

# Tolley<sup>®</sup> Exam Training

**CTA**

**AWARENESS PAPER**

**MODULE E – UNINCORPORATED  
BUSINESSES**

**PRE REVISION QUESTION BANK**

**FA 2024 & F(No. 2)A 2024**

May and November 2025 Sitzings

**PQ827E**

**Tolley<sup>®</sup>**

Tax intelligence  
from LexisNexis<sup>®</sup>

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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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**MODULE E – UNINCORPORATED BUSINESSES**

Test 1

Test 2

Answers to Test 1

Answers to Test 2

**INCOME TAX - RATES AND THRESHOLDS**

|  | 2024/25          | 2023/24          |
|--|------------------|------------------|
| <b>Rates</b>   | %                | %                |
| 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            |
| <b>Thresholds</b>  | £                | £                |
| 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            |
| <b>Scottish Tax Rates<sup>(1)</sup></b>                      | %                | %                |
| 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               |
| <b>Scottish Tax Thresholds<sup>(1)</sup></b>                 | £                | £                |
| 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 <sup>(2)</sup>  | 12,570    | 12,570    |
| Married couple's allowance <sup>(3)</sup>  | 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 <sup>(4)</sup> | 1,260     | 1,260     |
| Blind person's allowance   | 3,070     | 2,870     |
| Enterprise investment scheme relief limit <sup>(5)</sup>                         | 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.

# CTA EXAMINATIONS

2025

## TAX TABLES



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

| Pension contributions | Annual allowance <sup>(1)</sup> | 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 <sup>(2)</sup> | £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 <sup>(3)</sup> | 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 % <sup>(4)</sup> |  |
|-----------------|------------------------|------------------------------|--|
| 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  |

# CTA EXAMINATIONS

2025

## TAX TABLES



| Van benefits                      | 2024/25 | 2023/24 |
|-----------------------------------|---------|---------|
|                                   | £       | £       |
| No CO <sub>2</sub> emissions      | Nil     | Nil     |
| CO <sub>2</sub> emissions > 0g/km | 3,960   | 3,960   |
| Fuel benefit for vans             | 757     | 757     |
| <b>Official rate of interest</b>  | 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) <sup>(1)</sup> | 100% |
| WDA on plant and machinery in main pool <sup>(2)</sup>                   | 18%  |
| WDA on plant and machinery in special rate pool <sup>(3)</sup>           | 6%   |
| WDA on patent rights and know-how  | 25%  |
| WDA on structures and buildings (SBA) <sup>(4)</sup>                     | 3%   |

- Notes:** (1) On first £1,000,000 of investment in plant & machinery (not cars).  
 (2) The main pool rate applies to cars with CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> (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 <sup>(5)</sup> | 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 |
|---|---------|---------|
|   | £       | £       |
| <b>'Rent-a-room' limit</b>                  | 7,500   | 7,500   |
| <b>Property allowance/Trading allowance</b> | 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 |

# CTA EXAMINATIONS

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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 <sup>(1)</sup>

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  |
|--|----------|----------|
| <b>Employment allowance</b>                  |          |          |
| Per year, per employer                       | £5,000   | £5,000   |
| <b>Class 1A contributions</b>                | 13.8%    | 13.8%    |
| <b>Class 1B contributions</b>                | 13.8%    | 13.8%    |
| <b>Class 2 contributions</b>                 |          |          |
| Rate   | £3.45 pw | £3.45 pw |
| Small profits threshold (SPL) <sup>(2)</sup> | £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.

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| <b>Class 3 contributions</b>        | £17.45 pw | £17.45 pw |
| <b>Class 4 contributions</b>        |           |           |
| 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

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



# CTA EXAMINATIONS

2025

## TAX TABLES



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

**National living/minimum wage** (April 2024 onwards)

| Category of Worker       | Rate per hour<br>£ | Category of Worker | Rate per hour<br>£ |
|--------------------------|--------------------|--------------------|--------------------|
| 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 <sup>(1)</sup> /investors' relief                  | 10% | 10% |
| Gains for individuals falling within remaining basic rate band <sup>(2)</sup>                   | 10% | 10% |
| Gains for individuals exceeding basic rate band and gains for trusts and estates <sup>(3)</sup> | 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) <sup>(4)</sup> | £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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2025

## TAX TABLES



### 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 <sup>(2)</sup> | Medium <sup>(2)</sup> | Extended definition for R&D expenditure |
|-------------------------------------|----------------------|-----------------------|---|
| Employees <sup>(1)</sup>            | < 50                 | < 250                 | <500                                    |
| Turnover <sup>(1)</sup>             | ≤ €10m               | ≤ €50m                | ≤ €100m                                 |
| Balance sheet assets <sup>(1)</sup> | ≤ €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**

|   |             |
|---|-------------|
| <b>Financial year</b>   | <b>2023</b> |
| Total relief for Small & medium enterprises (SMEs)                                      | 186%        |
| R&D tax credit for SME losses   | 10%         |
| Large companies – RDEC  | 20%         |
| <b>Financial year</b>   | <b>2024</b> |
| 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) <sup>(1)</sup>  | 20%         |

