



**Accounting  
Technicians**  
Ireland

StudentBounty.com



**1<sup>st</sup> Year Examination Summer 2009**

**TAXATION I (Republic of Ireland)**

**PAPER, SOLUTIONS  
and  
EXAMINER'S REPORT**

## **NOTES TO USERS ABOUT THESE SOLUTIONS**

The solutions in this document are published by Accounting Technicians Ireland. They are intended to provide guidance to students and their teachers regarding possible answers to questions in our examinations.

Although they are published by us, we do not necessarily endorse these solutions or agree with the views expressed by their authors.

There are often many possible approaches to the solution of questions in professional examinations. It should not be assumed that the approach adopted in these solutions is the ideal or the one preferred by us.

This publication is intended to serve as an educational aid. For this reason, the published solutions will often be significantly longer than would be expected of a candidate in an examination. This will be particularly the case where discursive answers are involved.

The solutions are relevant to the tax rates in the year the Examination was sat. A copy of the tax rates is enclosed with the solutions.

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## 1<sup>st</sup> Year Examination : Summer 2009

### PAPER : TAXATION I (Republic of Ireland)

Thursday 21<sup>st</sup> May 2009 – 2.30 p.m. to 5.30 p.m.

#### INSTRUCTIONS TO CANDIDATES

#### PLEASE READ CAREFULLY

For candidates answering in accordance with the law and practice of the Republic of Ireland.

Candidates should answer the paper in accordance with the appropriate provisions up to and including the Finance Act 2008. The provisions of the Finance Act 2009 should be ignored.

Allowances and rates of taxation, to be used by candidates, are set out in a separate booklet supplied with the examination paper.

Answer ALL THREE questions from SECTION A. Answer ANY TWO of the three questions from Section B. If more than TWO questions are answered in Section B, then only the first two questions, in the order filed, will be corrected.

Candidates should allocate their time carefully.

All workings should be shown.

All figures should be labelled as appropriate e.g. €s, units etc.

Answers should be illustrated with examples, where appropriate.

Question 1 begins on the next page

The following inserts are enclosed with the paper:

- Forms P9/P11 [Tax Deduction Cards] and Form P45 (QUESTION 3)
- Multiple choice Answer Sheet (QUESTION 4)
- Form VAT 3 (QUESTION 5)
- Tax Reference Material

## SECTION A

Answer ALL THREE questions in this section

## QUESTION 1

Patrick commenced business as a draper on the 1<sup>st</sup> March 2008 and has decided to use the 31<sup>st</sup> December as his accounts year end. He has made up accounts for the period 1<sup>st</sup> March 2008 to the 31<sup>st</sup> December 2008 and these are reproduced below:

	Notes	€	€
Sales .....			325,868
Cost of sales .....			<u>201,905</u>
Gross Profit .....			123,963
<i>Other revenues</i> .....			
Dividends from an Irish company .....		36	
Dividends from a UK company .....		<u>800</u>	
			<u>836</u>
			124,799
<i>Less:</i>			
Motor expenses .....	(1)	9,790	
Advertising and promotional costs .....	(2)	2,810	
Telephone .....	(3)	3,680	
Wages and salaries .....	(4)	52,610	
Rent of business premises .....		8,380	
Bad debts .....	(5)	2,450	
Machinery Depreciation .....		2,750	
Repairs .....	(6)	5,330	
Discount allowed .....		875	
Discount received .....		(345)	
Casual wages .....	(7)	3,526	
Entertainment .....	(8)	680	
Interest and charges .....	(9)	1,371	
Sundry expenses .....	(10)	<u>2,150</u>	
			<u>96,057</u>
Net profit/(loss) .....			<u><u>28,742</u></u>

## NOTES

(1) <i>Motor expenses</i>	€
Car running expenses .....	4,280
Car depreciation .....	3,510
Sat navigation system .....	800
Car hire .....	1,200
	<u>9,790</u>

In the ten month period covered by the accounts, total kilometres travelled amounted to 28,000. Patrick estimates that 7,000 of the kilometres were for private purposes.

The running expenses include €1,800 in respect of servicing and repairs. In an effort to save money Patrick purchased the parts at a cost of €800 and the balance of €1,000 is Patrick's estimate of the labour cost in respect of the work carried out. He kept a log of the time spent and the rate of €10 per hour was used in the estimate. Patrick feels this is fair as the labour rate charged by his local garage is €18 per hour.

Car hire refers to cost of two weeks hire when Patrick's car was under repair. The running costs of the car for the two weeks are included above.

## QUESTION 1 (Cont'd.)

(2) <i>Advertising and Promotional Costs</i>	€
Cost of advertising for new staff .....	560
Purchase of an advertising stand to display goods. ....	1,800
Trip to London to meet with suppliers regarding ideas for promotion ...	450
	<u>2,810</u>

The cost of hotel accommodation and meals in respect of the trip to London amounted to €800. Patrick paid for this with his personal credit card and this cost is not included above.

(3) <i>Telephone</i>	€
Purchase and installation of switchboard .....	1,880
Mobile call charges .....	680
Landline call charges .....	1,120
	<u>3,680</u>

Patrick provided a mobile phone to an employee. The total cost of calls for this phone is €300 and this includes the cost of private calls made by the employee which cost €100. The balance of the mobile call charges refers to Patrick's mobile and he estimated that 25% of these calls are private.

Landline calls are all business related.

(4) <i>Wages and Salaries</i>	€
Wage to Patrick's sister who works as a bookkeeper .....	9,560
Other wages .....	16,800
Drawings taken by Patrick .....	24,600
PAYE/PRSI paid on employees wages .....	1,650
	<u>52,610</u>

Following a review of the operation of PAYE/PRSI for 2008 Patrick discovered that he underpaid €900. This amount was paid in February 2009 and has not been included in the figures above.

Patrick estimates that he will have to pay €6,300 in respect of Income Tax due on the profits earned. In the period to 31<sup>st</sup> December 2008 he paid preliminary tax of €5,000 and this is included in the drawings referred to above.

(5) <i>Bad debts</i>	€
Bad debts written off in 2008 .....	1,100
Bad debt provision .....	1,200
Solicitor's fees re pursuing bad debt customer .....	150
	<u>2,450</u>

The bad debt provision represents an estimate and is based on a charge of 4% of the debtors outstanding as at the 31<sup>st</sup> December 2008.

In June 2008 Patrick made a sale amounting to €2,000 on credit to a customer based in the UK. Despite Patrick's best efforts no amount was collected and in January 2009 Patrick was informed that the customer went out of business in November 2008. Patrick has decided to write off the debt as bad but does not know if he should include the amount in the 2008 or 2009 accounts.

(6) <i>Repairs</i>	€
Office equipment repairs .....	250
Business software .....	3,189
New Laptop for use by Patrick .....	1,900
	<u>5,330</u>

Patrick uses the laptop for business and private use. He estimates that the business use will amount to 60%.

QUESTION 1 (Cont'd.)

(7)	<i>Casual Wages</i>	€
	Part time staff .....	3,250
	Employer PRSI on wages to part time staff .....	276
		<u>3,526</u>
	The PRSI due was not paid when the form P35 was submitted.	
	Interest on late payment of PRSI of €30 is included in the figures above	
(8)	<i>Entertainment</i>	€
	Staff Christmas party .....	300
	Lunches with suppliers .....	260
	Lunch allowance to staff who travelled to sales conference .....	120
		<u>680</u>
(9)	<i>Interest and charges</i>	€
	Term loan used for stocking business .....	1,256
	Personal overdraft facility fee .....	35
	Stamp duty on purchase of shares in Big Bank Plc .....	80
		<u>1,371</u>
(10)	<i>Sundry</i>	
	All allowable	

**Requirement**

Compute Patrick's Schedule D, Case I tax adjusted profits for the period ended 31<sup>st</sup> December 2008.

**Total 20 Marks**

**QUESTION 2**

Terry is married to June and both are aged 45 years. Details of income and outgoings for 2008 are as follows:

**Terry**

	€
Wages from ABC Ltd. (excluding assessable benefit in kind) .....	41,350
Bonus for the year ended 31 <sup>st</sup> December 2007 (paid February 2008) .....	2,150
Bonus for the year ended 31 <sup>st</sup> December 2008 (paid February 2009) .....	1,650
PAYE deducted in 2008 .....	4,160

In 2008 Terry purchased an apartment for letting purposes. He underestimated the amount of finance needed to complete the deal and as a result he asked his employer to provide a loan for a period of six months while he sorted out his affairs. ABC Ltd. provided Terry with a loan of €50,000 for the period 1<sup>st</sup> March 2008 to the 31<sup>st</sup> August 2008 at an interest rate of 5%. The premises were let from 1<sup>st</sup> November 2008 at a monthly rent of €1,200.

**June***Self employment*

June has been self employed as an architect for the last five years. She produces accounts to the 15<sup>th</sup> January each year and the following are the Schedule D Case II adjusted profits figures:

	€
Year ended 15 <sup>th</sup> January 2007 .....	33,400
Year ended 15 <sup>th</sup> January 2008 .....	21,800
Year ended 15 <sup>th</sup> January 2009 .....	24,560

*Dividends received from BIG BANK Plc*

In April 2008 a dividend of €192 was received in respect of the year ended 30<sup>th</sup> October 2007.

In April 2009 a dividend of €224 was received in respect of the year ended 30<sup>th</sup> October 2008.

The amounts received were net of Dividend Withholding Tax at 20%.

