



Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

II B.Com PA[2016 - 2019]

Semester : III

Core: TAXATION – 318C

Multiple Choice Questions.

1. Which of the following is the aim of taxation to discourage

- A. Savings
- B. Donation to Charity
- C. Motoring
- D. Investment in Plant & Machinery

ANSWER: C

2. Taxation is _____ where the cost of collection of taxes is relatively lower as compared to the taxes

- A. Effective
- B. Economic
- C. Electric
- D. Efficient

ANSWER: D

3. A tax collected in the form of TV license fees of GBP 50 per year is an example of _____ tax

- A. Flat
- B. Progressive
- C. Regressive
- D. Road

ANSWER: C

4. _____ is not a tax imposed in UK.

- A. Sales tax
- B. Capital gains tax
- C. Income tax
- D. Corporation tax

ANSWER: A

5. _____ is an example of indirect tax.

- A. Income tax
- B. Corporation tax
- C. National insurance
- D. Value added tax

ANSWER: D

6. _____ is an example of capital tax.

- A. Inheritance tax
- B. Corporation tax
- C. Income tax
- D. National insurance

ANSWER: A

7. The administrative function of collection of tax is undertaken by _____.

- A. Revenue and Customs Prosecution Office
- B. Receivables management officers
- C. HMRC accounts office
- D. HMRC

ANSWER: D

8. The complex cases are heard by _____.

- A. First Tier tribunal
- B. Second Tier Tribunal
- C. Upper tribunal
- D. Appeal Tribunal

ANSWER: C

9. HMRC issues _____ setting out how they intend to apply the law.

- A. Acts of parliament
- B. Statements of practice
- C. Explanatory leaflets
- D. Revenue and customs brief

ANSWER: B

10. _____ are on particular types of business.

- A. Statements of practice
- B. Business economic notes
- C. Internal guidance
- D. Working together

ANSWER: B

11. An agreement between UK government and USA government regarding taxation of individual resident in UK and earning from USA is called _____.

- A. Double income treaty
- B. Double taxation relief
- C. Double taxation treaty
- D. Double taxation ACT

ANSWER: C

12. Two types of pension are Personal Pension and _____ Pension.

- A. Job
- B. Work
- C. Occupational
- D. Professional

ANSWER: C

13. _____ is also known as Money Purchase Scheme.

- A. Personal Pension

- B. Occupational Pension
- C. Defined Benefit
- D. Defined Contribution

ANSWER: D

14. An individual can contribute in _____ pension scheme(s) subject to certain limits.

- A. More than one
- B. Only One
- C. Less than one
- D. None of the above

ANSWER: A

15. Tax relievable pension contributions can be made by a person under the age of:

- A. 55
- B. 65
- C. 75
- D. 85

ANSWER: C

16. The minimum amount of pension contributions that can be made by anyone (less than 75) is:

- A. 1,000
- B. 2,500
- C. 3,600
- D. 10,000

ANSWER: C

17. Relevant earnings, in respect of an individual for pension contributions, is broadly:

- A. Employment Income, Trading Income and Furnished Holiday Lettings
- B. Employment Income, Trading Income and Rental Income
- C. Employment Income, Trading Income and Patent & Royalties
- D. Employment Income, Trading Income and Dividends

ANSWER: A

18. Romeo earned 10,000 from his employment, 5,000 from self-employment, 2,000 gross from dividends and 3,000 net from Building Society Interest. The maximum contribution that attracts tax relief is:

- A. 3,600
- B. 10,000
- C. 15,000
- D. 20,000

ANSWER: C

19. If a person with relevant earnings of 15,000 pays 10,000 to an HMRC approved pension scheme (personal); his pension fund will increase by:

- A. 3,600
- B. 10,000
- C. 12,500
- D. 15,000

ANSWER: C

20. Annual allowance (maximum amount that can be contributed each year) for 2011/12 is:

- A. 25,000

- B. 50,000
- C. 75,000
- D. 80,000

ANSWER: B

21. George contributed 30,000, 40,000, 50,000 and 60,000 gross personal pension contributions in the tax years 2007/08, 2008/09, 2009/10 and 2010/11. What is the maximum contribution the person can make in 2011/12 attracting tax relief?