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

**VALUE ADDED TAX**

|                                    |                        |                          |
|------------------------------------|------------------------|--------------------------|
|                                    | <b>Standard rate</b>   | <b>VAT fraction</b>      |
| Rate                               | 20%                    | 1/6                      |
| <b>Limits</b>                      | <b>2024/25</b>         | <b>2023/24</b>           |
|                                    | £                      | £                        |
| Annual registration limit          | 90,000                 | 85,000                   |
| De-registration limit              | 88,000                 | 83,000                   |
| <b>Thresholds</b>                  | <b>Cash accounting</b> | <b>Annual accounting</b> |
|                                    | £                      | £                        |
| 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)**

|                    |               |            |                    |               |
|--------------------|---------------|------------|--------------------|---------------|
| <b>Engine size</b> | <b>Petrol</b> | <b>LPG</b> | <b>Engine size</b> | <b>Diesel</b> |
| 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**

|  |                |                |
|--|----------------|----------------|
|  | <b>2024/25</b> | <b>2023/24</b> |
| <b>Insurance premium tax<sup>(2)</sup></b> |                |                |
| Standard rate                              | 12%            | 12%            |
| Higher rate                                | 20%            | 20%            |

**Notes:** (2) Premium is tax inclusive (<sup>3</sup>/<sub>28</sub> for 12% rate and <sup>1</sup>/<sub>6</sub> 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   |

|   |                               |                               |
|---|-------------------------------|-------------------------------|
| <b>Landfill Communities Fund (LCF) <sup>(3)</sup></b> | 5.3% x landfill tax liability | 5.3% x landfill tax liability |
|---|-------------------------------|-------------------------------|

**Notes:** (3) Relief for 90% of qualifying contributions

|  |                 |              |
|--|-----------------|--------------|
| <b>Aggregates Levy</b> (pro rated for part tonnes) | £2.03 per tonne | £2 per tonne |
|--|-----------------|--------------|

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Plastic Packaging Tax (PPT)</b> (pro rated for part tonnes) | £217.85 per tonne | £210.82 per tonne |
|--|-------------------|-------------------|

# CTA EXAMINATIONS

2025

## TAX TABLES



### Climate Change Levy (CCL)<sup>(1)</sup>

|                               |                |                |
|-------------------------------|----------------|----------------|
| 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 +<br>£316.70 per thousand<br>cigarettes<br>(or £422.80 per<br>thousand cigarettes <sup>(2)</sup> ) | 16.5% x retail price + £294.72<br>per thousand cigarettes<br>(or £393.45 per thousand<br>cigarettes <sup>(2)</sup> ) |
| 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<sup>(3)</sup>

From 1 August 2023 to 1 February 2025

|  | Duty in £ for each litre<br>of pure alcohol in the<br>product |   | Duty in £ for each litre<br>of pure alcohol in the<br>product |
|--|---|---|---|
| <b>Beer (ABV)</b>                      |   | <b>Spirits/Spirit based<br/>products (ABV)</b>                  |   |
| 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   |
| <b>Cider (not sparkling)<br/>(ABV)</b> |   | <b>Wine/sparkling wine<br/>(ABV)</b>                            |   |
| 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   |
| <b>Sparkling cider (ABV)</b>           |   | <b>Other fermented<br/>products like fruit<br/>ciders (ABV)</b> |   |
| 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% <sup>(3)</sup> | Lifetime rate | 20% |
|------------|--------------------|---------------|-----|

**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<sup>(4)</sup>**

|                             |          |                             |          |
|-----------------------------|----------|-----------------------------|----------|
| 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**

|  |   |      |
|--|---|------|
| <b>Stamp duty<sup>(1)</sup></b>                    | - On shares transferred by physical stock transfer form | 0.5% |
| <b>Stamp duty reserve tax (SDRT)<sup>(2)</sup></b> | - On agreements to transfer shares <sup>(2)</sup>       | 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 % <sup>(3)(4)(5)(6)</sup> | Residential <sup>(3)(4)(5)(6)</sup> | 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 % <sup>(1)(2)(3)</sup> | Residential         | Rate % <sup>(1)</sup> | 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 <sup>(4)</sup> |  |
|----------|--|--|
|          | 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 E – TEST 1**

1. Liam is a sole trader. On 6 April 2024 he employed a new assistant with a gross employment cost for 2024/25 of £42,150. Liam's draft taxable trade profits for the year ended 5 April 2025, before deducting the costs of the new employee, were £125,000.

**Calculate the reduction in Liam's Income Tax and National Insurance in 2024/25 as a result of the employee costs.**

2. Kerry ceased trading on 31 August 2024. She made an allowable trading loss in the 5 months ended 31 August 2024, having previously made profits. She has other income each year, including rental income and dividends.

**Explain the loss relief available for the loss of the 5 months ended 31 August 2024.**

3. Donald and Paul have been in partnership for many years. The partnership prepared accounts to 30 September each year and profits were shared equally.

Sally joined the partnership on 1 January 2025. The partnership agreement was amended from that date to allow for annual salaries of £10,000 to Donald and £12,000 to Sally, with remaining profits being shared equally between the three partners.

For the year ended 30 September 2025 the partnership's taxable trade profits were £60,000.

**Calculate Sally's trading income for 2024/25.**

4. Susan prepared accounts for the year ended 31 March 2025. She wishes to calculate taxable trade profits using the accruals basis. The following expenses have been deducted in the calculation of the taxable trade profits for the year:

- 1) Legal fees of £2,200 in connection with the renewal of a 30-year lease on the business warehouse.
- 2) Legal fees of £800 on the creation of employee contracts.
- 3) Lease premium amortisation of £1,800 which relates to a lease premium of £18,000 which was paid on 1 April 2024 for a new 10-year lease on a retail unit.