**Terry and June**

Terry and June have a joint deposit account and the amount of interest received in 2008 net of Deposit Interest Retention Tax was €272.

**Outgoings**

Terry and June's private residence was financed by means of a mortgage from BIG BANK Plc and a term loan from the credit union. Interest paid to the bank in 2008 amounted to €6,450 and interest relief for this loan was allowed at source. The interest paid to the credit union in 2008 amounted to €820. No relief was allowed at source on the interest paid on this loan.

Terry and June's first mortgage in respect of their principal private residence was taken out in March 2004.

Terry and June have one child Niamh who is permanently incapacitated. Medical bills in respect of treatment for Niamh during 2008 amounted to €3,650. Part of the cost amounting to €3,200 was funded by the medical insurance company.

**Requirement**

Prepare Terry and June's Income Tax computation for 2008 on the basis that joint assessment applies.

**Total 20 Marks**

**N. B.** For the purposes of answering this question ignore PRSI.

### QUESTION 3

You have been asked to manage the payroll system of RTY Ltd. Details regarding two employees are as follows:

#### Ken Egan

Ken took up employment with RTY Ltd in **week 42** of the 2008 tax year. On starting employment Ken produced a form P45 which he received from his previous employer on cessation in **week 38** of the 2008 tax year. (Copy enclosed)

Ken is paid weekly and details of his income and deductions for **week 42** and **week 43** are as follows:

<b>Week 42</b>	€
Wages .....	400.00
Less	
Pension contribution .....	20.00
Trade union subscription .....	5.30

<b>Week 43</b>	€
Wages .....	760.00
Less	
Pension contribution .....	38.00
Trade union subscription .....	5.30

The enclosed tax deduction card was received in time for the calculation of the wages for week 43. Prior to the receipt of the tax deduction card the only information, concerning Ken's tax affairs, available to the wages clerk was the form P45.

#### Aideen Roche

Aideen is a director of RTY Ltd. and is paid monthly. Details regarding her income and deductions for month 10 of the 2008 tax year are as follows:

<b>Month 10</b>	€
Salary .....	5,250.00
Add	
Assessable Benefit in Kind (monthly figure) .....	405.00
Payment in respect of business expenses based on receipts supplied	200.00
Less	
Credit union loan repayment .....	500.00

PRSI Class S applies to Aideen. Pay and tax deducted for months 1 to 9 are included on the enclosed tax deduction card.

#### Requirement

- (a) Compute Ken's take home pay for the week 42 and week 43 and complete the tax deduction card (form P9/P11). **10 Marks**
- (b) Compute Aideen's take home pay for month 10 and complete the tax deduction card (form P9/P11) **10 Marks**

**Total 20 Marks**

**N. B.** Forms P9/P11 are supplied with the examination paper for the purposes of answering this question. Clearly show all your workings.



SECTION B

Answer TWO of the three questions in section B

QUESTION 4

The following multiple-choice question consists of TEN parts, each of which is followed by FOUR possible answers. There is ONLY ONE right answer in each part.

**Requirement**

Indicate the right answer to each of the following TEN parts.

**N. B.** Each part carries 2 marks

**Total 20 Marks**

*Candidates should answer this question by ticking the appropriate boxes on the special green answer sheet, which is supplied with the examination paper.*

- [1] Gerry's total income for Income Tax purposes is €41,000. He pays €3,000 to a permanent health insurance scheme. He will be allowed Income Tax relief on:
- (a) Nil
  - (b) €2,050
  - (c) €3,000
  - (d) €4,100
- [2] Ally paid mortgage interest to Big Bank Plc amounting to €5,000 in respect of his first mortgage taken out in 2006 to fund the purchase of his principle private residence. He is single and earns €100,000 per annum. The tax relief due on the interest paid:
- (a) will be allowed at source by Big Bank Plc and amount to €1,000
  - (b) will be allowed at source by Big Bank Plc and amount to €2,050
  - (c) will be allowed by the Revenue after the year end and amount to €1,000
  - (d) will be allowed by the Revenue after the year end and amount to €2,050
- [3] Sheila is single and employed by ABC Ltd. For the tax 2008 tax year her monthly tax credit and cut off point is most likely to be:
- (a) €152.50 and €2,950
  - (b) €305.00 and €2,950
  - (c) €152.50 and €3,283
  - (d) €305.00 and €3,283
- [4] In relation to VAT, a taxable supply of goods takes place when:
- (a) a gift of taxable goods is made in the course of business costing €5.
  - (b) replacement goods are supplied free of charge under a warranty where the goods were damaged on sale.
  - (c) goods are sent to a customer as samples and are not suitable for resale.
  - (d) the transfer of ownership of taxable goods take place in the course of business.
- [5] Jennifer submitted her Income Tax return for 2007 on the 18<sup>th</sup> January 2009 using the ROS system. The Income Tax and PRSI due for the 2007 tax year amounted to €6,640. The surcharge to be levied for the late submission of the 2007 Income Tax return amounts to:
- (a) Nil
  - (b) €332
  - (c) €664
  - (d) €996

**QUESTION 4 (Cont'd.)**

- [6] Paul commenced self-employment on the 1<sup>st</sup> February 2008. His tax adjusted profits per accounts prepared were as follows:
- |   |         |
|---|---------|
| Period to 30 <sup>th</sup> September 2008:  | €17,200 |
| Year ended 30 <sup>th</sup> September 2009: | €37,800 |
- The Schedule D Case 1 assessment for the 2008 tax year will amount to:
- (a) €17,200
  - (b) €25,800
  - (c) €26,650
  - (d) €37,800
- [7] The VAT inclusive cost of goods is €1,633.50. If the rate of VAT is 21%, then the VAT due on these goods amounts to:
- (a) €220.52
  - (b) €283.50
  - (c) €343.04
  - (d) None of the above
- [8] The registration limit for Value Added Tax in respect of the supply of services is:
- (a) €22,500
  - (b) €30,000
  - (c) €37,500
  - (d) €45,000
- [9] Paul is a self employed Architect. For the 2008 tax year his assessable Schedule D, Case II income amounted to €56,750. In addition he is employed one day per week by a firm of Architects who operated PAYE/PRSI on the €10,000 he earned with them in the 2008 tax year. For the 2008 tax year Paul will have to pay PRSI under self assessment amounting to:
- (a) €1,702.50
  - (b) €2,002.50
  - (c) €2,837.50
  - (d) €3,337.50
- [10] Form P35 for the 2008 tax year has to be submitted to the Revenue on or before the:
- (a) 15<sup>th</sup> January 2009
  - (b) 31<sup>st</sup> January 2009
  - (c) 15<sup>th</sup> February 2009
  - (d) 28<sup>th</sup> February 2009

## QUESTION 5

- (a) Colm has been in business for a number of years and is registered for VAT. He currently accounts for VAT on a cash receipts basis. Write a note to Colm explaining the difference between the cash receipts basis and the invoice basis of accounting for VAT. You should also include in your note the conditions that have to be satisfied in order for the cash receipts basis to apply.

8 Marks

- (b) Colm has asked you to prepare the VAT return for March / April 2008. Details extracted by you from Colm's business records are as follows:

**Purchases book**

<i>Total</i>		<i>For Resale</i>		<i>Not For Resale</i>			
	21%	13.5%	VAT	21%	13.5%	Zero%	VAT
€	€	€	€	€	€	€	€
100,712	68,800	-	14,070	12,700	3,000	870	3,072

Having cross totalled and checked the VAT calculations you feel some basic errors have been made in the recording of the purchases invoices. On closer examination you discover the following:

- An invoice for resale shows the VAT exclusive cost of goods for resale as €3,500 plus VAT of €735. An error has been made in that the €3,500 has been recorded as €5,300. The figure in the total column and the VAT column were correctly recorded.
- An invoice shows the cost of goods for resale as Sterling £5,000. Colm knows that the VAT rate applicable to these goods in the Republic of Ireland is 21% and he entered the invoice as Total €6,050, VAT exclusive €5,000 and VAT €1,050. On checking the bank records you discover that the Sterling £5,000 converted into €6,000.
- A receipt for €2,541 has been recorded in the purchases book. Colm informs you that the VAT rate for the item purchased is 21%. He calculated the VAT content of the invoice and entered the figures accordingly in the not for resale and VAT columns.
- A number of entries in the not for resale column are in respect of diesel purchased for the car used in the business. Colm informs you that 60% of the car mileage refers to private mileage travelled by him and his family. All the entries are backed up by valid VAT invoices and total €1,210 VAT inclusive at 21%. The correct entries, based on the invoices, have been made in the total, not for resale and VAT columns.

**Sales Book**

Invoices are written for all sales to credit customers. These invoices are recorded in the sales book and the totals for March and April are as follows:

Month	Total	VAT Excl	VAT at 21%
	€	€	€
March .....	13,915	11,500	2,415
April .....	22,869	18,900	3,969

**Cash Book**

Money collected from cash sales and debtor receipts is recorded separately in the cash book. Prior to bank lodgement wages, drawings and incidental expenses are paid in cash. The totals extracted for March and April are as follows:

	€		€
Opening cash 1 <sup>st</sup> March 08 .....	450	Wages paid .....	8,300
Cash sales .....	41,600	Drawings .....	4,600
Receipts from debtors .....	51,000	Bank Lodgements .....	79,825
		Closing Cash 30 <sup>th</sup> April .....	325
Total .....	<u>93,050</u>	Total .....	<u>93,050</u>

You cross check the lodgements per the bank with lodgements per the cash book and discover that credit transfers from debtors amounting to €1,780 for March/April have not been recorded in the cash book.