- A. 40,000
- B. 50,000
- C. 60,000
- D. 70,000

ANSWER: C

22. Trow made 5,000 contributions in excess of the annual allowance who is additional rate taxpayer. The treatment of the excess of contribution over the annual allowance is:

- A. 5,000 will be considered as non-savings income and he will pay tax on the same
- B. There will be no additional tax payable
- C. £5,000 will be reduced from the non-savings income
- D. 5,000 will be deducted from the annual allowance of next year

ANSWER: A

23. Pension fund can be utilized when a person reaches the age of:

- A. 45
- B. 55
- C. 65
- D. 75

ANSWER: B

24. Lifetime allowance for 2011/12 is:

- A. 1,000,000
- B. 1,400,000
- C. 1,800,000
- D. 2,200,000

ANSWER: C

25. If the pension fund exceeds annual allowance at the time benefit is started (vested), the excess over £1,800,000 will give rise to:

- A. Excess being penalized at 10%
- B. 55% taxed if excess value withdrawn
- C. 25% taxed if excess value withdrawn
- D. All taxed at 10%

ANSWER: B

26. Which of the following is not a plant and is considered as building?

- A. Walls, floors, ceilings, doors, gates, shutters, windows and stairs
- B. Mains services and systems of water, electricity and gas
- C. Waste disposal, sewerage and drainage systems
- D. Sound insulation provided mainly to meet the particular requirements of the trade

ANSWER: D

27. Which of the following does not qualify as plant?

- A. Computer software
- B. Service agreement for maintenance
- C. Internet browser
- D. Soft data

ANSWER: B

28. Capital allowance is available at 20% on general pool on:

- A. Reducing Balance Method
- B. Straight Line Method
- C. Machine Hours Method
- D. Any method acceptable in GAAP

ANSWER: A

29. Annual Investment Allowance (AIA) is available to all business of _____.

- A. 50,000
- B. 100,000
- C. 110,000
- D. 1,000,000

ANSWER: B

30. Alpha purchased Plant for 120,000. All is subject to AIA. What is the total of Capital Allowances that can be claimed during the year?

- A. 4,000
- B. 24,000
- C. 100,000
- D. 104,000

ANSWER: D

31. If the period of account is 13 months, the AIA will be:

- A. 100,000
- B. 105,000
- C. 108,333
- D. 110,000

ANSWER: C

32. First Year Allowance (FYA) is available on cars below the CO2 emission of _____ g/km or less.

- A. 160
- B. 120
- C. 110
- D. 60

ANSWER: C

33. Writing Down Allowance (WDA) on items in the main pool is calculated as:

- A. No WDA in the year of acquisition of disposal
- B. Full WDA in the year of acquisition and disposal
- C. No WDA in the year of acquisition and full WDA in the year of disposal
- D. Full WDA in the year of acquisition and no WDA in the year of disposal

ANSWER: D

34. For short & Long period of accounts, the WDA is:

- A. Adjusted according to the number of months
- B. Not adjusted and is always calculated for 12 months
- C. None of the above
- D. Both

ANSWER: A

35. FYA is adjusted for short or long period of account?

- A. True
- B. False
- C. None of the above
- D.

ANSWER: B

36. Balancing charge arises when at the time of cessation of trade there is ____ balance in the main pool despite all assets being disposed off.

- A. Positive
- B. Nil
- C. Negative
- D. None

ANSWER: C

37. Balancing allowance arises when at the time of cessation of trade there is ____ balance in the main pool despite all assets being disposed off.

- A. Positive
- B. Nil
- C. Negative
- D. None

ANSWER: A

38. In the year of cessation, the following can be claimed?

- A. AIA, FYA & WDA
- B. Only AIA
- C. FYA and WDA
- D. None of the above

ANSWER: D

39. Special Rate Pool attracts 10% WDA and hence are included in the special rate pool. These include:

- A. Thermal insulation, long-life assets, features integral to a building & cars with CO2 emission over 160g/km
- B. Heating, Electric & Water Systems, long-life assets, features integral to a building & cars with CO2 emission over 160g/km
- C. Thermal insulation, long-life assets, features integral to a building & cars with CO2 emission over 161g/km
- D. Thermal insulation, short-life assets, features integral to a building & cars with CO2 emission over 160g/km

ANSWER: A

40. AIA can be applied to the Special Rate Pool assets except for:

- A. Thermal insulation
- B. Long-life assets
- C. Features integral to a building