**Briefly explain, with supporting calculations, any necessary adjustments to the taxable trade profits for each of these items.**

5. Barry began trading on 1 July 2022 and prepares accounts to 31 March each year. The taxable trade profits for recent years were as follows:

|         | <u>Profit/(Loss)</u> |
|---------|----------------------|
|         | £                    |
| 2022/23 | 1,000                |
| 2023/24 | 3,000                |

In the year ended 31 March 2025 Barry made an allowable trading loss of £(20,000).

Prior to 1 July 2022, Barry had been employed on an annual salary of £18,000.

**Show how the loss for the year ended 31 March 2025 would be relieved if Barry makes a claim for early years' relief, stating the deadline for the claim to be made.**

6. Jacob made a trading loss 2022/23 of £18,000 which he claimed to offset against his property income of £30,000 for the year.

The taxable trade profits for 2023/24 were £8,000. In the year ended 31 March 2025 taxable trade profits are £69,000.

**Calculate the Class 4 National Insurance contributions payable by Jacob for 2024/25.**

7. During the 15-month period ended 31 December 2024, Clara purchased machinery at a cost of £1,280,000 on 1 November 2023 and a new electric car at a cost of £11,500 on 1 July 2024. The car is used entirely for business purposes. Clara calculates taxable trade profits using the accruals basis.

The tax written down value brought forward on the main pool was £22,600.

**Calculate the maximum capital allowances for the 15-month period to 31 December 2024.**

8. On 1 April 2006, Ross purchased business premises from his father, John, for £130,000 when the market value was £168,000. John had originally purchased the property for £102,000 in 2002. Ross and John made a joint election for gift relief on the transfer.

On 1 January 2025 Ross sold his entire business to Ben for £500,000. The proceeds were allocated as £400,000 for the premises with the remaining £100,000 being for the stock and some small items of plant and machinery (all valued at less than £6,000 each).

**Calculate the Capital Gains Tax liability for Ross on the sale of the business, clearly showing the effect of the gift relief claim in 2006.**



9. Keith has provided the following information for the year ended 31 March 2025:

|  | £      |
|--|--------|
| Sales invoices issued to customers                           | 78,000 |
| Cash received from customers                                 | 60,000 |
| Cash received on the sale of a piece of machinery            | 2,000  |
| Purchase invoices received from suppliers                    | 46,000 |
| Payments made to suppliers                                   | 31,000 |
| Payment for purchase of a replacement van                    | 12,000 |
| Utility expenses paid for his home (total of eight rooms)    | 1,850  |
| Interest paid on a loan taken to purchase business equipment | 870    |

Keith wishes to claim flat rate expenses wherever possible. During the year ended 31 March 2025 he spent approximately eight hours per week working from one room in his home and travelled 14,000 miles for business purposes.

**Calculate Keith's taxable trade profits for 2024/25.**

10. Jeff had the following Tax and National Insurance liabilities:

|                                       | <u>2023/24</u> | <u>2024/25</u> |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Income Tax                            | 6,480          | 6,920          |
| Class 4 National Insurance            | 1,286          | 1,420          |
| Capital Gains Tax (on sale of shares) | 1,500          | 500            |

**Briefly explain when the 2024/25 liabilities will be due for payment and the amount of each payment.**

11. Julia, who is self employed, purchased the following cars during the year ended 31 March 2025:

| <u>Car</u> | <u>Used by</u>             | <u>CO<sub>2</sub> emissions</u> | <u>Cost</u> |
|------------|----------------------------|---------------------------------|-------------|
|            |                            |                                 | £           |
| 1          | Employee – 40% private use | 118g                            | 25,000      |
| 2          | Julia – 30% private use    | 181g                            | 30,000      |

The tax written down values brought forward at 1 April 2024 were £14,800 on the main pool and £16,200 on the special rate pool.

**Calculate Julia's maximum capital allowances for the year ended 31 March 2025.**

12. Rose has been a partner in the Xylex Partnership for many years but retired on 30 November 2024.

She sold her partnership share to Dean who subsequently joined the partnership on 1 December 2024. The property from which the partnership trades, which Rose owned 100% in her own name was sold to the remaining partners of the business.

**Briefly explain whether the two disposals will qualify for business asset disposal relief for Capital Gains Tax purposes.**

**MODULE E – TEST 2**

1. On 6 April 2024 Ted and Alice began trading in partnership, agreeing to share profits equally.

During April 2024 the partnership purchased a car for each partner. Ted's car cost £6,500 and has CO<sub>2</sub> emissions of 135g/km. Alice's car cost £8,000 and has CO<sub>2</sub> emissions of 39g/km. Both Ted and Alice used their cars 70% for business purposes.

For the year ended 5 April 2025, the partnership made taxable trade profits before capital allowances of £90,000.

**Calculate Alice's trading income for 2024/25.**

2. Esther has provided the following information for the year ended 5 April 2025:

|               | £      |
|---------------|--------|
| Cash receipts | 70,000 |
| Cash payments | 96,000 |

The cash receipts include £4,450 proceeds from the sale of a van which was used 100% for business purposes.

The cash payments include £18,000 for the purchase of an estate car with CO<sub>2</sub> emissions of 119g/km. During the year ended 5 April 2025, Esther drove a total of 24,000 miles in the car, 60% of which were for private journeys.

The cash payments also include a parking fine of £100 which was incurred by Esther when she went to visit a potential new client.

Esther used a room in her home exclusively for business purposes for 35 hours each month.

