

Practice & Revision kit – FA20

03/2021

Q83 Rosie and Sam p33 (Q) and p203 (A)

Please make the following changes to the multiple-choice answers in the question:

- (a) £74,000
- (b) £38,000
- (c) £114,000
- (d) £78,000

Please make the following changes to the answer:

£38,000

Rosie was a member of a pension scheme for 2019/20, so the annual allowance for that year is available and does not need to be tapered as her adjusted income was below the threshold. The annual allowance is not available for carry forward from 2017/18 because she was not a member of a pension scheme. Her adjusted income for 2020/21 is greater than £312,000 so her annual allowance is tapered to £4,000. She has unused allowances of £(40,000 – 36,000) = £4,000 from 2018/19, and $£(40,000 - 10,000) = £30,000$ from 2019/20, so the available annual allowances for 2020/21 are therefore $£(4,000(2020/21) + 4,000 + 30,000) = £38,000$. The answer £74,000 does not restrict the 2020/21 annual allowance to the minimum amount. The answer £114,000 gives full allowances for the current year plus three years brought forward, after accounting for the contribution in 2018/19 and 2019/20. The answer £78,000 includes the £40,000 annual allowance for 2017/18 that would have been available if Rosie had been a pension scheme member in that year.

Q105 Joe p218

Please make the following changes to note 1 in the answer:

Notes

1 The bonus of £12,000 will have been treated as being received during 2019/20 as Joe became entitled to it during that tax year.

Q118 Tonie p251

Please remove the following statement from the examiner's comments in the answer:

The fact that the property income deduction for mortgage interest was restricted to 50% was often overlooked.

Q122 James p70 and p254

The heading of the second column in the question and the answer should be changed to read 2019/20

Q207 Dembe p284

Please change the answer to requirement (b) as follows:

	£	£
Disposal made by Dembe 67,000 at 28%		18,760
Disposal made by Kato 16,350 (37,500 – 21,150) at 18%	2,943	
36,650 (65,000 – 12,300 – 16,350) at 28%	<u>10,178</u>	
		<u>(13,121)</u>
Capital gains tax (CGT) saving		<u>5,639</u>
Additional legal fees		<u>(2,000)</u>
Overall saving		<u><u>3,639</u></u>

Mock exam 2 (Specimen exam) Section A Q6 p416

Please change the correct answer to £825 as shown in the debrief.

Mock exam 2 (Specimen exam) Section C 32 p426

Please change the tutorial note within working 2 of section (a) as follows:

Simon's trading income for 2020/21 is for the period 1 January 2021 to 5 April 2021 as this is his first year of trading and the actual basis applies.