D. Cars with CO₂ emission over 160g/km

ANSWER: D

41. Long-life assets are the assets with useful life of ____ years or more.

- A. 15
- B. 20
- C. 25
- D. 30

ANSWER: C

42. Plants not treated as long-life assets are cars and:

- A. Plant & Machinery in dwelling houses, showrooms, hotels and offices
- B. Plant & Machinery in dwelling houses, retail shops, hotels and offices
- C. Plant & Machinery in dwelling houses, retail shops, showrooms and hotels
- D. Plant & Machinery in dwelling houses, retail shops, showrooms, hotels and offices

ANSWER: D

43. Features integral to building includes:

- A. Electrical & lighting systems, cold water systems and space/ water heating systems
- B. Powered system of ventilation, cooling or air conditioning, lifts and escalators
- C. Both the above
- D. None of the above

ANSWER: C

44. Capital allowances for assets with private use is dealt:

- A. By keeping in a single asset pool
- B. By keeping them in special rate pool
- C. By charging 5% WDA
- D. By reducing the value of such assets in proportion to private use

ANSWER: A

45. A car was purchased on 1.1.2008 with no private use. The maximum WDA that can be claimed is:

- A. 20% of the cost of the car
- B. 20% of the value of the car
- C. 3,000
- D. 1,500

ANSWER: C

46. For cars purchased after 5 April 2009 with CO₂ emission of ____g/km or less, FYA of 100% can be claimed.

- A. 76
- B. 110
- C. 160
- D. 170

ANSWER: B

47. If a trader purchases an asset that is intended to be sold within ____ years of the end of the accounting period when it was acquired, the asset can be kept in single asset pool.

- A. 4
- B. 6
- C. 8

D. 10

ANSWER: C

48. In the income tax computation, property income is classified as _____.

- A. Savings Income
- B. Non-savings Income
- C. Property Income
- D. Dividend Income

ANSWER: B

49. Wear & Tear allowance can be claimed in respect of the property which is _____.

- A. Let Furnished
- B. Let Unfurnished
- C. Let for holiday makers
- D. Let for entire year

ANSWER: A

50. Which of the following is correct in respect of Capital Allowance & Wear and Tear Allowance?

- A. Only one can be claimed for the accommodation let furnished
- B. Both can be claimed in respect of property let unfurnished
- C. Only one can be claimed for the accommodation let unfurnished
- D. Both can be claimed in respect of property let furnished

ANSWER: C

51. Alpha rents out 3 furnished properties during tax year 2011/12. He received rent at 500 per month from property A in advance for July 2011-June 2012. Rent per month for the previous year was 10% less. For property B, rent is paid monthly in advance. The rent is 600 per month. Rent was 10% less till 30 June 2011. Property C earns the rent quarterly in advance of 700 per month. Quarters start in January, April, July & September. The rent was 10% less up to 30 September 2011. Water rates of 250 and council tax of 450 are paid on 1/2/2012 in respect of property A which cover calendar year of 2012. 20% less amount was paid for both, last year, on 1/2/2011. In respect of property B, Water Rates and Council Tax of 300 and 150 were paid for calendar year 2012 on 1/3/2012. The same were paid 15% less for calendar years 2011 on 1/3/2011. In respect of property C, Water Rates and Council Tax of 400 and 200 respectively on 1/1/2012 for the calendar year 2012. The same amount was paid for calendar year 2011 on 1/1/2011. The rental income from property A for the tax year 2011/12 is:

- A. 6,000
- B. 5,850
- C. 5,300
- D. 4,730

ANSWER: D

52. Romeo lets out the property furnished on 1 July 2011. He received quarterly rent of 3,000 for each quarter starting January, April, July and September in arrears. Council Tax of 900 and Water charges of 420 were paid by him on 1 October 2011 for the tax year 2011/12. Previous tenant left on 30 June 2011 and did not pay the rent for the last quarter which was 2,800. The taxable rental income is

- A. 11,800
- B. 9,000
- C. 8,448
- D. 6,912

ANSWER: C

53. In relation to Furnished Holiday lettings, furniture can attract:

- A. Only Wear & Tear allowance
- B. Only Capital Allowance
- C. Both allowances
- D. None of the above

ANSWER: B

54. Income from Furnished Holiday Lettings

- A. Qualifies as relevant earnings for the purpose of pension relief
- B. Does not qualify as relevant earnings for the purpose of pension relief
- C. Can either qualify subject to the taxpayer opting for that
- D. None of the above

ANSWER: A

55. In order to qualify for Furnished Holiday lettings, the accommodation is available for letting for at least _____ days during the tax year.