**Calculate Esther's trading loss for the year ended 5 April 2025.**

3. Sidney, a sole trader, had a tax written down value on his general pool of £9,200 at 1 December 2023.

Sidney decided to change his accounting date and prepared accounts for the 16-month period to 31 March 2025. In March 2024 he purchased a car with CO<sub>2</sub> emissions of 125g/km costing £14,000 which was used solely for business purposes. In August 2024 he disposed of plant and machinery for £8,000 (original cost £12,000).

**Calculate the maximum capital allowances available for the 16-month period ended 31 March 2025, assuming taxable trade profits are calculated using the accruals basis.**

4. Prisha ceased trading on 31 December 2024.

A number of her clients have not yet paid her for work carried out and she may have to pay for additional costs relating to the business following cessation.

**Explain how any income received and expenses paid after the cessation of trade will be treated for tax purposes.**

5. Nuala, a sole trader who calculates taxable trade profits using the accruals basis, ceased trading on 31 January 2025. Her accounting profit for the final period of trade included deductions for the following items:

- 1) Termination payments made to the three members of staff of £28,000 each. The statutory amount is £5,000.
- 2) £4,400 paid out in bonuses of £1,100 each, to herself and each of the three members of staff.
- 3) A profit of £12,500 on the disposal of Nuala's business premises.

**Briefly explain the treatment of each item in calculating Nuala's taxable trading profits for the final period ended 31 January 2025.**

6. Aedan reached pensionable age on 6 December 2024 and had recent tax-adjusted trading profits and losses as follows:

|         | £        |
|---------|----------|
| 2023/24 | (14,000) |
| 2024/25 | 69,000   |

Aedan made a claim to relieve the 2023/24 trading loss against his total income of that year.

**Briefly explain, with supporting calculations, the National Insurance Contributions payable by Aedan for 2024/25.**

7. Freya was employed up to 31 August 2023. She had never had any other sources of income and had always paid any Income Tax due through the PAYE system.

She began trading on 1 September 2023. She notified HMRC of her start date on 18 September 2024 and was issued with a notice to file a tax return on 15 November 2024. Freya completed and filed an online return.

**Briefly explain:**

- 1) **The due dates for the filing of the return and the first payment of Income Tax under self-assessment.**
- 2) **The potential penalties if Freya was six weeks late in filing her return and paying her first payment of Income Tax.**

8. Katie, Hannah and John had been in partnership for many years. The partnership profits and losses are shared as follows:

|                    | <u>Katie</u> | <u>Hannah</u> | <u>John</u> |
|--------------------|--------------|---------------|-------------|
|                    | £            | £             | £           |
| Salary (per annum) | 30,000       | 9,000         | 7,000       |
| Balance shared     | 20%          | 30%           | 50%         |

The partnership's allowable trading loss for the year ended 31 December 2024 was £50,000.

**Calculate each partner's share of the trading loss for the year ended 31 December 2024.**

9. On 20 July 2009, Frank purchased four acres of land costing £12,750 for use in his business.

On 18 May 2024 he sold one of the four acres for £4,000 when the market value of the remaining three acres was £20,000. This was Frank's only disposal of land during 2024/25.

- 1) **Calculate Frank's chargeable gain on the disposal of the one acre of land.**
- 2) **Briefly explain why a small part disposal election is available to Frank and the effect of such an election.**

10. Olive has a trading loss for the year ended 31 March 2025 of £45,000. Her only other income for 2024/25 was property income totalling £19,500. She had no income for 2023/24.

Olive had net chargeable gains of £41,000 in 2024/25. She had a capital loss brought forward from 2023/24 of £22,500.

**Calculate the maximum amount of trading loss that can be relieved against Olive's capital gains for 2024/25 and her taxable gains if a claim for this relief is made.**

11. On 15 July 2024, George realised a capital gain of £90,000 when he sold a warehouse for £330,000, which had been partly used in his trade. The warehouse had always been too large for George's requirements so he had let out one third of it to an unconnected business.

On 20 June 2024, George purchased a smaller, replacement warehouse for £200,000 for use in his trade. A claim is to be made for the maximum possible rollover relief.

**Calculate George's chargeable gain for 2024/25 and the base cost of the replacement warehouse.**

12. On 25 March 2025, Jennifer sold a building to Emily for £900,000, which she had used in her sole trader business. Under the sale contract, the total proceeds of £900,000 are payable in 15 equal annual instalments of £60,000 starting on 25 March 2025. Jennifer's Capital Gains Tax liability on the sale of the building is £65,000.

**Assuming that Jennifer elects to pay her Capital Gains Tax liability in instalments, state the due dates and amounts of each instalment.**

## ANSWERS TO MODULE E – TEST 1

**Examiner's report:**

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General Comments

This module was well attempted by a good number of candidates, but there were a number of instances where not all questions were attempted, possibly by candidates answering this module last.

1.

|   |               |     |
|---|---------------|-----|
|   | £             |     |
| Allowable deduction against Liam's trading profits (gross employment cost)                      | <u>42,150</u> |     |
| Reduction in Liam's Income Tax and Class 4 NIC liability (42%)                                  | 17,703        | [2] |
| Reduction in Liam's Income Tax as now no restriction to his personal allowance<br>£12,570 x 40% | <u>5,028</u>  | [2] |
| Total reduction in Liam's Income Tax and National Insurance                                     | <u>22,731</u> | [1] |

**Examiner's comments:**

N/A as question replaced.

