **Calculate the amount of Sophie's High Income Child Benefit Charge, if any.**
2. Heidi lives in England. For 2024/25, she had employment income of £104,500 and she made a Gift Aid donation of £2,000.

Calculate Heidi's Income Tax liability for 2024/25.

3. Arnab is employed as a sales manager by Tath Ltd and receives a mileage allowance of 60p per mile when he uses his car for business journeys. He is paid monthly.

In March 2025, he received his usual pay of £6,000 plus £420 for 700 business miles.

Arnab's total business mileage for 2024/25 up to and including February 2025 was 16,250 miles.

Calculate the Class 1 National Insurance Contributions payable by Arnab and by Tath Ltd in respect of the amounts received by Arnab in March 2025.

4. Maria was provided with a company car by her employer from 6 October 2024. The new car, which had a diesel engine meeting RDE 2 standards, had a list price of £38,000 and CO₂ emissions of 129g/km.

Maria made a one-off contribution of £5,500 towards the purchase of the car.

On 6 February 2025, Maria was involved in a road accident. The car required repairs and Maria did not have use of the car until it was returned to her by the garage, two weeks later.

Calculate Maria's benefit in kind in respect of the car for 2024/25.

5. Anna and Elsie are sisters. They each own their own home in which they live.

Throughout 2024/25, Anna let a room in her home to a friend, Margaret who paid Anna rent of £700 per month. Anna's allowable expenses were £320 per month.

For six months during 2024/25, Elsie let a garage at her home to a neighbour. The neighbour paid Elsie rent of £150 per month. Elsie's allowable expenses were £35 per month.

Briefly explain how Anna and Elsie's property income will be treated for Income Tax purposes.

6. Remi is based at his employer's head office in Leeds. In 2024/25, Remi incurred rail and bus fares in respect of the following journeys:

- 1) Head office to clients' premises.
- 2) Home to head office.
- 3) Home to the company's office in York.

Remi was required to work in the York office full-time for five months due to staffing issues. On two occasions, Remi worked late at the York office and was required by his employer to stay overnight in a hotel.

Briefly explain what deduction, if any, Remi is allowed from his employment income for his travel and accommodation costs.

7. For 2024/25, Kevin had employment income of £250,000 and in addition, his employer made pension contributions of £55,000 on his behalf.

Kevin had unused annual allowance from earlier years as follows:

	£
2020/21	4,000
2021/22	1,500
2022/23	2,000
2023/24	1,000

Calculate Kevin's annual allowance charge or the amount of unused annual allowance carried forward, as appropriate, for 2024/25.

8. On 1 May 2014, Ali purchased the freehold of a commercial building, paying £200,000. On 1 May 2024, Ali granted a 45-year lease to a tenant, receiving a premium of £110,000. The freehold reversion was valued at £160,000.

Briefly explain, with calculations, how Ali will be charged to tax in respect of the premium received.

9. On 31 August 2024, Peter sold his entire holding of 1,000 ordinary shares in Grence Ltd, realising a capital gain of £25,000. Peter had not made any previous disposals of chargeable assets.

Briefly explain what additional information you would need to determine whether the conditions for investors' relief are satisfied.

10. Maurice made the following gains and losses for 2024/25:

	<u>Gain/(loss)</u>
	£
Residential property (never lived in by Maurice)	58,700
Shares in Spownie Ltd (qualified for business asset disposal relief)	35,000
Shares in Flizzle plc (sold to Maurice's daughter at market value)	(1,400)
Shares in Knoopy plc (held in an ISA)	2,000

He had employment income of £60,000 for 2024/25.

Calculate Maurice's Capital Gains Tax liability for 2024/25, clearly showing your treatment of each gain and loss, and state the due date for payment.

11. Boris made the following disposals in 2024/25:

	<u>Proceeds</u>	<u>Cost</u>
	£	£
Watch	12,000	2,000
Jewellery box	Nil	7,400
Painting	4,200	7,000
Necklace	7,500	3,000

Boris gave the jewellery box to a charity who immediately sold it at auction for £18,000.

None of the assets were used by Boris in a trade.

Calculate Boris' total chargeable gains for 2024/25 clearly showing your treatment of each disposal.