- A. 140
- B. 250
- C. 149
- D. 225

ANSWER: A

56. In order to qualify for Furnished Holiday lettings, the accommodation must actually be let to members of the public for at least _____ days during the tax year

- A. 70
- B. 58
- C. 54
- D. 68

ANSWER: A

57. Exempt amount for Rent A Room Relief is _____ (gross rent before expenses and capital allowances).

- A. 4250
- B. 3250
- C. 6520
- D. 4580

ANSWER: A

58. Alpha rents a property on Lease for 20 years receiving a premium of 20,000. In respect of the premium, his taxable property income will be

- A. 12400
- B. 400
- C. 500
- D. 6000

ANSWER: A

59. Excluded employees are lower paid employees and not _____ (with certain conditions).

- A. Executives
- B. Directors
- C. Officers
- D. Managers

ANSWER: B

60. Lower paid employees has annual earnings of less than _____.

- A. 8500
- B. 9500
- C. 9000
- D. 9200

ANSWER: A

61. The first ____ per working days of meal vouchers are exempt.

- A. 15p
- B. 105p
- C. 5p
- D. 25p

ANSWER: A

62. Race plc pays 20,000 gross salary to WHY and a living accommodation which has annual value of 10,000 a year and cost 200,000 when it was purchased new in 2 years ago. The total charge to WHY for the benefit of living accommodation is:

- A. 15000
- B. 5000
- C. 12500
- D. 14000

ANSWER: A

63. There is no taxable benefit in respect of job related accommodation provided it is necessary for the proper performance of the duties or for better performance of duties or accommodation is provided due to a _____ to the employees security.

- A. Risk
- B. Danger
- C. Security
- D. Threat

ANSWER: D

64. A person travelling abroad may claim private incidental expenses of not more than ____ for every night that he stays out of the UK

- A. 5
- B. 10
- C. 15
- D. 20

ANSWER: B

65. ARE was provided an electronic gadget for his personal use on 6/4/08 when its market value was 230. At the beginning of the tax year 2011/12, the market value was 60 and towards the end, it was valued at 70. The same was purchased by ARE when on 6/4/11 for 40 when its market value was 65. What will be the charge to his employment income in respect of this gadget?

- A. 52
- B. 65
- C. 72
- D. 65

ANSWER: A

66. Additional rate taxpayers are eligible for free childcare vouchers worth ____ per week.

- A. 22
- B. 32
- C. 44
- D. 55

ANSWER: A

67. Which of the following benefits is not exempt on all employees:

- A. First 9,000 of removal expenses
- B. Workplace parking
- C. Employer provided uniforms
- D. Cheap loans that do not exceed 5,000

ANSWER: A

68. GEE has with basic personal allowance of 7,475 will have a tax code of

- A. 7L
- B. 74L
- C. 747L
- D. 7477L

ANSWER: C

69. Alpha started trading on 1.10.2011 (YE 30.6). Alpha prepared first set of accounts for 9 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The basis period for the tax year 2011/12 is

- A. 1.10.11 - 30.9.12
- B. 1.10.11 - 30.6.13
- C. 1.10.11 - 30.9.12
- D. 1.10.11 - 5.4.12

ANSWER: D

70. Alpha started trading on 1.10.2011 (YE 30.6). Alpha prepared first set of accounts for 9 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The basis period for the 2nd tax year is

- A. 6.4.12 - 5.4.13
- B. 1.10.11 - 30.9.12
- C. 1.10.11 - 30.6.12
- D. 1.7.12 - 30.6.13

ANSWER: C

71. Alpha started trading on 1.10.2011 (YE 31.10). Alpha prepared first set of accounts for 13 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2011/12 is

- A. 40,000
- B. 16,223
- C. 18,461
- D. 21,538

ANSWER: C

72. Alpha started trading on 1.10.2011 (YE 31.10). Alpha prepared first set of accounts for 13 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit

for the tax year 2012/13 is

- A. 20,000
- B. 32,217
- C. 36,923
- D. 40000

ANSWER: C

73. Alpha started trading on 1.10.2011 (YE 31.10). Alpha prepared first set of accounts for 13 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2013/14 is