2. The loss of the period ended 31 August 2024 is a loss of the tax year 2024/25. [1]
- It can be set against Kerry's net income of 2024/25 and/or 2023/24 in any order. [1]
- The loss must be set off against net income of a year in full ie a partial claim is not permitted. [1]
- The relief for trading losses against non-trading income is restricted to the greater of £50,000 and 25% of adjusted total income. [1]
- Where a claim has been made against income, any remaining loss can be offset against net capital gains of that year. [1]
- Alternatively, as the loss was made in the final 12 months of trading it is a terminal loss and can be carried back against trading income of 2023/24, 2022/23 and 2021/22 in that order. [1]

**Max 5**

**Examiner's comments:**

N/A as question replaced.

3.

| Year ended 30 September 2025 |                                       | Donald<br>£ | Paul<br>£ | Sally<br>£    |      |
|------------------------------|---------------------------------------|-------------|-----------|---------------|------|
| From 1 January 2025 only     |                                       |             |           |               |      |
| 9/12 x £60,000 = £45,000     |                                       |             |           |               | [1]  |
| Salaries                     | £10,000 / £12,000 x 9/12              | 7,500       |           | 9,000         | [1]  |
| PSR                          | £(45,000 – 7,500 – 9,000) / 3         | 9,500       | 9,500     | <u>9,500</u>  | [1]  |
|                              |                                       |             |           | <u>18,500</u> |      |
| 2024/25                      | 1 Jan – 5 April 2025<br>3/9 x £18,500 |             |           | <u>6,167</u>  | [2]* |

[\*1 for correct period, 1 for taking from 9 months of profit]

**Examiner's comments:**

Generally this question, which was on a core topic, was very well answered with a significant number of candidates scoring full marks.

4. Legal fees in connection with the renewal of a short lease on the business warehouse are allowable as it is a renewal rather than a new lease, so no adjustment is necessary. [1]

Legal fees on the creation of employee contracts are also allowable as these are normal trade related revenue expenses, so again no adjustment is necessary. [1]

The lease premium amortisation of £1,800 needs to be added back and replaced with a deduction for the allowable part. [1]

This is calculated by splitting the £18,000 premium into capital/income elements, and then by spreading the income element over the life of the lease. [1]

The deduction can be calculated as:

|                             |                |
|-----------------------------|----------------|
|                             | £              |
| Premium                     | 18,000         |
| Less: £18,000 x (10-1) x 2% | <u>(3,240)</u> |
|                             | <u>14,760</u>  |

£14,760/10 = £1,476. [1]

**Examiner's comments:**

The only real error on this question seemed to arise where candidates thought a 30 year lease would be classed as long but otherwise this was again well answered.

5.

|  | 2021/22  | 2022/23 | 2023/24 | 2024/25      |      |
|--|----------|---------|---------|--------------|------|
|  | £        | £       | £       | £            |      |
| Trading profits                            |          | 1,000   | 3,000   | Nil          | [1]  |
| Salary                                     | 18,000   |         |         |              | [1]  |
| April 2022 – June 2022<br>(3/12 x £18,000) |          | 4,500   |         |              |      |
| Loss offset                                | (18,000) | (2,000) |         |              |      |
| <u>Loss Memo</u>                           |          |         |         | £            |      |
| 2024/25 loss                               |          |         |         | 20,000       |      |
| Carry back 3 years (FIFO)                  |          |         |         |              |      |
| 2021/22                                    |          |         |         | 18,000       | [1]* |
| 2022/23                                    |          |         |         | <u>2,000</u> | [1]  |
|  |          |         |         | <u>Nil</u>   |      |

[\*Must be clear offset on FIFO basis]

The deadline for claiming the relief will be 31 January 2027. [1]

**Examiner's comments:**

Some candidates hedged their bets by stating that the losses would be set off on a FIFO basis but then actually set them off on a LIFO basis.

6.

|   |              |           |
|---|--------------|-----------|
| 2024/25 trading profit = £69,000 – (18,000 – 8,000) = £59,000 |              | [1] + [1] |
| £12,570 x 0%  | Nil          | [1]       |
| £(50,270 – 12,570) x 6%                                       | 2,262        | [1]       |
| £(59,000 – 50,270) x 2%                                       | <u>175</u>   | [1]       |
|   | <u>2,437</u> |           |

**Tutorial Note:**

The trading loss from 2022/23 is set against 2023/24 trading profit of £8,000 then the balance of £10,000 is carried forward against the trading profit in 2024/25.

**Examiner's comments:**

This question was answered very well in the majority of cases.

7.

|                              | £                  | Main pool<br>£  | Allowances<br>£  |     |
|------------------------------|--------------------|-----------------|------------------|-----|
| Tax wdv b/f                  |                    | 22,600          |                  |     |
| AIA addition                 | 1,280,000          |                 |                  |     |
| Max = (£1m x 15/12 = £1.25m) | <u>(1,250,000)</u> |                 | 1,250,000        | [1] |
|                              |                    | <u>30,000</u>   |                  |     |
| FYA addition                 | 11,500             |                 |                  |     |
| 100% FYA (not pro-rated)     | <u>(11,500)</u>    |                 | 11,500           | [2] |
|                              |                    | 52,600          |                  |     |
| WDA 18% x 15/12              |                    | <u>(11,835)</u> | <u>11,835</u>    | [2] |
| Tax wdv c/f                  |                    | <u>40,765</u>   |                  |     |
| Total allowances             |                    |                 | <u>1,273,335</u> |     |

**Examiner's comments:**

This question was answered very well in the majority of cases.