12. Marcus and Kezia are married. In May 2025, they submitted their 2024/25 tax returns online showing the following Income Tax liabilities:

	<u>Marcus</u>	<u>Kezia</u>
	£	£
Total Income Tax liability	10,700	1,400
Less Income Tax paid under PAYE	(7,500)	(1,100)
Income Tax payable	3,200	300

Briefly explain whether:

- 1) **Marcus is required to make payments on account for 2025/26.**
- 2) **Kezia can have her tax liability for 2024/25 collected via PAYE.**

ANSWERS TO MODULE D – TEST 1

Examiner's report:

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General Comments

Performance in this module was reasonable. Some candidates had clearly prepared well and had a good grasp of a broad range of topics; however others struggled to answer questions on relatively core areas on which questions should have been anticipated.

1.

Income tax			
Savings income	£	£	
Tax at starting rate (0%) on	5,000	0	[1]
Tax at basic rate (20%) on	<u>32,500</u>	6,500	[1]
	37,500		
Dividend income			
Dividend Allowance (0%) on	500	0	[1]
Tax at higher rate (33.75%) on	<u>87,140</u>	29,410	[1]
	125,140		
Tax at additional rate (39.35%) on	<u>79,360</u>	<u>31,228</u>	[1]
Income Tax liability	<u>204,500</u>	<u>67,138</u>	

Examiner's report:

Performance on this question on the calculation of the Income Tax liability for an additional rate taxpayer was disappointing. Despite the question giving the amount of taxable income, many candidates either deducted a personal allowance or wasted time with calculations to prove that it was reduced to nil. The savings nil rate band was frequently omitted, the savings allowance was frequently given and tax bands were often applied incorrectly.

2. As Maggie was born before 6 April 1935, the couple are entitled to the married couples allowance (MCA). [1]

As the couple were married before 5 December 2005, the MCA is given to the husband, Glen. [1]

For 2024/25, the allowance is £11,080, but is tapered as Glen's adjusted net income is greater than £37,000. [1]

The MCA is therefore tapered to $£11,080 - \frac{1}{2} (£52,000 - £37,000) = \underline{£3,580}$. [1]

However, the MCA cannot be less than £4,280. [1]

Examiner's report:

The most common error in this question on the married couples allowance was to base the abatement on Maggie's income. Otherwise performance was generally good, although lack of explanation resulted in some candidates losing marks.

3.

	£	
Daryl's assessable property income for 2024/25 is:		
Premium on grant of sublease		
$£35,000 \times (50 - 9)/50$	28,700	[1]
Less allowance for original premium paid		
$£80,000 \times (50 - 39)/50 = £17,600$		[1]
$£17,600 \times 10/40$	(4,400)	[1]
	24,300	
Rental income (6 October 2024 – 5 April 2025) = $6/12 \times £24,000$	12,000	[1]
	<u>36,300</u>	
Merle's driveway:		
£5 per day for x 175 days = £875		
Covered by the property allowance as $\leq £1,000$, therefore assessable property income is nil.		[1]

Examiner's report:

Some candidates confused the Capital Gains Tax aspects of lease premiums with the Income Tax aspects being examined in this question, but otherwise this question was generally well done. The most common error was the failure to recognise that the property allowance applied in the case of the rental income in respect of the driveway, or to apply it incorrectly.

4.

1) Rosita's assessable benefits for 2024/25

	£	
Company car		
113g/km rounded down to 110		
$110 - 75 = 35$		
$35/5 = 7 + 20 = 27\%$		[1]
List price	32,000	
Less capital contribution (max £5,000)	(5,000)	[1]
	<u>27,000</u>	
Annual benefit is therefore $27\% \times £27,000$	7,290	[1]
The benefit is not pro-rated as the unavailability was not in excess of 30 days		
Relocation expenses	11,500	
Less exemption	(8,000)	[1]
	<u>3,500</u>	
2) <u>Class 1A National Insurance Contributions</u>		
$£10,790 (7,290 + 3,500) \times 13.8\%$	1489	[1]

Examiner's report:

This question on benefits in relation to relocation expenses and the provision of a company car was generally well done, although the capital contribution towards the purchase price of the car was frequently incorrectly treated.

5. The payment on 25 January 2025 must be split into Post Employment Notice Pay (PENP) and amounts which are not PENP. [1]

PENP is calculated as follows: $(£4,000 \times 2)/1 = £8,000$ and is fully taxable. [2]

The balance of the amount received ($£33,000 - £8,000 = £25,000$) will be treated as an ex-gratia payment and will not be taxable as it will be covered by the £30,000 exemption (s.403(1) ITEPA 2003). [2]

Examiner's report:

Answers on this question were very good.