**Requirement**

Complete form VAT 3 in respect of Colm for the March/April 2008 VAT period.

12 marks

**Total 20 marks**

**N. B.** Form VAT 3 is supplied with the examination paper for the purposes of answering this question. Clearly show all your workings.

**QUESTION 6**

Jimmy, a friend of yours, has informed you that he is contemplating setting up a new business selling CDs and computer games. He is concerned that there are many complications regarding the Value Added Tax system and he has asked you to draft a report for him outlining issues that he should be aware of. In particular he has asked you to inform him regarding the following issues:

- (a) The criteria for determining his obligations regarding VAT registration.

Jimmy expects his turnover in the first six months to be approximately €4,000 per month. After this he expects that his business reputation will be established and he is looking forward to the turnover increasing substantially. One piece of advice he has been given is that he should avoid registering for VAT until the Revenue approaches him. This contradicts other advice he received where he was told to register immediately so as to avail of substantial VAT refunds on the set up costs he will have in relation to the new business. Naturally with this conflicting advice he is anxious for you to clarify the position regarding VAT registration and the consequences that will accrue.

**8 Marks**

- (b) His obligations regarding the records he has to keep to enable him meet his obligations to the Revenue Commissioners. He wishes you to outline in detail the records he must keep regarding his obligations under the different tax headings namely, Income Tax, VAT, PAYE and PRSI.

Jimmy has been told that the records he keeps will be available for inspection by Revenue officials and naturally he wants to ensure they are sufficiently detailed to comply with Revenue rules.

**12 marks**  
**Total 20 marks**





## TAX DEDUCTION CARD

### Incorporating Certificate of Tax Credits and Standard Rate Cut Off Point

The Tax Credits and Standard Rate Cut-off Point set out on this card refer to **Ken Egan**

These instructions cancel any previously issued card for the year 01/01/2008 to 31/12/2008

If you have any problems with the operation of this card please refer to the Notice to Employers issued by the Tax Office. You can obtain a copy by phoning your local Tax Office or in Dublin by phoning Revenue Forms and Leaflets Service at:  
Lo-Call No. 1890 306 706.

**EMPLOYER'S Name & Address**

RTY LTD.  
O'Connell St.  
A Town

Employer's Number  
1818200R

Date of Issue  
20 October 2008

This Tax Deduction Card is effective from  
1 January 2008

and should be implemented accordingly

## EMPLOYEE DETAILS

PPS Number  
3213211A

Works Number (N6)

Name  
Ken Egan

Year  
01/01/2008 to 31/12/2008

Total Tax Credit  
€3,749.20

Total Cut-Off Point  
€35,630.00

Standard Tax Rate: 20 %      Higher Tax Rate: 41 %

<b>C2</b> <input type="text"/>		<b>Social Insurance Class</b>		
IF Class changed during this employment complete these boxes				
		Date of Change	Other Class	Weeks at Other Class
Initial Class	<b>B4</b> <input type="text"/>	<input type="text"/>	<b>C3</b> <input type="text"/>	<b>F3</b> <input type="text"/>

**N.B If more than two classes please furnish details on Form PRC 1**

If employment began (a) in Week 1 or later or  
b) before Week 1 but first pay day was in Week 1  
or later, enter date of commencement at F4

	Day	Month	Year
F4			
F5			

f employment ceased during the tax year enter  
date of cessation at F5

**ssued by:**

NOTE: The additional grid below the 53-week grid is to be used for the first weeks of the next tax year. This grid is to be completed as you would a new tax deduction card, using the pre-printed tax credit and standard rate cut-off point figures. You will receive a new tax deduction card, which will incorporate the budget amendments to the tax credits and standard rate cut-off point figures early in the next tax year. You should then transfer the figures from the additional grid onto the new tax deduction card and continue completing the new tax deduction card as usual.

**P9/P11**

If the person to whom this card refers is not now in your employment or leaves your employment before 31st December next please return this card to the address shown above. If employee leaves your employment during the year to which this card refers, you should complete form P45 Cessation Certificate

A			B		C	D	E		
Date of Payment			See PAYE Calendar	PRSI Employee's Share	PRSI Total Contribution	Social Ins weekly record	Insurable Employment	PRSI Class	Employer's Net pay, Employ PRSI etc
			North	Week	€ c	€ c	✓		€ c
			1 Jan. to 31 Jan.	1					
				2					
				3					
				4					
			1	5					
				6					
			1 Feb. to 29 Feb.	7					
				8					
			2	9					
				10					
			1 Mar. to 31 Mar.	11					
				12					
			3	13					
				14					
			1 Apr. to 30 Apr.	15					
				16					
				17					
			4	18					
				19					
			1 May to 31 May	20					
				21					
			5	22					
				23					
			1 June to 30 June	24					
				25					
			6	26					
				27					
			1 July to 31 July	28					
				29					
				30					
			7	31					
				32					
			1 Aug. to 31 Aug.	33					
				34					
			8	35					
				36					
			1 Sept. to 30 Sept.	37					
				38					
			9	39					
				40					
			1 Oct. to 31 Oct.	41					
				42					
				43					
			10	44					
				45					
			1 Nov. to 30 Nov.	46					
				47					
			11	48					
				49					
			1 Dec. to 31 Dec.	50					
				51					
				52					
			12	53					
			K3				Total Weeks		
			K4			F2			

Date of Payment		€	c	€	c	✓	€	c
	1 Jan. to 31 Jan.	1						
		2						
		3						
		4						
	1	5						
	1 Feb. to 29 Feb.	6						
		7						
		8						
	2	9						



			← Pay	Previous Employment DEDUCT	Tax →		
J6			← Pay	This Employment Net Tax deducted	J7		
				or	H9		
				Net Tax refunded			

[illegible]

P45

CERTIFICATE NO.

INCOME TAX - PAY AS YOU EARN - CESSATION CERTIFICATE  
Particulars of Employee Leaving

Surname of Employee

EGAN

Address

First Name

KEN

PPS Number

3213211A

Date of Birth

260908

Unit Number

Employer Registered Number

1487478Z

Payroll/Works No.

Date of Cessation

Deceased (Mark box ☐ if employee is deceased)

Date of Commencement

Mark box ☒ if employee was paid weekly or monthlyMark box ☐ if emergency tax operated

Weekly/Monthly Tax Credit

70-36

Week/Month Number

38

Weekly/Monthly Standard Rate Cut-Off Point

680-77

(a) Total Pay &amp; Tax deducted from 1 January last to Date of Cessation

Total Pay

26,600.00 (see Note 3)

Total Tax Deducted

2,799.77

(b) If employment started since 1 January last enter Pay and Tax deducted (or Tax refunded) for this period of employment only

Pay (this employment)

.00

Tax Deducted or Tax Refunded

Please mark box ☐ if the tax figure at (b) is a refund

(c) Amount of Taxable LUMP SUM PAYMENT on termination included in either pay figure above - if applicable

.00

(d) Total amount of taxable Disability Benefit included in pay figure above - if applicable

.00

Please complete section (d) or (e + f) where an employee was in receipt of taxable Disability Benefit since 1st January last while employed by you

Please mark box ☐ if employee was on Week 1/Month 1 basis at Date of Cessation

(e) Amount by which Tax Credits were reduced - if applicable

.00

(f) Amount by which Standard Rate Cut-Off Point was reduced - if applicable

.00

PRSI - This Employment Only

Total PRSI

4,262.46

Employee's Share

1,402.96

Total number of weeks of Insurable Employment

38

Total number of weeks at Class A or Subclass "A" in this period

38

PRSI Classes other than Class A or Subclass "A" in this period

I certify that the particulars entered above are correct.

Employer

Joe BLDGGS

Trade name if different

Address

A SQUARE

A TOWN

Date

270908

Phone No.

e-mail

Notes

- Copy PPS Number, Tax Credits, and Standard Rate Cut-Off Point from the latest Certificate of Tax Credits and Standard Rate Cut-Off Point.
- If the employee commenced with you since 1 January last, please insert Date of Commencement and include pay and tax notified to you in respect of previous employment (if any).
- In fields (a) to (f) above, where a cent figure of .00 is pre-printed, please insert Euro figures only. Cent figures are not required here.
- Detach Part 1 and send it to your Revenue office immediately. Hand Parts 2, 3 and 4 (unseparated) to the employee when he/she leaves.
- If employee has died please send ALL FOUR PARTS of this form (unseparated) to your Revenue office immediately.
- A guide to PAYE/PRSI for small employers (IT50) is available from the Revenue website or from our Forms & Leaflets Service 1890 306 706. The Employer Information and Support Service 1890 25 45 65 is available to answer any queries you may have.

Save Time

File P45s on-line using the Revenue On-Line Service  
[www.revenue.ie](http://www.revenue.ie)

PLEASE COMPLETE THIS FORM IN BLOCK CAPITALS

PART 1

**TAX DEDUCTION CARD**

Incorporating Certificate of Tax  
Credits and Standard Rate Cut Off Point

The Tax Credits and Standard Rate Cut-off Point set out on this card refer to **Aideen Roche**

These instructions cancel any previously issued card for the year 01/01/2008 to 31/12/2008

If you have any problems with the operation of this card please refer to the Notice to Employers issued by the Tax Office. You can obtain a copy by phoning your local Tax Office or in Dublin by phoning Revenue Forms and Leaflets Service at: Lo-Call No. 1890 306 706.

