| Candidate Number | | | | |
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Association of Taxation Technicians

Examination

November 2007

PAPER 6 - PART I

BUSINESS COMPLIANCE

TIME ALLOWED – 3 HOURS (for Part I and Part II)

You are required to answer **all** questions in Part I and Part II (printed separately).

Part I

- You must write your answers in this booklet using the space provided under each question and complete your candidate number at the top of this page.
- Each question carries between two and four marks as indicated in brackets.
- It is expected that your answers will be in brief bullet point format or summary computations.
- It is not expected that you will require all of the space provided.
- All workings should be shown and made to the nearest month and pound unless the question requires otherwise.

| petrol driven company car with a list price of £15,000 and 0 In addition, private fuel was paid for by the company. St 31 March 2007 and returned the car. | |
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| Calculate her car and fuel benefit for 2006/07. | |
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| v t | im Bruling is the managing director of a finance company. The company provides him with non-job related living accommodation. The accommodation was provided proughout 2006/07 and is rented by the company at a monthly rental of £1,500. The property has an annual value of £15,000. |
|--------|---|
| E | explain the tax and National Insurance implications for both Tim Bruling and his employer for 2006/07. (2) |
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| Calculate the Class 1 (primary and secondary) National Insurance Contributi due for 2006/07 and explain why Ashan may be able to defer his Class 4 National Insurance Contributions. |
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| 4. | DB Cleaning, which has 70 employees, were late filing their 2006/07 employer's annual return, P35. They filed the return on 30 June 2007. |
|----|---|
| | What was the due date for the filing of the return and what penalties will there be for late filing? (2) |
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| What an how will | nount, if any, will any payment of ta | be subject to x and Nationa | Income Tax al Insurance (| and Nationa Contributions | al Insurance s be made? |
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| ; | Sharon Wilson is considering making a gift to charity of £500. | | | | |
|---|--|--|--|--|--|
| ; | Explain the differences between making a personal gift aid payment of £500 and a payment of £500 via her employer's payroll giving scheme. (3) | | | | |
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| iefly outline what is meant by "contracting-out" of the state pension sche |
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| On 1 October 2001, Jon Allen was granted an option over 1,000 shares un employer's approved Company Share Option Plan. | ider his |
|---|----------|
| Jon exercised the option on 1 March 2006 and sold the shares on 20 Februar He has not exercised any other option in the period. | y 2007. |
| What are the tax consequences of the exercise and sale? | (3) |
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| 10. | A partially exempt business, which uses the standard method of partial exemption, has determined the following information for the period: | | | | |
|-----|--|-------------------------------------|----|--|--|
| | Value of zero rated supplies: | E20,000 E15,000 E45,000 | | | |
| | The exempt supplies include £20,000 re | eceived for a one-off sale of land. | | | |
| | Amount of residual input tax: | £30,000 | | | |
| | How much of the residual input tax of | an the business recover? | 3) | | |
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Crest Ltd makes standard rated supplies and operates the cash accounting scheme. In 11. the quarter ended 31 March the following transactions were recorded: 1) 11 January - Invoice 20 issued for works completed, £5,875 inc VAT 2) 20 January - £17,625 received from customer in relation to invoice issued in December 3) 1 February – Deposit of £2,350 received from a customer 4) 2 February – Goods purchased in cash for £2,000 plus VAT of £350 5) 14 February – Invoice received from a supplier for £1,000 plus VAT of £175 3 March - Invoice 20 paid in full by customer 6) 10 March - Invoice 21 issued for works completed £11,750 including VAT 7) Calculate Crest Ltd's VAT liability for the quarter ended 31 March. (3)

| Give two circumstances in which a VAT registered trader may de-register for VA and explain the VAT implications of any goods on hand at de-registration. | \T (3) |
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| A company director owes certain duties to the company, known as fiduciary duties | | | | |
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| Briefly state two of the | ese duties. | | | |
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