

Institution **CIOT - ATT**  
Course **ATT Paper 3 Business Compliance**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID

Count (s)	Word (s)	Char (s)	Char (s) (WS)
Section 1	<b>56</b>	<b>268</b>	<b>322</b>
Section 2	<b>125</b>	<b>501</b>	<b>624</b>
Section 3	<b>124</b>	<b>537</b>	<b>658</b>
Section 4	<b>57</b>	<b>177</b>	<b>236</b>
Section 5	<b>101</b>	<b>351</b>	<b>443</b>
Section 6	<b>117</b>	<b>483</b>	<b>599</b>
Section 7	<b>22</b>	<b>70</b>	<b>88</b>
Section 8	<b>38</b>	<b>169</b>	<b>203</b>
Section 9	<b>57</b>	<b>214</b>	<b>266</b>
Section 10	<b>0</b>	<b>0</b>	<b>0</b>
Section 11	<b>76</b>	<b>356</b>	<b>431</b>
Section 12	<b>27</b>	<b>76</b>	<b>100</b>
Section 13	<b>88</b>	<b>342</b>	<b>425</b>

Answer-to-Question- 1

Joinery work hgneerally falls under the standard rate of 20% for VAT. However in a new build and conversion to communal flats, VAT should be charged at the reduced rate of 5%.

The installation of mobility aids, will be zero rated for VAT purosses. However, the residential conversion may still charge the reduced rate of 5%

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-----ANSWER-1-ABOVE-----  
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-----ANSWER-2-BELOW-----  
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Answer-to-Question-   2  

$$1/6 \times 1020 = 170 \times 25/85 = 50$$

$$1/6 \times 600 = 100$$

The amount Anika paid Gerard will have to be allocated against the previous invoices first as she has not specifically requested that the payment be allocated to a specific invoice.

A six months have passed from the date of the last invoice and when Anika paid, Gerard will be entitled to claim bad debt relief on the 150 of output tax that they had paid to HMRC as part of the input tax on his VAT return. The amount of VAT claimed as bad debt relief is added to the input tax figure and included in box 4 of the VAT return.

Nika will have to repay that 150 input tax back to HMRC.

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-----ANSWER-2-ABOVE-----  
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-----ANSWER-3-BELOW-----  
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Answer-to-Question- 3

Fiacra Ltd will be awarded a penalty point for the first quarterly return filed late, which is for the quarter ended 31 March as the filing date should have been 7 May (one month and 7 days after). They subsequently filed late VAT returns for the quarters ended September 2023, 31 March 2024, 30 June 2024 and 30 September 2024 and will gain a further point for each late return.

the first four points will result in a 200 penalty. The additional point for the September 2024 quarter will incur a further 200. So a total of 400 penalties that must be paid within 30 days of receipt.

The late returns were all within two years so the reset will not come into play.

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-----ANSWER-3-ABOVE-----  
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-----ANSWER-4-BELOW-----

Answer-to-Question- 4

Amira = 2 weeks = 4 qualifying days in PIW = 4-3 = 1 @ 109.4 pw (flat rate) = 109.4/2  
= 54.70

Binger = 11 days = 7 Q days in PIW = 7-3 = 4

Therefore, Binger = 109.4 /4 = 27.35 for the first week

109.4/4 X 3 = 82.05 in the seocnd week

-----ANSWER-4-ABOVE-----

-----ANSWER-5-BELOW-----

Answer-to-Question- 5

$$\text{Cost of event} = 235 \times 80 = 18,800$$

$$\text{IT for BR} = 235/1-0.2 = 293.75 \text{ grossed up} \times 30 \text{ employees} = 8817.5$$

$$30 \times (293.75 - 235) = 30 \times 58.75 = 1762.5$$

$$\text{IT for HR} = 235/1-0.4 = 391.67 \text{ grossed up} \times 40 \text{ employees} = 15666.8$$

$$40 \times (391.67 - 235) = 40 \times 156.67 = 6266.8$$

$$\text{IT for AR} = 235/1-0.45 = 293.75 \text{ grossed up} \times 30 \text{ employees} = 8817.5$$

$$10 \times (427.27 - 235) = 10 \times 192.27 = 1922.7$$

$$\text{Total gross up} = 8812.5 + 15,666.8 + 4272.7 = 28,752 \times 13.8\% = 3,967.58$$

$$\text{Class 1b} = 3,967.58$$

-----ANSWER-5-ABOVE-----

-----ANSWER-6-BELOW-----  
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Answer-to-Question- 6

The CSOP must be regiustered online with HMRC. Thye must register it by 6 July follwoing the tax year in which the first award of shares was made.