6.			
	£	£	
Employment income			
Salary	64,000		
Childcare vouchers ($52 \times £(85 - 55)$)	<u>1,560</u>		[1]
		65,560	
Personal allowance		<u>(12,570)</u>	[1]
Taxable income		<u>52,990</u>	
Income tax			
£37,700 x 20%		7,540	
£15,290 x 40%		<u>6,116</u>	
		13,656	[1]
<u>Plus:</u> High Income Child Benefit Charge			[1]
$£65,560 - £60,000 = £5,560/200 \times 1\% = 27\% \times £3,094$		<u>835</u>	[1]
Income Tax liability		<u>14,491</u>	

Examiner's report:

Performance on this question on the high income child benefit charge was disappointing, with a variety of errors with regard to both the child benefit and the childcare vouchers. The child benefit was frequently treated as taxable income and the vouchers were regularly not included in the calculation of adjusted net income. Some candidates calculated the charge and then didn't know what to do with it. Many candidates incorrectly applied the marriage allowance.

7. As Ezekiel is resident but not domiciled in the UK, he will be assessed to UK income tax on all his overseas income of £24,500 on an arising basis. [1]

The remittance basis will apply automatically if Ezekiel's unremitted overseas income (and gains) is less than £2,000. [1]

The gold watch would be an exempt item, assuming it was for his own use. However as it was then sold in the UK it counts as a remittance, as Ezekiel has used overseas income to purchase it. [1]

His unremitted overseas income is therefore £24,500 – £23,000 = £1,500 which is less than £2,000, [1] therefore the remittance basis will apply automatically and Ezekiel will be taxed in the UK on £23,000 of overseas income. [1]

Examiner's report:

Performance on the question on overseas aspects of Income Tax was disappointing. Most candidates did not consider the automatic application of the remittance basis and discussed the election for the remittance basis to apply. Candidates are reminded to confine their answers to the context of the question and not to go off on tangents, such as discussing the statutory residency test, deemed domicile and overseas aspects of other taxes that are not relevant to the scenario.

8.

- 1) Income tax relief withdrawn of £25,000 x 30% = £7,500 as the shares are sold within three years. [1]

- 2) The capital loss on the disposal of the shares is:

	£	
Proceeds	25,000	
Less selling costs	<u>(500)</u>	
	24,500	[1]
Less 'cost'		
Original cost	100,000	
<u>Less income tax relief given and not withdrawn</u>		[1]
£(30,000 – 7,500)	<u>(22,500)</u>	[1]
	<u>(77,500)</u>	
Loss	<u>(53,000)</u>	

Income tax relief obtained by Carl in 2023/24 is £53,000 x 45% = £23,850. [1]

Examiner's report:

This question on the withdrawal of EIS relief on the sale of shares within three years produced mixed answers. The most common errors were to withdraw all the EIS Income Tax relief, despite the shares being sold at a loss, and to not appreciate the effect that the withdrawal of the relief would have on the capital loss on the disposal of the shares.

9.

Part of premium assessed as property income is:
 $(50 - 29)/50 \times £50,000 = £21,000$

The chargeable gain is therefore:

Capital proceeds (£50,000 – £21,000)	£ 29,000	[1]
Less legal and professional fees	<u>(1,000)</u>	[1]
	28,000	
Less cost		
$£29,000/(\£50,000 + \£950,000) \times \£800,000$	<u>(23,200)</u>	[3]
Chargeable gain	<u>4,800</u>	

Examiner's report:

Some candidates did not attempt to calculate the capital element of the lease premium, which was to be used as proceeds in the CGT computation, and simply used the full amount of the premium.

10.

	<u>Next 30 days</u>	<u>s.104 Pool</u>	
Number of shares	1,000	9,000	[1]
	£	£	
Proceeds (£45,000/10,000 = £4.50 per share)	4,500	40,500	[1]
Cost (W)	<u>(1,200)</u>	<u>(7,275)</u>	[1]
		<u>33,225</u>	[1]
Chargeable gain (£3,300 + £33,225) = £36,525	<u>3,300</u>	<u>33,225</u>	

Workings.104 Pool

	Number	Cost £	
11 April 2017	2,000	2,200	
14 September 2020	<u>6,000</u>	<u>7,500</u>	
	8,000	9,700	
19 November 2024 Bonus issue	<u>4,000</u>	<u>Nil</u>	
	12,000	9,700	[1]
10 February 2025 Disposal	<u>(9,000)</u>	<u>(7,275)</u>	
Pool carried forward	<u>3,000</u>	<u>2,425</u>	

Examiner's report:

The most common error in this question was to do a single computation of the gain instead of applying the matching rules for the disposal of the shares. The bonus issue was often incorrectly treated, with the shares being put into the pool at average cost and/or being given on the March 2025 acquisition.