**EMPLOYER'S Name & Address**

RTY LTD.  
O'Connell St.  
A Town

Employer's Number  
1818200R

Date of Issue  
1 January 2008

This Tax Deduction Card is effective from  
1 January 2008

and should be implemented accordingly

**EMPLOYEE DETAILS**

PPS Number  
3366200A

Works Number (N6)

Name  
Aideen Roche

Year  
01/01/2008 to 31/12/2008

Total Tax Credit  
€1,830

Total Cut-Off Point  
€35,400

Standard Tax Rate: 20% Higher Tax Rate: 41%

<b>C2</b>	Social Insurance Class		
	IF Class changed during this employment complete these boxes		
Initial Class	Date of Change	Other Class	Weeks at Other Class
B4		C3	F3

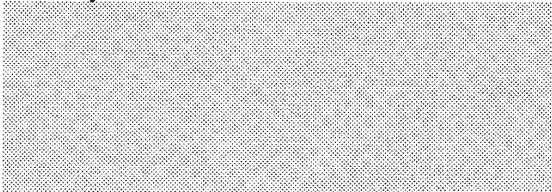
N.B If more than two classes please furnish details on Form PRC 1

If employment began (a) in Week 1 or later or (b) before Week 1 but first pay day was in Week 1 or later, enter date of commencement at F4

F4	Day	Month	Year
F5			

If employment ceased during the tax year enter date of cessation at F5

Issued by:



NOTE: The additional grid below the 53-week grid is to be used for the first weeks of the next tax year. This grid is to be completed as you would a new tax deduction card, using the pre-printed tax credit and standard rate cut-off point figures. You will receive a new tax deduction card, which will incorporate the budget amendments to the tax credits and standard rate cut-off point figures early in the next tax year. You should then transfer the figures from the additional grid onto the new tax deduction card and continue completing the new tax deduction card as usual.

**P9/P11**

If the person to whom this card refers is not now in your employment or leaves your employment before 31st December next please return this card to the address shown above. If employee leaves your employment during the year to which this card refers, you should complete form P45 Cessation Certificate

A Date of Payment	B See PAYE Calendar		C PRSI Employee's Share	D PRSI Total Contribution	E Social Ins weekly record		
	Month	Week			Insurable Employment	PRSI Class	Net pay, PRSI
			€	c	€	c	✓
		1					
	1 Jan. to 31 Jan.	2					
		3					
		4					
	1	5					
		6					
	1 Feb. to 29 Feb.	7					
		8					
	2	9					
		10					
	1 Mar. to 31 Mar.	11					
		12					
	3	13					
		14					
	1 Apr. to 30 Apr.	15					
		16					
		17					
	4	18					
		19					
	1 May to 31 May	20					
		21					
	5	22					
		23					
	1 June to 30 June	24					
		25					
	6	26					
		27					
	1 July to 31 July	28					
		29					
		30					
	7	31					
		32					
	1 Aug. to 31 Aug.	33					
		34					
	8	35					
		36					
	1 Sept. to 30 Sept.	37					
		38					
	9	39					
		40					
	1 Oct. to 31 Oct.	41					
		42					
		43					
	10	44					
		45					
	1 Nov. to 30 Nov.	46					
		47					
	11	48					
		49					
	1 Dec. to 31 Dec.	50					
		51					
		52					
	12	53					
		K3					Total Weeks
		K4					F2

Date of Payment		€	c	€	c	✓	€	c
		1						
	1 Jan. to 31 Jan.	2						
		3						
		4						
	1	5						
		6						
	1 Feb. to 29 Feb.	7						
		8						
	2	9						



[illegible][illegible]

## STANDARD ANSWER SHEET FOR ALL MULTIPLE CHOICE QUESTIONS



**Accounting  
Technicians  
Ireland**

Candidates are required to insert the following details.

Examination Session .....

Examination Session .....

Examination Session .....

Examination Session .....

To answer each section, please tick appropriate box.

Part	Part	Part	Part	Part
1 (a) <input type="checkbox"/>	6 (a) <input type="checkbox"/>	11 (a) <input type="checkbox"/>	16 (a) <input type="checkbox"/>	21 (a) <input type="checkbox"/>
(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>
(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>
(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>
2 (a) <input type="checkbox"/>	7 (a) <input type="checkbox"/>	12 (a) <input type="checkbox"/>	17 (a) <input type="checkbox"/>	22 (a) <input type="checkbox"/>
(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>
(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>
(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>
3 (a) <input type="checkbox"/>	8 (a) <input type="checkbox"/>	13 (a) <input type="checkbox"/>	18 (a) <input type="checkbox"/>	23 (a) <input type="checkbox"/>
(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>
(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>
(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>
4 (a) <input type="checkbox"/>	9 (a) <input type="checkbox"/>	14 (a) <input type="checkbox"/>	19 (a) <input type="checkbox"/>	24 (a) <input type="checkbox"/>
(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>
(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>
(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>
5 (a) <input type="checkbox"/>	10 (a) <input type="checkbox"/>	15 (a) <input type="checkbox"/>	20 (a) <input type="checkbox"/>	25 (a) <input type="checkbox"/>
(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>	(b) <input type="checkbox"/>
(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>	(c) <input type="checkbox"/>
(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>	(d) <input type="checkbox"/>

In all correspondence please quote:

Registration No: IE

Notice No:

Period:

1 Mar 2008

to

30 Apr 2008

Payment due by:

19 May 2008



Office of the Revenue Commissioners  
Collector-Generals Division  
Sarsfield House  
Francis Street  
Limerick

Enquiries: 1890 203070

Colm

## VAT3 RETURN

Please complete and sign the return below. The return should then be detached and forwarded (with payment or debit instructions, if liability arises) in the prepaid envelope enclosed, to arrive no later than the due date as shown above. **Guidelines on the correct completion of the return are shown overleaf.**

## IMPORTANCE OF PROMPT PAYMENTS

- Make sure that you allow sufficient time - at least three working days - for your payment to reach the Collector-General.
- Late payment of tax may incur an interest charge.
- Failure to pay a tax liability, or to pay on time, can result in enforced collection through the Sheriff, Court proceedings or Attachment.

**Enforcement carries additional costs to any interest charged.**

## METHOD OF PAYMENT

**Single Debit Authority:** If you want your payment to be debited directly from your bank account, complete the bank details on the left of the return below, ensuring that the amount of the payment you wish to make is entered in the Debit Amount box.

**Please note that the account must be in a bank within the Republic of Ireland and must be a current account.**

- Simply provide your bank details and the amount you wish to have debited from your account.
- Forward the completed return to the Collector-General at the address above.
- A once-off deduction will be taken from your account and credited against your tax liability as specified on the return below.
- The once-off deduction will not be taken from your account in advance of the due date for the taxable period in question.

**Cheque:** All cheques should be made payable to the Collector-General and forwarded to the address above. Do not enclose cash.

**Revenue On-Line Service (ROS):** You can make this return and pay your VAT on-line using ROS. For details visit the Revenue website at [www.revenue.ie](http://www.revenue.ie) or Phone 1890 20 11 06.

**Direct Debit:** For information on how to pay VAT by monthly Direct Debit, please contact the Helpline at 1890 20 30 70.

## METHOD OF REPAYMENT

Any repayment due will be credited to your bank/building society account. Account details are only required **if** this return is a repayment (T4 line completed) **and** you have not previously advised Revenue of the account details **or** you wish to amend the account details to which previous repayments were credited.

Please print one figure only in each space using a black ball-point pen.  
Do not write NIL on any line.

€: Enter whole Euro only - do not enter cent.  
Photocopies of this form are not acceptable.

Revenue



## VAT3 RETURN (and PAYSLIP)

Please complete below, detach and return



- Bank Details - to be supplied if:**
- ⇒ Payment is being made by Single Debit Authority (do not complete this authority if you are paying by cheque), or
  - ⇒ A repayment is being sought (see Method of Repayment above).

Branch Sort Code

Account Number

Debit Amount

Please debit my account with the amount specified.



T1

VAT on Sales

.00

T2

VAT on Purchases

.00

T3

Excess of T1 over T2 (Payable)

.00

OR

Excess of T2 over T1 (Repayable)

T4

.00

Amount of Payment

.00

E1

Value of Goods Sent to other EU Countries

.00

E2

Value of Goods Received from other EU Countries

.00

I declare that this is a correct return of Value Added Tax for the period specified.