They are required to also submit an annual return by 6 July following the end of the year.

If a return is not filed by the corret daye, there is an auto penalty of £100. Assuming he still hasn't registered the CSOP using today's date, he would have been charged 300 for bring 3 motnsh late and anothe 300 for being 6 months late. Then a daily amount of £10 from the due date which should have been 6 July 2023 till date if outsanding for over 9 months.

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-----ANSWER-6-ABOVE-----  
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-----ANSWER-7-BELOW-----  
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Answer-to-Question- \_7\_

Plan 1

$$3200 - 1834 \times 9\% = 122$$

$$\text{Post grad: } 3200 - 1834 \times 6\% = 81$$

203 total repayments monthly

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-----ANSWER-7-ABOVE-----  
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-----ANSWER-8-BELOW-----  
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Answer-to-Question- 8

Jermaine's Flights and Accom will be exempt.

The flights for his daughter will be taxable as she is an adult = 2,000  
Coat bought for Jermian = taxable = 500

Total exepnses chargebale i]to income tax = 2,500

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-----ANSWER-8-ABOVE-----  
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-----ANSWER-9-BELOW-----  
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Answer-to-Question- 9

Instalments due =  $3/12 \times 8m = 2,000,000$  each

First due date = 3 months and 14 days from start of the AP = 14 March 2023

2nd instalment = 3 months after = 14 June 2023

3rd Instalment = 14 Septmeber 2023

Fianl instalment = 14th December 2023 = 14th day of last month in AP

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-----ANSWER-9-ABOVE-----  
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-----ANSWER-10-BELOW-----  
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Answer-to-Question- 10

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-----ANSWER-10-ABOVE-----  
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-----ANSWER-11-BELOW-----  
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Answer-to-Question- \_11\_

Drose Ltd is a large company for the nine months ending as the augmented profits of 7.4 million exceed the apportioned limit of 1,125,000. Usually they would be required to pay their CT liability in instalments, however, we are told that it was not a large company in the previous AP (profits of 1.3 million is under 1.5m limit) and their augmented profits doesn't exceed 10 million then they are not required to pay in instalments.

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-----ANSWER-11-ABOVE-----  
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-----ANSWER-12-BELOW-----  
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Answer-to-Question- 12

Sole trader:

$$\text{Class 2} = 3.45 \times 40 \text{ weeks} = 138$$

$$\text{Cass 4} = 37,700 \times 9\% = 3393 + 24,730 \times 2\% = 494.6 = 3,888$$

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-----ANSWER-12-ABOVE-----  
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-----ANSWER-13-BELOW-----  
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Answer-to-Question- 13

The first POA for 22/23 would have been due on 31 January 2023. Interest is  $38/365 \times 0.065$  (rate of interests)  $\times 5,000 = 33.83$

Late POA's do not attract penalties.

The balancing payment would have due on 31 January 2024 so was also late. That will incur a 5% penalty for being over 30 days late.  $= 5\% \times 3,000 = 150$

Interest will also be payable  $= 78/365 \times 0.065 \times 3,000 = 41.67$

like this i sthe game proper way to do thse hting s

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-----ANSWER-13-ABOVE-----  
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Section 14	<b>222</b>	<b>923</b>	<b>1129</b>
Section 15	<b>221</b>	<b>1131</b>	<b>1329</b>
Section 16	<b>246</b>	<b>1167</b>	<b>1394</b>
Section 17	<b>177</b>	<b>789</b>	<b>970</b>

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-----ANSWER-14-BELOW-----  
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Answer-to-Question- 14

Imitiaz

Imitiaz will need to declare the Input VAT for the imports he made

Total input Vat =  $15,000 \times 0.2 + 30,000 \times 0.2 = 3,000 + 6,000 = 9,000$

Input Vat:

Ball pits 3,000

Playframes 6,000

Output VAT:

ZR sales 0

Vat Repayable = 9,000

No output tax due on the exports as these are zero rated goods as these are children's toys and gaming machines.

VAT repayable = Output VAT - Input VAT =  $0 - 9,000 = -9,000$  = He will be able to recover 9,000 of VAT.