- A. 36,923
- B. 40,000
- C. 43,210
- D. 50,000

ANSWER: D

74. Alpha started trading on 1.10.2011 (YE 31.10). Alpha prepared first set of accounts for 13 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2014/15 is

- A. 40,000
- B. 45,000
- C. 50,000
- D. 60,000

ANSWER: D

75. Alpha started trading on 1.10.2011 (YE 31.10). Alpha prepared first set of accounts for 13 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2015/16 is

- A. 40,000
- B. 45,000
- C. 50,000
- D. 60,000

ANSWER: B

76. Alpha started trading on 1.10.2011 (YE 31.07). Alpha prepared first set of accounts for 10 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2011/12 is

- A. 24000
- B. 45000
- C. 48000
- D. 5000

ANSWER: A

77. Alpha started trading on 1.10.2011 (YE 31.07). Alpha prepared first set of accounts for 10 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2012/13 is:

- A. 40,000
- B. 42,578
- C. 45,000
- D. 48,333

ANSWER: D

78. Alpha started trading on 1.10.2011 (YE 31.07). Alpha prepared first set of accounts for 10 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2013/14 is

- A. 40000
- B. 45000
- C. 50000
- D. 60000

ANSWER: C

79. Alpha started trading on 1.10.2011 (YE 31.07). Alpha prepared first set of accounts for 10 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2014/15 is

- A. 40K
- B. 45K
- C. 50K
- D. 60K

ANSWER: D

80. Alpha started trading on 1.10.2011 (YE 31.07). Alpha prepared first set of accounts for 10 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2015/16 is

- A. 45K
- B. 55K
- C. 65K
- D. 70K

ANSWER: A

81. Alpha started trading on 1.1.2012 (YE 30.04). Alpha prepared first set of accounts for 16 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The taxable trading profit for the tax year 2012/13 is

- A. 8K
- B. 10K
- C. 20K
- D. 30K

ANSWER: D

82. Alpha prepares accounts to every 30 June. He prepared his last accounts on 30.6.2010 (Profits 54,000; Overlap Profits 6 months: 24,000). In 2011, he decided to change the accounting date to 31 October 2011 rather than 30 June 2011. His profits for the 18 months were 102,000. The profits taxed in 2011/12 are

- A. 86K
- B. 56K
- C. 24K
- D. 55K

ANSWER: A

83. For the month of March, B pays 1,234 to A. The amount was for the wages of A between 1-31 March but was calculated on 5 April and paid on 7 April. The wages are deemed to have been earned by A on

- A. 31 March
- B. 5 April
- C. 7 April

D. 15 April
ANSWER: A

84. A is a director in B Plc. B Ltd. Prepare its annual accounts to every 31 December. For the year ending 31 December 2011, A became entitled to 50,000 bonus when he met his pre-agreed targets on 30 November 2011. The company accounted for this bonus in the financial statements prepared for the year ended 31 December 2011 when they compiled their accounts on 31 January 2011. The amount was then paid on 15 April 2012. The date when it is deemed that A received the bonus is

- A. 30 November 2011
- B. 31 December 2011
- C. 31 January 2012
- D. 15 April 2012

ANSWER: A

85. A is a director in B Plc. B Ltd. Prepare its annual accounts to every 31 December. For the year ending 31 December 2011, A became entitled to 50,000 bonus when the accounts were finalized on 31 January 2012 and the performance was considered deserving the bonus on 31/1/12. The company accounted for this bonus in the financial statements prepared for the year ended 31 December 2011 when they compiled their accounts on 31 January 2011. The amount was then paid on 15 April 2012. The date when it is deemed that A received the bonus is

- A. 30 November 2011
- B. 31 December 2011
- C. 31 January 2012
- D. 15 April 2012

ANSWER: C

86. If A earns 10,000 from B during the year and his allowable deductions are 12,000, his net earnings would be

- A. 2000
- B. 5000
- C. 4500
- D. Nil

ANSWER: D

87. Jay is employed by Kay and his duty is to work at his clients. Kay tells Jay everyday where Jay must go for work. The actual travelling expenses of Jay during the tax year were 3,210. How much of the travelling expenses are deductible by Jay if his annual salary is 2,109