11.

<u>2023/24</u>	£	
Proceeds		
Cash received 2 December 2023	720,000	
Right to receive future consideration	<u>25,000</u>	[1]
	745,000	
Less cost	<u>(350,000)</u>	
Chargeable gain	395,000	
Annual exempt amount	<u>(6,000)</u>	[1*]
Taxable gain	<u>389,000</u>	
Capital Gains Tax @ 10% (Business Asset Disposal Relief)	<u>38,900</u>	[1]
 <u>2024/25</u>		
Proceeds	38,500	
Less cost of 'right'	<u>(25,000)</u>	
Chargeable gain	13,500	[1*]
Annual exempt amount	<u>(3,000)</u>	
Taxable gain	<u>10,500</u>	
Capital Gains Tax @ 20% (no Business Asset Disposal Relief)	<u>2,100</u>	[1]

[* 1 for deducting annual exempt amounts in both years.]

Examiner's report:

Performance on this question was good.

12. The disposals took place when he was not UK resident, and normally there is no liability to UK Capital Gains Tax for non-UK resident persons. [1]

However, the temporary non-residence rules apply to Dwight as: [1]

- He was UK resident for at least 4 out of the 7 years prior to the tax year of departure and [1]
- His period of non-UK residence is less than 5 years. [1]

The gain of £25,000 on the disposal of the quoted shares on 5 March 2023 will be taxed in the tax year that Dwight resumes UK residency, ie 2024/25 as they were held before he left the UK. [1]

The gain of £10,000 on the disposal of the painting is not taxable in the UK as it arose on an asset that was both bought and sold during Dwight's period of non-UK residence. [1]

Max 5**Examiner's report:**

As with Question 7, some candidates went off on tangents instead of confining their answer to the scenario given. However, most candidates performed well and demonstrated a good understanding of the rules with regard to overseas aspects of CGT and the temporary absence rules.

ANSWERS TO MODULE D – TEST 2

Examiner's report:

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General comments

Overall, candidates performed well in this paper. Candidates are advised to read the question, including the requirement, thoroughly, and to ensure that they explain their answers where they are requested to do so.

1.

1)

The Premium Bond prize is exempt from the charge to Income Tax. [1]

As a higher rate taxpayer, Sophie has a savings allowance of £500 for 2024/25. Therefore, £500 of the bank interest is taxed at 0%: £500 at 0% = £nil. [1]

The remaining amount of £100 is taxed as the top slice of Sophie's income, at 40%: £100 at 40% = £40. [1]

The 0% starting rate does not apply as Sophie has taxable non-savings income (her employment income) in excess of £5,000.

2)

	£	
High Income Child Benefit Charge:		
£68,000 + £600 = £68,600		[1]
£68,600 – £60,000 = £8,600		
(£8,600/£200) x 1% = 43%		
43% x £1,331	<u>572</u>	[1]

Examiner's report:

Most candidates coped well with part 1 of the question. Where mistakes were made, it was generally with regard to the calculation of the high income child benefit charge.

2.

			£	
Employment income/net income			104,500	
Personal allowance (W2)			(11,570)	
Taxable income			<u>92,930</u>	
	Income	Rate	Tax	
	£		£	
Income tax at basic rate (W3)	40,200	20%	8,040	
Income tax at higher rate	<u>52,730</u>	40%	<u>21,092</u>	[1]
Taxable income (as above)	<u>92,930</u>			
Total income tax liability			<u>29,132</u>	

WorkingsW1

Gross donation (£2,000 x (100/80))	2,500	[1]
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W2

Adjusted net income (£104,500 - £2,500)	102,000	[1]
Amount by which adjusted net income exceeds £100,000	2,000	
Reduced personal allowance (£12,570 – (£2,000/2))	11,570	[1]

W3

Basic rate band (£37,700) + gross donation (£2,500)	40,200	[1]
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Examiner's report:

A common mistake was to omit to deduct the gross donation in calculating adjusted net income for the purposes of the personal allowance reduction. Otherwise, most candidates performed well in this question.

3.

