

## Workbook – FA20

08/2021

### Chapter 2 Summary p39

Please amend the dividend rates under Computing tax payable/Tax rates as follows:

DI – Tax @ 0% if in the dividend nil rate band (£2,000) then 7.5%, 32.5%, 38.1%

### Chapter 3 Section 5.3 p54

Please make the following changes to the third paragraph:

A temporary workplace is deemed to be permanent if the employee:

- (a) Spends at least 40% of their working time at the workplace; ~~or~~ and
- (b) The period they expect to work at the workplace exceeds 24 months.

### Chapter 4, Section 8, p75

Please add the following section before section 8.4.

#### Payment under the PAYE system

**Under PAYE, income tax and national insurance is normally paid over to HMRC monthly, 17 days after the end of the tax month (if paid electronically) or 14 days after the end of the tax month (if paid by cheque).** Large employers (with 250 or more employees) must make electronic payments. A tax month runs from 6th of one calendar month to the 5th of the following calendar month. For example, for the tax month from 6 June 2020 to 5 July 2020, payment must be made by 22 July 2020 (electronically) or 19 July 2020 (cheque).

**If an employer's average monthly payments under the PAYE system are less than £1,500, the employer may choose to pay quarterly, within 17 or 14 days (depending on the method of payment) of the end of each tax quarter.** Tax quarters end on 5 July, 5 October, 5 January and 5 April. Payments can continue to be made quarterly during a tax year even if the monthly average reaches or exceeds £1,500, but a new estimate must be made and a new decision taken to pay quarterly at the start of each tax year.

### Chapter 11 Section 2.5 p211

Please add the following line to the end of the debrief of Illustration 2:

Overlap profits 1.1.21 – 5.4.21 =  $3/12 \times £22,500 = £5,625$

### Chapter 14 Section 1.3 p263

Please add the following section after section 1.3.

#### 1.4 Chattels and capital allowances

The capital gains tax CGT rules are modified for assets eligible for capital allowances.

The wasting chattels exemption does not apply to chattels on which capital allowances have been claimed or could have been claimed. The chattels rules based on £6,000 do apply.

**Where a chattel on which capital allowances have been obtained is sold at a loss, the allowable cost for chargeable gains purposes is reduced by the lower of the loss and the net amount of allowances given (taking into account any balancing allowances or charges). The result is no gain and no loss.** This is because relief for the loss has already been given through the capital allowances computation.

**If the chattel is sold at a gain the cost is not adjusted for capital allowances.** This is because the capital allowances will have been clawed back through the balancing charge.

### **Chapter 22 Section 3.1 p423**

Please amend the key term as follows:

A chargeable gains group consists of the top company plus companies in which the top company has **an effective interest of over 50%**, provided there is a 75% holding at each level.

Please amend the subsequent text as follows:

Sub-subsidiaries are included if the ultimate parent company's effective interest is **over 50%**. The definition of a chargeable gains group is wider than that of a 75% group as only an effective interest **over 50%** is needed compared to a 75% interest. However, a company can only be in one chargeable gains group although it may be a member of more than one 75% group.