8.

|                     |                     |                  |     |
|---------------------|---------------------|------------------|-----|
| Proceeds            | Premises only       | £<br>400,000     | [1] |
| Less: Base cost (W) |                     | <u>(130,000)</u> |     |
|                     |                     | 270,000          |     |
| Less: AEA           |                     | <u>(3,000)</u>   | [1] |
| Taxable gain        |                     | <u>267,000</u>   |     |
| CGT at 10% (BADR)   |                     | <u>26,700</u>    | [1] |
| <u>Working</u>      |                     |                  |     |
| MV when transferred |                     | 168,000          |     |
| Original cost       |                     | <u>(102,000)</u> |     |
|                     |                     | 66,000           |     |
| Held over gain      |                     | <u>(38,000)</u>  |     |
| Charged on John     | £130,000 – £102,000 | <u>28,000</u>    | [1] |
| Base cost for Ross  | £168,000 – £38,000  | <u>130,000</u>   | [1] |

**Tutorial Note:**

As the question does not refer to any previous disposals by Ross, it has been assumed that none of the lifetime limit for business asset disposal relief has been utilised.

**Examiner's comments:**

This question was answered very well in the majority of cases.



9.

|  | £             |      |
|--|---------------|------|
| Cash received from credit customers                              | 60,000        |      |
| Cash received on the sale of a piece of machinery                | 2,000         | [1]  |
| Payments made to credit suppliers                                | (31,000)      |      |
| Purchase of van [- flat rate mileage claimed instead]            | Nil           |      |
| Mileage claim (10,000 x 45p + 4,000 x 25p)                       | (5,500)       | [1]  |
| Use of home claim (£10 per month)                                | (120)         | [1]  |
| Interest paid on a loan taken to purchase the business equipment | (870)         | [1]  |
| Taxable profit for year  | <u>24,510</u> | [1]* |

**[\*Final mark only awarded if sales/purchases based on cash rather than invoice values and no deduction made for the van purchase]**

**Examiner's comments:**

This question was answered very well in the majority of cases.

**10.** Payments on account will be due on 31 January 2025 and 31 July 2025. [1]

These are based on 50% x (Income Tax and Class 4 NIC only) from 2023/24 so will amount to £3,883 each. [1]

A balancing payment is due on 31 January 2026 to cover the remaining Income Tax and Class 4 NICs and also the capital gains tax due for the year. [1]

The total payable on 31 January 2026 will be:

£(6,920 + 1,420 + 500) – POAs made = £1,074. [2]

**Examiner's comments:**

This question was answered very well in the majority of cases.

11.

|                                   | Main pool<br>£ | Special rate pool<br>£ | Private use Car<br>£ | Allowances<br>£ |     |
|-----------------------------------|----------------|------------------------|----------------------|-----------------|-----|
| Tax wdv b/f                       | 14,800         | 16,200                 |                      |                 |     |
| Employee car (ignore private use) |                | <u>25,000</u>          |                      |                 | [1] |
| Julia's car                       |                |                        | 30,000               |                 | [1] |
|                                   |                | 41,200                 |                      |                 |     |
| WDA 18% / 6%                      | <u>(2,664)</u> | <u>(2,472)</u>         |                      | 5,136           | [1] |
| 6%                                |                |                        | <u>(1,800)</u>       | <u>1,260</u>    | [2] |
| Tax wdv c/f                       | <u>12,136</u>  | <u>38,728</u>          | <u>28,200</u>        |                 |     |
| Total allowances                  |                |                        |                      | <u>6,396</u>    |     |

**Examiner's comments:**

Whilst candidates seemed to understand this core topic, frequently they made silly mistakes as a result of the poor layout of their answers.

**12.** The disposal of the partnership share will qualify for business asset disposal relief as it is:

1) A material disposal of business assets. **[1]**

2) Owned for at least 2 years. **[1]**

The sale of the premises will only qualify if it can be treated as an associated disposal. **[1]**

The property itself must have been used by the partnership for at least 2 years and owned by Rose for the 3 years prior to disposal. **[1]**

The premises can only be subject to a claim for business asset disposal relief if Rose has not received rent from the partnership (at market rates) for the use of the premises. **[1]**

Business asset disposal relief may only be claimed if Rose has not already fully used up her £1 million lifetime limit on any previous business asset disposal relief gains. **[1]**

**Max 5**

**Examiner's comments:**

This was generally very well answered with most candidates appearing to be well prepared on the topic, as would be expected.

## ANSWERS TO MODULE E – TEST 2

**Examiner's report:**

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General Comments

Performance in this module was reasonable. Most 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 of the syllabus.

1.

|   | £              |     |
|---|----------------|-----|
| Taxable trade profits before capital allowances | 90,000         |     |
| Less capital allowances (working)               | <u>(1,281)</u> |     |
| Taxable trading profit after capital allowances | <u>88,719</u>  | [1] |
| Alice's share: 50% x £88,719                    | <u>44,360</u>  | [1] |

Working - capital allowances for the year ended 5 April 2025

|             | Ted's car<br>£ |      | Alice's car<br>£ |       | Allowances<br>£ |        |
|-------------|----------------|------|------------------|-------|-----------------|--------|
| Additions   | 6,500          |      | 8,000            |       |                 |        |
| WDA 6%      | (390)          | @70% |                  |       | 273             | [1]    |
| WDA 18%     |                |      | <u>(1,440)</u>   | @ 70% | <u>1,008</u>    | [1+1]* |
| Tax wdv c/f | <u>6,110</u>   |      | <u>6,560</u>     |       | <u>1,281</u>    |        |

[\*Private use restriction for both cars]

**Examiner's comments:**

Performance on this question on partnerships was generally well done, but a common error was to split the profit before the deduction of capital allowances, which were often only calculated on Alice's car.