Signed:- \_\_\_\_\_ Date:- \_\_\_\_\_

Name:

Reg No:

Vat Period: 01 Mar 2008 to 30 Apr 2008

VAT3

B



# Taxation Reference Material

Republic of Ireland

**For use in First and Second Year Taxations Examinations  
Summer & Autumn 2009**



**TAXATION REFERENCE MATERIAL****FOR THE 2008 TAX YEAR****(To be used by candidates in answering the Taxation papers)****INCOME TAX - RATES**

<i>Single/Widow(er)</i>	<i>Rate</i>	<i>Married Couple One Income</i>	<i>Rate</i>
First €35,400	20%	First €44,400	20%
Balance	41%	Balance	41%
<i>One Parent Family</i>		<i>Married Couple Two Incomes</i>	
First €39,400	20%	First €70,800	20%
Balance	41%	Balance	41%

**Tax Credits - INCOME TAX**

	Non Refundable Tax Credits €
Single/widowed person .....	1,830
Married person .....	3,660
Widowed person who qualifies for One Parent Tax Allowance	3,660
Widowed person's additional tax credit (without dependent children)	600
Widowed person (in year of bereavement).....	3,660
First year after bereavement .....	4,000
Second year after bereavement.....	3,500
Third year after bereavement.....	3,000
Fourth year after bereavement.....	2,500
Fifth year after bereavement.....	2,000
Home carers .....	900
Incapacitated child .....	3,660
One Parent Family.....	1,830
Age allowance - single or widowed .....	325
Age allowance - married .....	650
Dependent relative (dependent relative's income limit €13,473)	80
PAYE .....	1,830
Blind person .....	1,830
Both spouses blind .....	3,660
Trade Union Subscriptions (maximum €350 * 20%)	70

Other reliefs/allowances

Employed person taking care of incapacitated person  
(deducted from total income) ..... 50,000 (max)

Rent allowable

Maximum allowable at the standard rate of tax (20%)

Single.....	(Over 55)	4,000	(Under 55)	2,000
Married & widowed .....	(Over 55)	8,000	(Under 55)	4,000

### Exemption limits

Single and widowed*	
65 and over .....	€20,000
Additional for dependent children	
1st and 2nd child (each) .....	€575
Each subsequent child .....	€830

\* Married couple – double

### PAYE EMERGENCY BASIS

If weekly paid:

<i>Week</i>	<i>Tax Credit</i>	<i>Standard Rate cut-off point</i>
	€	€
First 4 weeks	35.19	680.77
Next 4 weeks	Nil	680.77
Each subsequent week	Nil	Nil

If monthly paid:

First month	152.50	2,950.00
Second month	Nil	2,950.00
Each subsequent month	Nil	Nil

If an employee does not provide his employer with a PPS number or other relevant documentation the emergency system is applied on the following basis:

<i>Week/Month</i>	<i>Tax Credit</i>	<i>Standard Rate cut-off point</i>
1 et seq	Nil	Nil

**RETIREMENT ANNUITY PREMIUMS – LIMITS FOR 2008**

AGE	MAXIMUM CONTRIBUTION
Less than 30 years of age .....	15%
30 years of age but less than 40 years	20%
40 years of age but less than 50 years	25%
50 years of age but less than 55 years	30%
55 years of age but less than 60 years	35%
60 years of age or more.....	40%
Relevant earnings ceiling .....	€275,238

**MORTGAGE INTEREST RELIEF 2008****MORTGAGE RELIEF FIRST CLAIMED ON OR AFTER 1st JANUARY 2002**

	<i>Maximum Allowable</i>
	€
Single	10,000
Married/Widowed	20,000

**MORTGAGE TAKEN OUT PRIOR TO 1st JANUARY 2002**

	<i>Maximum Allowable</i>
	€
Single	3,000
Married/Widowed	6,000

**Note:** Maximum allowable at the standard rate of tax (20%). Tax relief is granted at source on interest paid to a 'qualifying lender'.

## BENEFIT IN KIND

### Preferential Loans

2008

Loan for purpose of Principal Private Residence .....	5.5%
Other loans .....	13%

### Accommodation

Notional annual value – 8% of the market value of property.

## MOTOR BENEFIT-IN-KIND SCALE

*Business Miles per annum Cash Equivalent*

<i>Exceeding</i>	<i>Not Exceeding</i>	
0	15,000	30%
15,000	20,000	24%
20,000	25,000	18%
25,000	30,000	12%
30,000	Upwards	6%

## CAPITAL ALLOWANCES

*Maximum allowances*

### Plant and Machinery

Plant purchased on or after 1 <sup>st</sup> April, 1992	15%
Plant purchased on or after 1 <sup>st</sup> January, 2001	20%
Plant purchased on or after 4 <sup>th</sup> December 2002	12.5%



**Restricted Cost of Car for Capital Allowances & Running Expenses**

	<i>Maximum Allowed</i>	
	<i>New Cars*</i>	<i>Second hand Cars</i>
After 30 <sup>th</sup> November, 1999	€20,951	€12,697
Acquired in accounting or basis periods ending		
Between 1 January 2001 and 31 December 2001	€21,586	€21,586
Between 1 January 2002 and 31 December 2005	€22,000	€22,000
On or after 1 January 2006	€23,000	€23,000
On or after 1 January 2007	€24,000	€24,000

Notes - The restriction in respect of motor expenses does not apply for chargeable periods ending on or after 1 January 2002.

- \* In the case of running expenses, the specified limit applies to all cars, including second-hand cars.

**Emissions -Based Limits on Capital Allowances and Leasing expenses for Business cars**

Effective where expenditure is incurred on the provision or hiring of a business car on or after 1 July 2008.

<i>Vehicle Category</i>	<i>CO<sub>2</sub> Emissions (CO<sub>2</sub> g/km)</i>	<i>Allowance granted</i>
A,B,C	0 g/km up to and including 155 g/km	€24,000
D,E	>155 g/km up to and including 190 g/km	50% of cost up to maximum of €12,000
F,G	> 190 g/km	Nil

**PRSI & LEVIES FOR 2008 TAX YEAR**

	<i>Weekly Earnings Band</i>		<i>How Much of Weekly Earnings</i>	<i>Payable on Earnings up to €50,700</i>	<i>Payable on Earnings Over €50,700</i>
CLASS A0	€38- €352 inc	Employer	All	8.5%	8.5%
		Employee	All	Nil	Nil
CLASS AX	€352.01 - €356 inc	Employer	All	8.5%	8.5%
		Employee	First €127	Nil	Nil
		Employee	Balance	4%	Nil
CLASS AL	€356.01 - €500 inc	Employer	All	10.75%	10.75%
		Employee	First €127	Nil	Nil
		Employee	Balance	4%	Nil
CLASS A1	In excess of €500	Employer	All	10.75%	10.75%
		Employee	First €127	2%	2%
		Employee	€127.01 to €1,925	6%	2%
		Employee	Balance	6.5%	2.5%
No Annual Ceiling					
CLASS S0	Up to €500	Employer	All	Nil	
		Employee *	All	3%	
CLASS S1	In excess of €500	Employer	All	Nil	
		Employee *	First €1,925	5%	
		Employee*	Balance	5.5%	

NOTES: (1) For PRSI purposes, reckonable earnings are calculated separately for husband and wife.

(2) \* These rates are also applicable to "self employed" persons.

(3) €127 per week equates to €550 per month for monthly paid employees.

## CAPITAL GAINS TAX - RATES

3/12/97  
et seq.

Standard  
Rate..... 20%

## CAPITAL GAINS TAX - ALLOWANCES

Tax year 2008 €1,270 annual exemption per individual

## CORPORATION TAX

### TAX CREDITS

From 6<sup>th</sup> April 1999, withholding tax is at the standard rate of Income Tax

### RATES OF TAX

From  
1st January 2003

Standard rate .....	12½%
Special rate – non-trade income and certain trading activities	25%

## PRELIMINARY TAX PAYMENT

Accounting Period ending	First Installment	
	Standard	Small company
2006 et seq	90%	100%

**CAPITAL GAINS TAX - INDEXATION TABLES**

*Year of Assessment in  
Which Expenditure  
Was Incurred*      *Multiplier for Disposal in Year Ended*

	<i>31 Dec 2001</i>	<i>31 Dec 2002</i>	<i>31 Dec 2003</i>	<i>2004 et seq</i>
1974/75	6.930	7.180	7.528	7.528
1975/76	5.597	5.799	6.080	6.080
1976/77	4.822	4.996	5.238	5.238
1977/78	4.133	4.283	4.490	4.490
1978/79	3.819	3.956	4.148	4.148
1979/80	3.445	3.570	3.742	3.742
1980/81	2.983	3.091	3.240	3.240
1981/82	2.465	2.554	2.678	2.678
1982/83	2.074	2.149	2.253	2.253
1983/84	1.844	1.911	2.003	2.003
1984/85	1.674	1.735	1.819	1.819
1985/86	1.577	1.633	1.713	1.713
1986/87	1.507	1.562	1.637	1.637
1987/88	1.457	1.510	1.583	1.583
1988/89	1.430	1.481	1.553	1.553
1989/90	1.384	1.434	1.503	1.503
1990/91	1.328	1.376	1.442	1.442
1991/92	1.294	1.341	1.406	1.406
1992/93	1.249	1.294	1.356	1.356
1993/94	1.226	1.270	1.331	1.331
1994/95	1.205	1.248	1.309	1.309
1995/96	1.175	1.218	1.277	1.277
1996/97	1.152	1.194	1.251	1.251
1997/98	1.134	1.175	1.232	1.232
1998/99	1.115	1.156	1.212	1.212
1999/00	1.098	1.138	1.193	1.193
2000/01	1.053	1.091	1.144	1.144
2001	-	1.037	1.087	1.087
2002	-	-	1.049	1.049
2003 et seq	-	-	-	1.000

## VALUE ADDED TAX - RATES

THE MAIN ITEMS UNDER THE FOLLOWING HEADINGS ARE:

### EXEMPTED ACTIVITIES

Certain financial services, including banking and stock exchange activities; insurance services; educational and training services provided by recognised educational bodies; medical, dental and optical services and hospital and nursing home services; certain welfare services and non profit making activities; theatrical, musical and cultural services; letting of certain immovable goods; certain agency services; transport of passengers and their baggage; admission to sporting events; betting.

### GOODS AND SERVICES CHARGEABLE AT 0%

Most basic food and drinks for human consumption, oral medicine, certain books, children's clothing and footwear, most exports outside the state and related services, certain medical appliances, most animal feeding stuff except those sold for domestic pets, fertiliser, certain services connected with marine and aircraft navigation and safety.