### Harper

Output VAT on sale of the fitness equipment =  $22,000 \times 20\% = 4,400$

Total Output VAT

$4,400 + (20\% \times 58,000) = 4,400 + 11,600 = 16,000$

		Taxable supplies	Exempt supplies
Input VAT		3,080	2,500

Apportionment of residual VAT (5,750)

Total turnover =  $58 + 23.5 = 81,500$

$58,000/81,500 = 71.2\% \times 5750 = 4,098$  recoverable

Total input tax recoverable =  $4098 + 3080 = 7178$

Total VAT payable = Output VAT - Total input VAT =  $16,000 - 7178 = 8,822$

De minimis threshold

No more than 50% of total input tax = Yes

No more than 625 per month = No

### Journal Entries

Purchase of car for Director

Dr Car 22,800

Cr Bank 22,800

Entertainment

Dr Enetraining expense 2,160  
Cr Bank 2160

Reapirs  
DR Repair expense 1500  
Cr Bank 1500

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-----ANSWER-14-ABOVE-----  
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-----ANSWER-15-BELOW-----  
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Answer-to-Question- 15

Introduction Fees:

are ususally not permitted or encourgaed under the PRPG and in this case tehse may be the reasons:

- Transparency - we are not told that the potential client's have been/will be made aware ofthe arrangement. if they are to be accepeted they must be disclosed to the client.
- Conflict o finterest - the incentive to provide a client by the solicitors may not necessary act in the best interests of the client, which is a practice under the PRPG
- Fair business practice - PRPG promotes fair business practices and introduction fees may create some sort of unfair advantage expecially if not openly disclosed.

Employer Obligations

Jem's Employment income

Voluntary payrollngis hwen an employee's benefits are included in their taxable income and taxed through payroll. The ebenfits provided by Sandpiper to Jem is elgible for voluntary payrollng.

Net taxable earnings

Salary		67,000	
Taxable benefits:			
Removal costs		1,000	
House (W1)		25,938	
House bills		6,200	
Total		100,138	

w1 - house

Over 6 years so MV used

$$650,000 - 75,000 \times 2.25\% = 12,938 + \text{Annual Value (13,000)} = 25,938$$

Sandpiper Ltd

They can verify whether the subcontractor is registered through HMRC's 'Check Employment Status for TAX' TO ASSIST WITH THIS. They will need to be certian that the subcontarctor is no regarded asn amemployee under the employed v self employed rules.

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-----ANSWER-15-ABOVE-----  
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-----ANSWER-16-BELOW-----  
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Answer-to-Question- 16

MO

Salary	fully Taxable	2,500	
Satutory redunacy	30k exemption	(1,800)	
EX Gratia	30k exemption	27,000	
PENP (32,000 -2,500 x 2)	fully Taxable	5,000	

The design equipmet will also not be taxable as it was given during redundancy and so will be regarded as a gift.

Janina

Tax year 22/23 - Basis period = 1 October 2022 to 5 April 2023

Standard part = 90,000

Profit of transition part

Deemed employee

Janina would have made the decision that Janina was a demeed employee of Alty UNI. This was documented by the feat that she received her salary in dividends (after PAYE and NICs). The servcie is not provided under a a contract between Janina and Skilzup btu instead provided under arrangements involving ALTy Uni.

She must report the engagemtn with Alty Uni as employment and employer in the employment pages of the return. The otal of the deemed direct payemtns whcih as been subject to income tax and NICs will also need to be shown as employment income.

Company

Comapnies havbe limited liabilty which means Janina's persoanl assets will be shileded

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from teh business debts were ti to fold up. The bank may still require presonal guarantess in case like Jnaina where she has nonly recently incorporated the business and so it may still be viewed as high risk to the bank. They may want additional assurance that they will ge their money back in case of defaults and so will try to mitigate that risk where possible.

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-----ANSWER-16-ABOVE-----  
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-----ANSWER-17-BELOW-----  
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Answer-to-Question- 17

List price      40,000  
Less: CC        (8,000)  
Revised List price   32,000

Benefit = 5% x 32,000 = 1600 benefit

Miles

20,000 x 0.5 = 10,000

10,000 x 0.45 = (4500)

10,000 x 0.25 = (2500)

= 3,000

Class 1a= 13.8% x 1600 = 220.80

13.8% X 3,000 = 414

SIP

The operations director's suggestion to exclude weekend only workers is not allowable as SIPs must be offered to all employees (including part time).

HR director's suggestion is fine as those under 18 months can be excluded from the ALL employee conditions.

The managing director's suggestion for the 5 year limit is also allowable as there is nothing against time restrictions for SIP rules

The finance director's suggestion may not be allowable if there is a lot of difference between the locations as the offer must be made on similar terms.

Dates

They can make amendment up to 9 months from the date of receipt - 31 March 2025

The return was filed late, so 12 months from the next quarter day following filing - 31

July 2025