2.

|   | £               |     |
|---|-----------------|-----|
| Cash receipts ( <u>including</u> the proceeds from the sale of the van)                           | 70,000          | [1] |
| Cash payments ( <u>excluding</u> the cost of the car and the fine) £(96,000 – 18,000-100)         | (77,900)        | [1] |
| Fixed rate mileage allowance for business mileage only 24,000 x 40% = 9,600 miles at 45p per mile | (4,320)         | [1] |
| Use of home for business 12 months at £10 per month   | <u>(120)</u>    | [1] |
| Allowable trading loss  | <u>(12,340)</u> |     |

**Examiner's comments:**

This question was not well done and was the most omitted question on the paper. Despite the question stating that Esther claimed flat rate expenses wherever possible, candidates frequently claimed capital allowances on the car or even deducted the full cost.

3.

| 16-month period ended 31 March 2025 | General<br>pool<br>£ | Special<br>rate pool<br>£ | Allowances<br>£ |     |
|-------------------------------------|----------------------|---------------------------|-----------------|-----|
| Tax wdv b/f                         | 9,200                |                           |                 |     |
| Additions – no AIA                  |                      | 14,000                    |                 | [1] |
| Disposals                           | (8,000)              |                           |                 | [1] |
|                                     | 1,200                | 14,000                    |                 |     |
| Small pools WDA (W)                 | (1,200)              |                           | 1,200           | [1] |
| WDA 6% x 16/12                      |                      | (1,120)                   | 1,120           | [2] |
| Tax wdv c/f                         | Nil                  | 12,880                    | 2,320           |     |

Working

Small pools WDA as the balance on the pool is no more than £1,000 x 16/12 = £1,333.

**Examiner's comments:**

Common errors were to split the 16-month accounting period into two periods of 12 months and 4 months and to put the car in the general pool. A disappointing performance on a core area of the syllabus.

4. An income tax charge will arise in the year of receipt where trading income is received after cessation. [1]

Relief is available for any post-cessation expenses paid which would have been allowable if trade had continued. [1]

However, Prisha could elect to have a post cessation receipt taxed in the year of cessation instead. [1]

This is provided that the payment is received in a tax year beginning no later than 6 years following cessation of trade. [1]

Where certain qualifying post-cessation expenses are paid, such as debt collection expenses, a claim can be made to deduct them in arriving at net income of the year of payment. [1]

This applies to payments made in the 7 years after cessation. [1]

**Max 5****Tutorial Note:**

Credit would also be given for identifying that relief for post-cessation expenses is subject to the cap restricting the total amount of certain reliefs which can be deducted in arriving at taxable income. The relief is restricted to the greater of £50,000 and 25% of adjusted total income.

**Examiner's comments:**

N/A as question replaced

5.

1)

Termination payments on cessation of trade are allowable, but only up to four times the statutory amount, therefore allow  $4 \times £5,000 = £20,000$  per staff member, but add back the excess of  $£8,000 \times 3 = £24,000$  to accounting profit to arrive at taxable trading profits.

**[1+1]**

2)

Bonuses paid to staff are allowable expenses, but the 'bonus' paid to Nuala is disallowed as an appropriation of profit, and therefore £1,100 must be added back.

**[1+1]**

3)

The profit on the disposal of the business premises (which is a capital asset) is not trading income and must therefore be deducted.

**[1]****Examiner's comments:**

No comments

6. For Class 4 National Insurance Contribution purposes, trading losses are relieved against trading profits only, therefore the claim to set against total income of 2023/24 is irrelevant for National Insurance.

**[1]**

The £14,000 loss from 2023/24 is brought forward and reduces the trading profit of 2024/25 to £55,000.

**[1]**

Liability to Class 4 National Insurance Contributions ceases from the start of the tax year after the year in which pensionable age is reached, therefore Aedan continues to be liable for 2024/25.

**[1]**

His liability for 2024/25 is:

|                      |              |            |
|----------------------|--------------|------------|
|                      | £            |            |
| 12,570 @ 0%          | Nil          | <b>[1]</b> |
| 50,270 – 12,570 @ 6% | 2,262        | <b>[1]</b> |
| 55,000 – 50,270 @ 2% | <u>94</u>    | <b>[1]</b> |
|                      | <u>2,356</u> |            |

**Max 5****Examiner's comments:**

Most candidates failed to appreciate the effect of reaching retirement age on NICs. For those that recognised that this was relevant, quite often inadequate explanations and/or application of the rules were given.

7.

1)

An online return would have needed to be submitted by the later of 31 January 2025 or three months after the issue of the notice to file a return (15 February 2025). [1+1]

The first amount due under self-assessment would have been payable by 31 January 2025. [1+1]

2)

Penalty for late submission of the return = £100. [1]

Penalty for late payment of Income Tax = 5% of the unpaid tax

**Examiner's comments:**

Income Tax self-assessment is another core area of the syllabus that candidates should be familiar with, and most answered this question well. A common error was to discuss payments on account, despite the fact that this was irrelevant as Freya had only just started trading and the question asked for the date of her first payment.