### GOODS AND SERVICES CHARGEABLE AT THE 13.5% RATE (SINCE 1 JANUARY 2003)

Development of immovable goods and building services, concrete, newspapers and magazines, letting of holiday accommodation, tour guide services, short-term hire of cars, boats, caravans; coal, electricity and fuels for heating and power, restaurant services, live performances; certain cakes, most photographic services, hairdressing, most repair or maintenance services, garage services, dry cleaning, driving lessons, waste disposal, veterinary surgeons, general agricultural services, commercial sporting facilities.

### GOODS AND SERVICES CHARGEABLE AT THE 21% RATE [SINCE 1 MARCH 2002]

Generally goods and services not chargeable under any other heading, except certain live animals.



Accounting  
Technicians  
Ireland

StudentBounty.com

## 1<sup>st</sup> Year Examination : Summer 2009

# TAXATION I (ROI)

## Solutions

### Solution to question 1

#### Patrick - Adjusted Profit Computation

#### Accounts for the period ended 31<sup>st</sup> December 2008

Schedule D Case I	€	€	€
Net Profit			28,742
<b>Addbacks</b>			
Machinery Depreciation		2,750	
Motor expenses			
Car Depreciation	3,510		
Sat Nav System	800		
Labour	1,000		
Private (4,280-1,000) * 7/28	820		
Car Hire 1,200 * 7/28	<u>300</u>	6,430	
Advertising			
Stand	1,800		
Meals/accommodation	<u>(800)</u>	1,000	
Telephone			
Switchboard	1,880		
Mobile calls (680-300) * 25%	<u>95</u>	1,975	
Wages and salaries			
Drawings	24,600		
Underpayment	<u>(900)</u>	23,700	
Bad Debts			
Provision	1,200		
Bad debts	<u>(2,000)</u>	(800)	
Repairs			
Software	3,180		
New laptop	<u>1,900</u>	5,080	
Interest on late payment of PRSI		30	
Entertainment			
Lunches with suppliers		260	
Interest and charges			
Overdraft fee	35		
Stamp duty	<u>80</u>	115	
			40,540
<b>Deductions</b>			
Dividends Irish	(36)		
Dividends UK	<u>(800)</u>		
			(836)
<b>Schedule D Case I - tax adjusted profits</b>			<u>68,446</u>

## Solution to question 2

## Terry and June

## Income Tax Computation 2008

Terry	€	
Sch E Salary	41,350	
Bonus 31 Dec 2008	1,650	
BIK Loan (see workings)	2,000	
Sch D Case IV Deposit interest	170	
Sch D Case V (2 months @ €1,200)	<u>2,400</u>	
		47,570

Workings	
BIK	€
Loan	50,000
Preferential rate	13%
Rate charged	5%
Rate of BIK	8%
Yearly BIK	4,000
6 months	<u>2,000</u>

## June

Sch D Case I y/e 15 January 2008	21,800	
Case IV		
Dividends from Big Bank		
(192) / .8	240	
Deposit interest	<u>170</u>	
		22,210

Total income	<u>69,780</u>
Health expenses	<u>450</u>
	<u>69,330</u>

	Tax		€
<b>Terry</b>	44,400	20%	8,880.00
	170	20%	34.00
	<u>2,550</u>	41%	<u>1,045.50</u>
	47,120		
<b>June</b>	<u>22,210</u>	20%	<u>4,442.00</u>
	69,330		14,401.50

Tax credits		
Married	3,660.00	
Incapacitated child	3,660.00	
PAYE	<u>1,830.00</u>	
		(9,150.00)

5,251.50

Paid PAYE	4,160.00
Mortgage interest 820 * 20%	164.00
DIRT (170 @ 20%)	34.00
DIRT (170 @ 20%)	34.00
DWT (240 @ 20%)	<u>48.00</u>

(4,440.00)

## Tax due

811.50

## Solution to question 3

## Ken Egan

	Week 42
Salary	400.00
Pension	<u>20.00</u>
Taxable	<u>380.00</u>

Class AL  
PRSI Employee

127.00	0%	0.00
253.00	4%	10.12
<u>380.00</u>		<u>10.12</u>

PRSI Employer		
380.00	10.75%	40.85
Total PRSI		<u>50.97</u>

Week 1		
380.00	20%	76.00
Tax Credit		(70.36)
		<u>5.64</u>

	Week 42
Take Home Pay	
PAY	380.00
PRSI	(10.12)
TAX	(5.64)
TU Subs.	<u>(5.30)</u>
	<u>358.94</u>

	Week 43	
Cumulative Pay	PAY	TAX
Per P45	26,600.00	2,799.77
Week 42	380.00	5.64
	<u>26,980.00</u>	<u>2,805.41</u>

Class AI  
PRSI Employee

127.00	2%	2.54
595.00	6%	35.70
<u>722.00</u>		<u>38.24</u>

PRSI Employer			
	722.00	10.75%	77.62
Total PRSI			<u>115.86</u>

	Week 43
Take Home Pay	
PAY	722.00
PRSI	(38.24)
TAX	365.31
TU Subs.	<u>(5.30)</u>
	<u>1,043.77</u>

Form P9/P11 duly filled in follows on the next page





## TAX DEDUCTION CARD

Incorporating Certificate of Tax Credits and Standard Rate Cut Off Point

The Tax Credits and Standard Rate Cut-off Point set out on this card refer to **Ken Egan**

These instructions cancel any previously issued card for the year 01/01/2008 to 31/12/2008

If you have any problems with the operation of this card please refer to the Notice to Employers issued by the Tax Office. You can obtain a copy by phoning your local Tax Office or in Dublin by phoning Revenue Forms and Leaflets Service at: Lo-Call No. 1890 306 706.

## EMPLOYER'S Name &amp; Address

RTY LTD.  
O'Connell St.  
A Town

Employer's Number  
1818200R

Date of Issue  
20 October 2008

This Tax Deduction Card is effective from  
1 January 2008

and should be implemented accordingly

## EMPLOYEE DETAILS

PPS Number  
3213211A

Works Number (N6)

Name  
Ken Egan

Year  
01/01/2008 to 31/12/2008

Total Tax Credit  
€3,749.20

Total Cut-Off Point  
€35,630.00

Standard Tax Rate: 20 %

Higher Tax Rate: 41 %

Social Insurance Class			
IF Class changed during this employment complete these boxes			
Date of Change		Other Class	Weeks at Other Class
Initial Class	B4	C3	F3

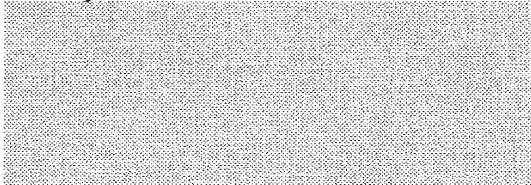
N.B If more than two classes please furnish details on Form PRC 1

If employment began (a) in Week 1 or later or (b) before Week 1 but first pay day was in Week 1 or later, enter date of commencement at F4

Day	Month	Year
F4		
F5		

If employment ceased during the tax year enter date of cessation at F5

Issued by:



NOTE: The additional grid below the 53-week grid is to be used for the first weeks of the next tax year. This grid is to be completed as you would a new tax deduction card, using the pre-printed tax credit and standard rate cut-off point figures. You will receive a new tax deduction card, which will incorporate the budget amendments to the tax credits and standard rate cut-off point figures early in the next tax year. You should then transfer the figures from the additional grid onto the new tax deduction card and continue completing the new tax deduction card as usual.

P9/P11

If the person to whom this card refers is not now in your employment or leaves your employment before 31st December next please return this card to the address shown above. If employee leaves your employment during the year to which this card refers, you should complete form P45 Cessation Certificate

Date of Payment	Seq PAYE Calendar	Week	PRSI Employee's Share		PRSI Total Contribution		Social Insurance weekly record		Total Weeks
			€	c	€	c	✓	€	
		1							
	1 Jan. to 31 Jan.	2							
		3							
		4							
	1	5							
		6							
	1 Feb. to 29 Feb.	7							
		8							
	2	9							
		10							
	1 Mar. to 31 Mar.	11							
		12							
	3	13							
		14							
	1 Apr. to 30 Apr.	15							
		16							
		17							
	4	18							
		19							
	1 May to 31 May	20							
		21							
	5	22							
		23							
	1 June to 30 June	24							
		25							
	6	26							
		27							
	1 July to 31 July	28							
		29							
		30							
	7	31							
		32							
	1 Aug. to 31 Aug.	33							
		34							
	8	35							
		36							
	1 Sept. to 30 Sept.	37							
		38							
	9	39							
		40							
	1 Oct. to 31 Oct.	41							
		42	10	12	50	97	✓	91	
		43	38	24	115	85	✓	91	
	10	44							
		45							
	1 Nov. to 30 Nov.	46							
		47							
	11	48							
		49							
	1 Dec. to 31 Dec.	50							
		51							
		52							
	12	53							
		K3							
		K4							

Date of Payment	Week	€	c	€	c	✓	€	c
	1							
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							

			← Pay	Previous Employment DEDUCT	Tax →		
J6			← Pay	This Employment Net Tax deducted or Net Tax refunded	J7  H9		

[illegible]

**Solution to question 3 (Cont'd)**

**Aideen Roche**

**Month 10**

Salary	5,250.00
BIK	405.00
	<u>5,655.00</u>

PRSI Employee

5,655.00	5%	282.75	<b>Take Home</b>
			Gross pay 5,250.00
			Tax (1,462.55)
			PRSI (EE) (282.75)
			Add expenses 200.00
			Less loan (500.00)
			<u>3,204.70</u>