	£	
Earnings for March 2025:		
Salary	6,000	
Excess mileage allowance ((700 x (60p – 45p))	<u>105</u>	[1+1]*
Total earnings	<u>6,105</u>	
Class 1 NICs payable by Arnab:		
Up to primary threshold (£1,048 x 0%)	0	
Up to upper earnings limit (£3,141 x 8%)	251	[1]
Above upper earnings limit (£1,916 x 2%)	<u>38</u>	[1]
Total Class 1 NICs payable by Arnab	<u>289</u>	
Class 1 NICs payable by Tath Ltd:		
(£6,105 - £758) x 13.8%	<u>738</u>	[1]

[*1 mark for including as earnings plus 1 for correct amount]

Examiner's report:

This question proved to be quite difficult for some candidates. Many candidates struggled to calculate the excess mileage allowance amount.

4.

	£	
List price	38,000	
Less, capital contribution (capped at £5,000)	<u>(5,000)</u>	[1]
Revised list price	<u>33,000</u>	
Emissions 129; round down to 125		
$((125-75)/5) + 20 = 30\%$		[1]
No diesel supplement as RDE 2 standard met		[1]
30% x £33,000	9,900	
Reduction for when car unavailable:		
06/04/24 to 05/10/24: $((6/12) \times £9,900)$	(4,950)	[1]
06/02/25 to 20/02/25: no reduction as less than 30 days	<u>(nil)</u>	[1]
Benefit in kind for 2024/25	<u>4,950</u>	

Examiner's report:

Overall, candidates performed well in this question. However, many made small mistakes, losing marks as a result. A common mistake was not to restrict the benefit in kind to reflect the fact the car was first made available to the taxpayer six months into the tax year.

5. Anna:

Anna shared her home with her tenant and so rent-a-room relief is available. [1]

As the rent received ($12 \times £700 = £8,400$) exceeds the rent-a-room limit of £7,500 rent-a-room relief does not apply automatically to remove the rent from the charge to Income Tax.

Anna may deduct her allowable expenses of £3,840 ($12 \times £320$) from the rent to give taxable property business income of £4,560. [1]

Alternatively, Anna may make a claim to deduct an amount equivalent to the rent-a-room limit. This would give her taxable property business income of £900 ($£8,400 - £7,500$). [1]

Elsie:

Elsie has a property allowance of £1,000 for 2024/25. [1]

As the rent received by Elsie of £900 ($6 \times £150$) is within the allowance, it is not charged to income tax. [1]

Examiner's report:

Most candidates demonstrated a good knowledge of the rent-a-room scheme; however, some candidates thought that the £7,500 allowance could be deducted in addition to allowable expenses.

6. A deduction is allowed for travel expenses which are:
- 1) necessarily incurred on travelling in the performance of the duties of the employment; or
 - 2) attributable to the employee's necessary attendance at any place in the performance of the duties of the employment.

Remi's journeys from the Leeds office to clients' premises meet this test; he is allowed a deduction for the costs incurred in relation to these journeys. **[1]**

A deduction is denied for the costs of travelling between home and a permanent workplace ('ordinary commuting'). A temporary workplace is not a permanent workplace.

Remi's journeys from home to the office in Leeds are ordinary commuting; consequently, a deduction is denied for travel costs relating to these journeys. **[1]**

Remi is allowed a deduction in respect of his journeys between home and the York office. This is because the York office is a temporary workplace for Remi. **[1]**

Although Remi attended the York office for a period of continuous work, he did so for less than 24 months. **[1]**

A deduction is allowed for Remi's accommodation costs as these are attributable to business journeys. **[1]**

Examiner's report:

This was a relatively low-scoring question, in part because some candidates did not provide adequate explanations for their answers. For example, explaining that the travel costs relating to York were allowable because York was a temporary workplace, and explaining why York was classed as a temporary workplace.

7.

	£	
Annual allowance	60,000	[1]
Restriction ((£305,000 – £260,000)/2) (N1)	(22,500)	[1+1]*
Tapered annual allowance	37,500	
Unused annual allowance of last three tax years (ie 2023/24, 2022/23 and 2021/22, not 2020/21)	4,500	[1]
Total annual allowance available	42,000	
Pension contributions	55,000	
Total annual allowance	(42,000)	
Pension contributions in excess of annual allowance	13,000	
Annual allowance charge (N2)	5,850	[1]

Notes

N1: Restriction applies as threshold income (£250,000) exceeds £200,000 and adjusted income (£250,000 + £55,000 = £305,000) exceeds £260,000. The restriction is applied by reference to adjusted income.

N2: Total income is £250,000 less PA of zero leaves taxable income of £250,000 so the annual allowance charge will be £13,000 at 45% = £5,850.

