
TAXATION

REVISION SEMINAR 2 - SOLUTIONS



Section 4: CASE I/II TAXABLE PROFITS

Autumn 2009 Taxation 1 (ROI) Q3 – As per class solution

Autumn 2008 Taxation 1 (ROI) Q4 – As per class solution

Summer 2007 Taxation 1 (ROI) Q1 – As per class solution

Section 5: VALUE ADDED TAX

Summer 2009 Taxation 1 (ROI) Q5 – As per class solution

Autumn 2009 Taxation 1 (ROI) Q1 (a) – As per class discussion and/or see solution per past exam paper

Autumn 2008 Taxation 1 (ROI) Q2 – As per class discussion and/or see solution per past exam paper

Summer 2009 Taxation 1 (ROI) Q6 (a)

Criteria for Registration

- Supply of services – obliged to register if annual turnover > €37,500
- Supply of goods – obliged to register if annual turnover > €75,000

- Turnover first 6 months = €4,000 x 6 mths = €24,000
- Annualised turnover first 12 mths - €48,000 – therefore below threshold limits for **supply of goods** (CD's and computer games)
- Not obliged to register for VAT
- Review position after 6 mths. If turnover increases, may be obliged to register
- Revenue will not approach him to register. VAT = self-assessment tax and obligation to register rests with Jimmy
- Even though not obliged to do so, Jimmy could elect to register for VAT and it may be worth doing so if input credits are likely to be substantial
- If he elects to register for VAT, he may claim input credit on set-up, fit-out and stock costs

Consequences of VAT registration

- Must charge VAT on sales at the appropriate rate
- Must maintain VAT records
- Must submit VAT returns to Revenue
- May be the subject of a Revenue VAT audit/inspection

Summer 2006 Taxation 1 (ROI) Q5 – As per class solution

Summer 2004 Taxation 1 (ROI) Q6 (2)	A $567/1.215 \times 21.5\%$
Summer 2004 Taxation 1 (ROI) Q6 (9)	C
Summer 2004 Taxation 1 (ROI) Q6 (10)	B
Autumn 2005 Taxation 1 (ROI) Q6 (2)	D
Summer 2005 Taxation 1 (ROI) Q6 (1)	B (substitute 21.5% for 21%)
Summer 2005 Taxation 1 (ROI) Q6 (2)	A
Summer 2005 Taxation 1 (ROI) Q6 (3)	D
Autumn 2006 Taxation 1 (ROI) Q6 (7)	C $(228,690 + 43,560)/1.215 \times 21.5\%$
Autumn 2006 Taxation 1 (ROI) Q6 (8)	C – when debt is recognised
Autumn 2006 Taxation 1 (ROI) Q6 (9)	A
Autumn 2007 Taxation 1 (ROI) Q6 (7)	B $(460,000 + 26,200)/1.215 \times 21.5\%$
Autumn 2007 Taxation 1 (ROI) Q6 (7)	A
Summer 2007 Taxation 1 (ROI) Q6 (9)	B
Summer 2007 Taxation 1 (ROI) Q6 (10)	A
Autumn 2009 Taxation 1 (ROI) Q5 (7)	C $35,752/1.135$
Autumn 2009 Taxation 1 (ROI) Q5 (8)	D
Autumn 2009 Taxation 1 (ROI) Q5 (10)	A
Summer 2009 Taxation 1 (ROI) Q4 (7)	B $1,633/1.215 \times 21.5\%$
Summer 2009 Taxation 1 (ROI) Q4 (8)	C

Section 6: THE PAYE SYSTEM

Summer 2005 Taxation 1 (ROI) Q5 (c)

- Completed by employer for all employees in employment on last day of the calendar tax year
- Shows gross taxable pay earned
- Shows PAYE tax deducted at source
- Shows employee and total (employee + employer) PRSI deducted
- Shows number of weeks worked and PRSI contribution class
- Used for completion of tax returns, as proof of earnings and in support of earnings for mortgage applications

Autumn 2005 Taxation 1 (ROI) Q5 (c)

- Given by employer to employee on cessation of employment
- Records income earned to date of cessation of employment
- Records tax paid to date of cessation of employment
- Records tax credits and standard rate cut-off utilised to date of cessation of employment
- Used to make welfare claims
- Handed to new employer to facilitate employer request for standard rate cut-off certificate from Revenue

Summer 2004 Taxation 1 (ROI) Q5 (b)

(i)

- Must register for PAYE/PRSI above basic threshold limits
- Must deduct PAYE/PRSI from employees earnings and pay to Revenue
- Must obtain standard rate cut-off certificate in respect of all employees

(ii)

- 14th of month following the month in which taxes are deducted

(iii)

- P35/P35L – statement and payment declaration of all taxes deducted in respect of all employees in the calendar tax year
- Submit returns and pay any balance of tax due on or before 15th of February following the calendar tax year to which related

Autumn 2003 Taxation 1 (ROI) Q4 (b)

- Complete and submit forms P35/P35L to Revenue
- Pay any balance of tax due
- Complete and provide employees with P60
- Obtain standard rate cut-off certificates for all employees for the next calendar tax year
- Retain records for 6 years following the year to which they relate

Summer 2009 Taxation 1 (ROI) Q4 (10)	C
Autumn 2007 Taxation 1 (ROI) Q6 (4)	D
Autumn 2006 Taxation 1 (ROI) Q6 (6)	A
Summer 2006 Taxation 1 (ROI) Q6 (9)	D
Summer 2004 Taxation 1 (ROI) Q6 (3)	C (17.600/52 wks = €388 per week – Class SO)
Summer 2004 Taxation 1 (ROI) Q6 (7)	C
Summer 2003 Taxation 1 (ROI) Q6 (1)	B
Summer 2009 Taxation 1 (ROI) Q4 (3)	D
Autumn 2006 Taxation 1 (ROI) Q7 (5)	A (Class A1 applies)
Autumn 2006 Taxation 1 (ROI) Q7 (6)	C (Temporary basis applies – week1/month1)

Summer 2007 Taxation 1 (ROI) Q6 (5)

A (Class SO applies)

Summer 2007 Taxation 1 (ROI) Q6 (6)

D (No PPS / No Cut-off cert, taxed at 41% with no tax credits)