**Form P9/P11 duly filled in follows on the next page**

**Solution to question 4**

- |         |         |         |         |          |
|---------|---------|---------|---------|----------|
| [1] (c) | [2] (a) | [3] (b) | [4] (d) | [5] (c)  |
| [6] (c) | [7] (b) | [8] (c) | [9] (c) | [10] (c) |





## TAX DEDUCTION CARD

### Incorporating Certificate of Tax Credits and Standard Rate Cut Off Point

The Tax Credits and Standard Rate Cut-off Point set out on this card refer to **Aideen Roche**

These instructions cancel any previously issued card for the year 01/01/2008 to 31/12/2008

If you have any problems with the operation of this card please refer to the Notice to Employers issued by the Tax Office. You can obtain a copy by phoning your local Tax Office or in Dublin by phoning Revenue Forms and Leaflets Service at:  
Lo-Call No. 1890 306 706

**EMPLOYER'S Name & Address**

RTY LTD.  
O'Connell St.  
A Town

Employer's Number  
1818200B

Date of Issue  
1 January 2008

This Tax Deduction Card is effective from  
1 January 2008

and should be implemented accordingly

## EMPLOYEE DETAILS

PPS Number  
3366200A

Works Number (N6)

Name  
Aideen Roche

Year  
01/01/2008 to 31/12/2008

Total Tax Credit  
€1,830

Total Cut-Off Point  
€35,400

Standard Tax Rate: 20 %      Higher Tax Rate: 41 %

<b>Social Insurance Class</b>	
<b>C2</b>	<div style="border: 1px solid black; width: 60px; height: 30px;"></div>
IF Class changed during this employment complete these boxes	
Initial Class	<div style="display: flex; justify-content: space-between; padding: 5px;"> <div style="text-align: center;">Date of Change</div> <div style="text-align: center;">Other Class</div> <div style="text-align: center;">Weeks at Other Class</div> </div> <div style="display: flex; justify-content: space-between; padding: 5px;"> <div style="width: 20%;"> <b>B4</b> <div style="border: 1px solid black; width: 100px; height: 25px; display: flex; align-items: center;"> <div style="width: 20px; height: 20px; border: 1px solid black; margin-right: 5px;"></div> <div style="width: 20px; height: 20px; border: 1px solid black; margin-right: 5px;"></div> <div style="width: 20px; height: 20px; border: 1px solid black; margin-right: 5px;"></div> <div style="width: 20px; height: 20px; border: 1px solid black;"></div> </div> </div> <div style="width: 20%;"> <b>C3</b> <div style="border: 1px solid black; width: 60px; height: 30px;"></div> </div> <div style="width: 20%;"> <b>F3</b> <div style="border: 1px solid black; width: 60px; height: 30px;"></div> </div> </div>

N.B If more than two classes please furnish details on Form PRC 1

If employment began (a) in Week 1 or later or  
(b) before Week 1 but first pay day was in Week 1  
or later, enter date of commencement at F4

	Day	Month	Year
F4			
F5			

If employment ceased during the tax year enter date of cessation at F5

**Issued by:**

NOTE: The additional grid below the 53-week grid is to be used for the first weeks of the next tax year. This grid is to be completed as you would a new tax deduction card, using the pre-printed tax credit and standard rate cut-off point figures. You will receive a new tax deduction card, which will incorporate the budget amendments to the tax credits and standard rate cut-off point figures early in the next tax year. You should then transfer the figures from the additional grid onto the new tax deduction card and continue completing the new tax deduction card as usual.

**P9/P11**

If the person to whom this card refers is not now in your employment or leaves your employment before 31st December next please return this card to the address shown above. If employee leaves your employment during the year to which this card refers, you should complete form P45 Cessation Certificate

A		B		C	D		E		F
Date of Payment		See PAYE Calendar	PRSI Employee's Share	PRSI Total Contribution		Social Ins weekly record	PRSI Class	Emp Use Net pay, Employee PRSI etc	
Month	Week	€	c	€	c	Insurable Employment		€	
		1							
	1 Jan. to 31 Jan.	2							
		3							
		4							
	1	5							
		6							
	1 Feb. to 29 Feb.	7							
		8							
	2	9							
		10							
	1 Mar. to 31 Mar.	11							
		12							
	3	13							
		14							
	1 Apr. to 30 Apr.	15							
		16							
		17							
	4	18							
		19							
	1 May to 31 May	20							
		21							
	5	22							
		23							
	1 June to 30 June	24							
		25							
	6	26							
		27							
	1 July to 31 July	28							
		29							
		30							
	7	31							
		32							
	1 Aug. to 31 Aug.	33							
		34							
	8	35							
		36							
	1 Sept. to 30 Sept.	37							
		38							
	9	39							
		40							
	1 Oct. to 31 Oct.	41							
		42							
		43							
	10	44							
		45							
	1 Nov. to 30 Nov.	46							
		47							
	11	48							
		49							
	1 Dec. to 31 Dec.	50							
		51							
		52							
	12	53							
		K3						Total Weeks	
		K4				F2			

Date of Payment			€	c	€	c	✓	€	c
		1 Jan. to 31 Jan.	1						
			2						
			3						
			4						
		1	5						
		1 Feb. to 29 Feb.	6						
			7						
			8						
		2	9						

		← Pay	Previous Employment DEDUCT	Tax →	
J6		← Pay	This Employment Net Tax deducted or Net Tax refunded	J7  H9	

[illegible]

**Solution to question 5**

- (a) The invoice basis is the normal basis when accounting for Value Added Tax (VAT).

The cash receipts basis of accounting for VAT on sales may be used by the following persons:

Persons engaged in the supply of taxable services where at least 90% of the services are supplied to unregistered persons. Persons engaged in the supply of taxable goods where at least 90% of the cash receipts are from unregistered persons. Persons whose annual turnover is less than €1,000,000 may elect to account for VAT on a cash receipts basis irrespective of to whom they sell goods/services.

On the cash receipts basis the registered person pays VAT on sales by reference to the cash received in the VAT period from customers and not by reference to sales invoices issued.

The registered person pays VAT on sales at the rate currently in force at the date the goods/services are supplied, rather than the date on which the cash is received.

In comparison a trader who is accounting for VAT on an invoice basis is required to include the invoices issued in the month in the relevant VAT return and pay over the VAT on these sales even if the customers have not yet paid the cash.

In computing a trader's VAT liability any 'input credit' is always calculated by reference to the invoices received in the VAT period from suppliers.

**(b) Purchases book**

	Total €	For Resale		VAT €	21% €	Not For Resale		
		21% €	13.5% €			13.5% €	Zero% €	VAT €
Per Q	100,712	68,800	0	14,070	12,700	3,000	870	3,072
Invoice (i)		(5,300)						
		3,500						
Invoice (ii)	(6,050)	(5,000)		(1,050)				
Invoice (iii)	(2,541)				(2,100)			(441)
Invoice (iv)	(726)				(600)			(126)
	91,395	62,000	0	13,020	10,000	3,000	870	2,505
Proof	91,395			13,020				2,505

**Cash Receipts Basis**

		€
Cash from debtors		51,000
Cash sales		41,600
Credit transfers		1,780
		<u>94,380</u>
VAT content		16,380
T1	VAT on sales	16,380
	VAT on imports (€6,000 * 21%)	<u>1,260</u>
		17,640
T2	VAT on purchases	15,525
	VAT on imports	<u>1,260</u>
		16,785
<b>VAT due</b>		<b><u>855</u></b>



In all correspondence please quote:

Registration No: IE  
Notice No:

Period:

1 Mar 2008

to

30 Apr 2008

Payment due by:  
19 May 2008

Colm

Office of the Revenue Commissioners  
Collector-General's Division  
Sarsfield House  
Francis Street  
Limerick

Enquiries: 1890 203570

## VAT3 RETURN

Please complete and sign the return below. The return should then be detached and forwarded (with payment or debit instructions, if liability arises) in the prepaid envelope enclosed, to arrive no later than the due date as shown above. **Guidelines on the correct completion of the return are shown overleaf.**

## IMPORTANCE OF PROMPT PAYMENTS

- Makes sure that you allow sufficient time - at least three working days - for your payment to reach the Collector-General.
- Late payment of tax may incur an interest charge.
- Failure to pay a tax liability, or to pay on time, can result in enforced collection through the Sheriff, Court proceedings or Attachment. Enforcement carries additional costs to any interest charged.

## METHOD OF PAYMENT

**Single Debit Authority:** If you want your payment to be debited directly from your bank account, complete the bank details on the left of the return below, ensuring that the amount of the payment you wish to make is entered in the Debit Amount box.

Please note that the account must be in a bank within the Republic of Ireland and must be a current account.

- Simply provide your bank details and the amount you wish to have debited from your account.
- Forward the completed return to the Collector-General at the address above.
- A credit off deduction will be taken from your account and credited against your tax liability as specified on the return below.
- The once-off deduction will not be taken from your account in advance of the due date for the taxable period in question.

**Cheque:** All cheques should be made payable to the Collector-General and forwarded to the address above. Do not enclose cash.

**Revenue On-Line Service (ROS):** You can make this return and pay your VAT on-line using ROS. For details visit the Revenue website at [www.revenue.ie](http://www.revenue.ie) or Phone 1890 20 11 06.

**Direct Debit:** For information on how to pay VAT by monthly Direct Debit, please contact the Helpline at 1890 20 30 70.