[*1 mark for calculation plus 1 mark for using adjusted income]

Examiner's report:

Quite a few candidates did not attempt this question and of those that did, many struggled with the tapering of the annual allowance. The requirement asked for the amount of the annual allowance charge but most candidates stopped once they had calculated the annual allowance. A significant minority of candidates grossed-up the pension contributions.

8. Ali has granted a short lease (ie 50 years or less to run) and therefore only the capital element of the premium is chargeable to CGT. [1]

The capital element of the premium is £96,800, calculated as follows:

$$2\% \times (45 - 1) \times £110,000 \quad [1]$$

The part disposal rules are used to calculate the allowable cost for CGT purposes, as follows:

$$£96,800 / (£110,000 + £160,000) \times £200,000 = £71,704 \quad [1+1]$$

Ali's capital gain chargeable to CGT in 2024/25 is £25,096 (£96,800 - £71,704).

The remaining amount of the premium of £13,200 (£110,000 - £96,800) is chargeable to Income Tax as property income in the year of receipt i.e. 2024/25. [1]

[*1 mark for applying part disposal rules plus 1 mark for correct result]

Examiner's report:

The requirement was for brief explanations with supporting calculations but most candidates provided only calculations. Few candidates explained why part of the premium was taxed as income and part as capital.

9. The following additional information is required:

The date on which the shares were acquired. The shares must have been acquired on or after 17 March 2016 and they must have been held continuously for at least three years (the holding period). **[1+1]**

How the shares were acquired. It must be the case that Peter subscribed for the shares in cash. **[1]**

Confirmation that Peter was not a director or employee of the company (ie a 'relevant employee') at any point during the holding period. **[1]**

Confirmation that Grence Ltd was a trading company throughout the holding period. **[1]**

Examiner's report:

No comments

10. The gain on the shares in Knoopy plc is not chargeable to CGT as the shares were held in an ISA. **[1]**

	Residential property £	Shares in Spownie Ltd £	Shares in Flizzle plc £	Total £	
Gain	58,700	35,000			
Less: annual exempt amount	<u>(3,000)</u>	<u>Nil</u>			[1]*
Gain chargeable to CGT	<u>55,700</u>	<u>35,000</u>			
CGT liability (24%/10%)	<u>13,368</u>	<u>3,500</u>		<u>16,868</u>	[1]
Loss cfwd for offset against gains on disposal to same person			<u>1,400</u>		[1]

Due date: £13,368 is due 60 days from completion of the sale and £3,500 on 31 January 2026. **[1]**

[*Mark awarded for setting against residential property gain]

Examiner's report:

Common errors on this question included deducting the loss on shares sold to a connected person and omitting to state the due date of payment.

11.

	£	£	
<u>Watch</u> (wasting chattel)			
Exempt		n/a	[1]
<u>Jewellery box</u> (gift to a charity; treated as NGNL)			
Deemed proceeds	7,400		[1]
Cost	(7,400)		
Gain/(loss)		Nil	
<u>Painting</u> (non-wasting chattel; proceeds < £6,000)			
Deemed proceeds	6,000		
Cost	(7,000)		
Loss		(1,000)	[1]
<u>Necklace</u> (non-wasting chattel; cost < £6,000; proceeds > £6,000)			
Lower of:			[1]
£7,500 – £3,000 = £4,500			
(5/3) × (£7,500 – £6,000) = £2,500			[1]
Therefore, £2,500		2,500	
Total chargeable gains		1,500	

Examiner's report:

Many candidates struggled with this question, showing a lack of knowledge of the rules applying with regard to chattels.

12. Marcus will be required to make payments on account unless either of the following applies:

- 1) The outstanding tax is less than £1,000 – NO, the tax liability is £3,200. [1]
- 2) More than 80% of his total tax liability was collected at source – NO, 70% was collected at source. [1]

Therefore, Marcus is required to make payments on account for 2025/26.

Kezia can have her tax liability collected via PAYE if all of the following apply:

- 1) She has tax deducted at source through the PAYE system – YES. [1]
- 2) The tax payable is less than £3,000 – YES, the tax payable is £300. [1]
- 3) Kezia submitted her tax return on or before 30 December 2025 – YES, she submitted her tax return in May 2025. [1]

Therefore, Kezia may have her tax liability collected via PAYE.

Examiner's report:

Most candidates dealt well with the part of the question relating to payments on account. However, only a small number of candidates seemed to be confident with regard to the rules relating to collecting a tax liability through PAYE.