8.

|                                    | Total<br>£      | Katie<br>£      | Hannah<br>£     | John<br>£       |     |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----|
| Year ended 31 December 2024        | (50,000)        |                 |                 |                 |     |
| Salaries                           | (46,000)        | 30,000          | 9,000           | 7,000           |     |
|                                    | (96,000)        |                 |                 |                 | [1] |
| Balance shared (20%/30%/50%)       | <u>96,000</u>   | <u>(19,200)</u> | <u>(28,800)</u> | <u>(48,000)</u> | [1] |
|                                    | <u>Nil</u>      | 10,800          | (19,800)        | (41,000)        |     |
| Reallocate Katie's notional profit |                 |                 |                 |                 | [1] |
| To Hannah:                         |                 |                 |                 |                 |     |
| 19,800/(19,800 + 41,000) x £10,800 |                 | (3,517)         | 3,517           |                 | [1] |
| To John:                           |                 |                 |                 |                 |     |
| 41,000/(41,000 + 19,800) x £10,800 |                 | <u>(7,283)</u>  |                 | <u>7,283</u>    | [1] |
| Totals                             | <u>(50,000)</u> | <u>Nil</u>      | <u>(16,283)</u> | <u>(33,717)</u> |     |

**Examiner's comments:**

This question on partnerships was generally poorly answered. The most common errors were to split the loss of £50,000 before deducting salaries, to treat losses as profits and the failure to recognise that Katie had a notional profit which needed to be reallocated to the other partners.

9.

1)

|   |                |              |
|---|----------------|--------------|
|   | £              |              |
| Proceeds  | 4,000          |              |
| Cost: $4,000 / (4,000 + 20,000) \times £12,750$ | <u>(2,125)</u> | <b>[1+1]</b> |
| Chargeable gain                                 | <u>1,875</u>   |              |

2)

A small part disposal election is available to Frank as:

- The proceeds of all land disposals during the year is no more than £20,000 and **[1]**
- The proceeds of the part disposal is no more than 20% of the value of the entire land at the date of disposal. **[1]**

The effect of the election is that Frank will have no chargeable gain in 2024/25. **[1]**

Instead, the proceeds of the small part disposal will be deducted from the cost of the land for a future disposal of the remainder.

**Examiner's comments:**

No comments

10. Maximum s.261B claim is the lower of:

|  |                 |                 |            |
|--|-----------------|-----------------|------------|
| The trading loss remaining after a s.64 claim against income | £               | £               |            |
| £45,000 – £19,500  |                 | <u>25,500</u>   | <b>[1]</b> |
| Net current year gains less capital losses brought forward   |                 |                 |            |
| Net current year gains                                       | 41,000          |                 |            |
| Capital losses brought forward (deemed offset)               | <u>(22,500)</u> |                 |            |
|  |                 | <u>18,500</u>   | <b>[1]</b> |
| Hence maximum offset against gains                           |                 | <u>18,500</u>   |            |
| Net current year gains                                       |                 | 41,000          |            |
| Maximum s.261B claim   |                 | <u>(18,500)</u> | <b>[1]</b> |
|  |                 | 22,500          |            |
| Less annual exempt amount                                    |                 | <u>(3,000)</u>  | <b>[1]</b> |
|  |                 | 19,500          |            |
| Less brought forward loss                                    |                 | <u>(19,500)</u> | <b>[1]</b> |
| Taxable gains  |                 | <u>nil</u>      |            |

**Examiner's comments:**

Performance on this question was generally very poor. Although most candidates appreciated that a claim against income under s.64 must be made before a s.261B claim, most candidates did not realise that the maximum s.261B claim was the lower of two figures, and simply netted off the current year capital gains against the brought forward capital losses before then offsetting the remaining trading loss.

11.

|  | Total<br>£      | Business<br>use<br>2/3<br>£ | Non-<br>business<br>use<br>1/3<br>£ |       |
|--|-----------------|-----------------------------|-------------------------------------|-------|
| Proceeds                                     | <u>330,000</u>  | <u>220,000</u>              | <u>110,000</u>                      |       |
| Gain   | 90,000          | 60,000                      | 30,000                              | [1]   |
| Less rollover relief (balancing figure)      | <u>(40,000)</u> | <u>(40,000)</u>             | —                                   | [1]   |
| Gain chargeable = proceeds not<br>reinvested |                 |                             |                                     |       |
| £220,000 – £200,000                          | <u>50,000</u>   | <u>20,000*</u>              | <u>30,000</u>                       | [1+1] |

\*comparing the business use proportion only.

|  |                 |     |
|--|-----------------|-----|
| The base cost of the replacement warehouse | £               |     |
| Cost                                       | 200,000         |     |
| Less gain rolled over                      | <u>(40,000)</u> |     |
|  | <u>160,000</u>  | [1] |

**Examiner's comments:**

Performance on this question was very mixed. Those candidates who did well often scored full marks, whereas others failed to recognise that only the proportion of the gain relating to the business use could possibly be deferred and therefore did not recognise that the partial reinvestment rules needed to be considered. Some candidates managed to rollover a gain of £130,000, despite the gain, which was given in the question, only being £90,000. The calculation of the base cost of the replacement warehouse was frequently omitted.

12.

| <u>Instalments received<br/>from Emily</u> | <u>Instalments of CGT</u>               | <u>Amount<br/>due<br/>£</u> |         |
|--|---|-----------------------------|---------|
| 25 March 2025                              | 50% x £60,000 (due 31 January 2026)     | 30,000                      | [1+1+1] |
| 25 March 2026                              | 50% x £60,000 (due 25 March 2026*)      | 30,000                      | [1]*    |
| 25 March 2027                              | balance of CGT due (due 25 March 2027*) | 5,000                       | [1]     |

[\* For the second instalment and the balance of CGT being due on 25 March 2026 and 25 March 2027 respectively.]

**Examiner's comments:**

No comments