## METHOD OF REPAYMENT

Any repayment due will be credited to your bank/building society account. Account details are only required **if** this return is a repayment (i.e. has been completed) **and** you have not previously advised Revenue of the account details **or** you wish to amend the account details to which previous repayments were credited.

Please print out figure only in each space using a black ball-point pen.  
Do not write NIL on any line.

Enter whole Euro only - do not enter cent.  
Photocopies of this form are not acceptable.

Revenue



## VAT3 RETURN (and PAYS LIP)

Please complete below, detach and return

- Bank Details - to be supplied if:**
- ⇒ Payment is being made by Single Debit Authority (do not complete this authority if you are paying by cheque), or
  - ⇒ A repayment is being sought (see Method of Repayment above).

Branch Sort Code

Account Number

Debit Amount

Please debit my account with the amount specified.

E1 Value of Goods Sent to other EU Countries

E2 Value of Goods Received from other EU Countries

Office Use Only  
AMR  
D/S

T1 VAT on Sales

T2 VAT on Purchases

T3 Excess of T1 over T2 (Payable)

T4 Or Excess of T2 over T1 (Repayable)

Amount of Payment

I declare that this is a correct return of Value Added Tax for the period specified.

Signed: Colm Date: 19 May '08

Name:  
Reg No:

Vat Period: 01 Mar 2008 to 30 Apr 2008

VAT3  
B

**Solution to question 6****(a) The criteria for determining obligations regarding VAT registration****Traders obliged to register for Value Added Tax (VAT) are:**

Traders selling goods only whose turnover exceeds or is likely to exceed €75,000 per annum. Traders whose turnover exceeds or is likely to exceed €75,000 per annum where the sales consist of at least 90% of sales of goods.

Traders whose total turnover of goods and/or services exceeds €37,500 per annum in any other case. Jimmy has informed you that he expects his turnover to amount to €4,000 per month. On this basis Jimmy's turnover will amount to €48,000 per annum which is well below the registration limit currently at €75,000 per annum. Jimmy's business will involve the sale of CD's and computer games which is a supply of goods only.

Jimmy has stated that his turnover will increase substantially after the first six months. In the absence of actual figures Jimmy's turnover would need to increase to approximately €6,250 per month to reach the registration limit.

Jimmy, though not obliged to register, may elect to register from commencement of business.

A person electing to register for VAT might do so to reclaim VAT suffered on his purchases while at the same time permitting him to pass on his VAT liability to his VAT registered customers.

In Jimmy's case the big advantage of early registration is that Jimmy will be allowed to reclaim any suffered on set up costs for the business.

**(b) Obligations regarding the records to be kept**

Income Tax, VAT and PAYE/PRSI are all part of self-assessment Jimmy therefore has an obligation to submit returns to the Revenue based on the records he keeps for his business. These records must be sufficiently detailed so as to allow Jimmy complete accurate and complete returns.

**Income Tax**

Jimmy has an obligation to submit an annual Income Tax return on or before the 31<sup>st</sup> of October in the year following the end of the year of assessment. The return (Form 11) outlines the income Jimmy has earned in the year of assessment and the claims he is entitled to make for the same year. Jimmy is advised to retain information regarding the income earned from all sources and make these available for inspection by the Revenue as part of their Audit system. In addition if Jimmy is making any claim for allowances or reliefs he is advised to retain documentary evidence regarding his claim for inspection by the Revenue.

The records kept by Jimmy for both PAYE/PRSI and VAT purposes will form part of the records needed to complete accounts showing his income from the trade which will be liable to Income Tax.

**VAT**

All records pertaining to VAT transactions must be retained for six years from the date of the latest transaction to which they refer unless the special written permission of the Inspector of Taxes has been obtained for their retention for a shorter period. Generally, this permission is only given subject to certain conditions. This requirement applies to all books, records and documents relevant to a taxable person's business, including invoices, credit notes, receipts, accounts vouchers, import documentation, bank statements, cash till rolls etc.

Authorised Revenue officials have the power to enter any premises in which they have reason to believe a business is being carried on and to require production of and search for business records, remove them etc.

**Solution to question 6 continued on next page**



**Solution to question 6 (Cont'd)****PAYE/PRSI**

If Jimmy takes on any employees he should ensure that he is registered for PAYE/PRSI.

He should ensure he receives either a Tax Deduction Card or a certificate of tax credits and standard rate cut off point for every employee. Jimmy is obliged to keep a record of any pay and benefits earned by the employee and calculate the tax deductions due under PAYE/PRSI. These records form the basis for completion of end of year Revenue forms such as forms P35, P35L, Forms P60 etc. Authorised Revenue officials have similar powers to those referred to above under VAT in relation to the inspection of Jimmy's PAYE/PRSI records.

## EXAMINER'S REPORT

# Taxation I (ROI)

### Summer 2009

Number of Candidates 1,199						
Question	1	2	3	4	5	6
Mark Available	20	20	20	20	20	20
Average Mark	11.8	12	9.6	13	9.4	7.6
Average %	59%	60%	48%	65%	47%	38%
No. attempting	1,175	1,167	1,156	1,124	851	324
% attempting	98%	97%	96%	94%	71%	27%

#### General comment:

The pass rate in this examination was 64.4%. This compares to the pass rate of 69.6% achieved in the summer 2008 examination.

#### Question 1

This question required the preparation of an adjusted profit computation. The average mark achieved of 11.8 is disappointing compared to the mark of 15.4 achieved in the summer 2008 paper for this type of question.

The question was well answered by many candidates and in general the presentation was good with solutions well laid out and easy to follow.

The main areas where candidates failed to pick up marks included:

- Incorrect calculation of the add back required for motor expenses. Many candidates failed to correctly deal with the adjustment required for the cost of servicing and repairs.
- Failure to add back the private element of the car hire.
- Failure to adjust for the cost of the trip to London which was paid from Patrick's personal credit card.
- Incorrectly adding back the cost of private telephone calls made by employees.
- Failure to add back the cost of business software and adding back 60% of the cost of the new laptop purchased.
- Incorrectly adding back the lunch allowance paid to employees who attended a sales conference.

**Question 2**

This question required the candidate to prepare an income tax computation based on joint assessment. The average mark achieved of 12 was an improvement over the mark of 10.8 achieved for a similar question in the summer 2008 examination.

Candidates who failed to pick up marks made the following errors:

- Incorrect calculation of the BIK assessable. This is a common feature of these questions where candidates regularly demonstrate a weakness in this area. Candidates should be aware that the calculation of assessable BIK is regularly examined in the income tax and PAYE/PRSI type questions.
- Incorrect treatment of June's assessable Case I income. Many candidates did not recognise that the profits for the year ended 15 January 2008 were assessable.
- Failure to quantify the amount assessable under Schedule F in respect of dividends received.
- Failure to correctly quantify the income assessable at the 20% rate. Candidates are advised to lay out the different amounts assessable at the 20% rate rather than including a figure without any workings.

Solutions were well presented and easy to follow.

Many candidates are providing an explanation for the figures used which is unnecessary in most cases. These explanations can be time consuming and candidates are advised to use the figures given in the question to demonstrate their understanding rather than providing explanations for the figures used.

**Question 3**

This question tested the candidates' knowledge of the PAYE/PRSI system. Overall the solutions were poorly presented and difficult to follow.

The average mark of 9.6 is disappointing compared to the 12.1 achieved for a similar question in the summer 2008 exam sitting.

Candidates who failed to score high marks made the following errors:

- Failure to operate on a week 1 basis for week 42. Too many candidates ignored the fact that the form P9/P11 was not available for week 42.
- Failure to operate on a cumulative basis in respect of week 43.
- Incorrect calculation of the taxable pay. Very many candidates allowed the trade union subscription as a deduction when calculating the taxable pay for weeks 42 and 43.
- Incorrect calculation of PRSI due under class S for the director. Very many candidates who used class S1 operated on the basis that €1,925 was a monthly figure payable at 5% rather than a weekly figure as per the reference material.
- Failure to fully complete the forms P9/P11. Too often candidates presented calculations for the PAYE/PRSI due but did not complete the forms as required by the question.
- Failure to correctly calculate the take home pay.

**Question 4**

This was a multiple-choice question and the average mark achieved was 13.

### Question 5

This question tested the candidates understanding of the VAT system and the ability to quantify the amount VAT due for a VAT period. The average mark achieved was 9.4.

#### Part (a)

This part of the question was well answered by many candidates.

#### Part (b)

Solutions to this part of the question were poorly presented. Workings were difficult to follow and in many cases the computations looked like a jumble of figures without any structure.

It is disappointing to note that many candidates who scored well in part (a) were unable to apply the cash basis to the figures given in this part of the question. Too many candidates included the credit invoices in their calculations of the VAT due on the cash receipts basis.

### Question 6

This was a narrative question with candidates expected to write notes on the criteria for determining obligations regarding VAT registration and the records to be kept to satisfy the Revenue Commissioners.

Very few candidates answered the question asked. Too many decided to write all they knew regarding the VAT, Income Tax and PAYE/PRSI systems. Included in these solutions presented were details of the tax returns to be completed, the due dates for submission of various returns, the forms to be completed for PAYE/PRSI etc. Very few of the notes presented specifically referred to the issues raised by the question. In fact a number of candidates repeated the answer they had supplied when answering Part (a) of question 5.

Overall the solutions presented were very poor and the average mark achieved was only 7.6. This was the least popular question with only 27% of candidates attempting it.