- A. Nil
- B. 2109
- C. 2500
- D. 4500

ANSWER: B

88. On 1 June 2007, Ell was told by his company to work in a town 60 miles of the city. He was told to work for 23 months. At the end of 22nd month, he was asked to work for 3 further months (26 months)

- A. He can claim the travelling expenditure for entire 26 months
- B. He can claim the travelling expenditure for the 24 months
- C. He can claim the travelling expenditure for initial 23 months
- D. He can claim the travelling expenditure for 22 months

ANSWER: D

89. Which of the following is not deductible

- A. Contributions to registered occupational pension schemes
- B. Subscription to professional bodies, if relevant to the duties of the employment
- C. Cost of improvement for home when the employee works from home
- D. Payment of certain liabilities relating to the employment

ANSWER: C

90. Emme travels 3,000 business miles in his private car using his own fuel during the tax years 2011/12 and is paid 35 pence per mile as travelling allowance. The effect on his employment income is that

- A. 1,050 will be added in his salary
- B. 1,200 will be deducted from his salary
- C. 300 will be added in his salary
- D. 300 will be deducted from his salary

ANSWER: D

91. Avo travels 13,000 business miles using his private car and fuel. His company pays him 35 pence per mile. The effect on his employment income is that

- A. 700 will be added in the employment income
- B. 700 will be deducted from his employment income
- C. 150 will be added in the employment income
- D. 150 will be deducted from his employment income

ANSWER: B

92. Zed earns Total Income (NSI) of 40,000. He is considering paying 1,000 through payroll deduction scheme or making a net gift aid donation of 900. The impact on his tax liability will be

- A. He will end up with the same tax payments
- B. He will pay more tax if he opts for Gift Aid Donation
- C. He will pay less tax if he opts for Payroll Deduction Scheme
- D. There is not enough information for determining the impact on his tax liability

ANSWER: B

93. Zed earns Total Income (NSI) of 40,000. He is considering paying 1,000 through payroll deduction scheme or making a net gift aid donation of 900. The impact on net disposable income will be

- A. He will end up with the same net disposable income
- B. He will have more disposable income if he opts for Gift Aid Donation
- C. He will have more disposable income if he opts for Payroll Deduction Scheme
- D. There is not enough information for determining the impact on his disposable income

ANSWER: C

94. Alpha is employed and earns annual salary of 12,000. During July 2011, he also received a bonus of 1,000. He is paid monthly. In respect of his earnings of July, the Class 1 Primary NIC will be

- A. 168
- B. 120
- C. 150
- D. 147

ANSWER: A

95. Alpha is employed and earns annual salary of 12,000. During July 2011, he also received a bonus of 1,000. In respect of his earnings of July, the Class 1 NIC secondary will be

- A. 120
- B. 200

C. 195

D. 201

ANSWER: C

96. Alpha is employed and earns annual salary of 54,000. During July 2011, he also received a bonus of 1,000. In respect of his earnings of July, the Class 1 Primary NIC will be

A. 353

B. 454

C. 545

D. 656

ANSWER: A

97. Alpha is employed and earns annual salary of 54,000. During July 2011, he also received a bonus of 1,000. He is paid monthly. In respect of his earnings of July, the Class 1 NIC secondary will be

A. 130

B. 678

C. 987

D. 654

ANSWER: B

98. Taxable benefits in respect of Alpha include living accommodation worth 3,400, car benefits worth 3,600 and private fuel benefits worth 8,600. The Class 1A NIC in this respect of these benefits is

A. 2153

B. 4567

C. 8542

D. 2000

ANSWER: A

99. Alpha is self-employed. His profits during 2011/12 were 13,000. Class 2 NIC for this year is:

A. 130

B. 2.15

C. 2456

D. 452

ANSWER: A

100. Alpha is self-employed. His profits during 2011/12 were 13,000. Class 4 NIC for this is:

A. 520

B. 450

C. 357

D. 859

ANSWER: A

101. Alpha is self-employed. His profits during 2011/12 were 53,000. Class 4 NIC for this is:

A. 3,173

B. 3,383

C. 4,770

D. 5125

ANSWER: B

102. Alpha rents a property on Lease for 20 years receiving a premium of 40,000. In respect of the premium, his taxable property income will be

- A. 7600
- B. 8153
- C. 2546
- D. 5758

ANSWER: A

103. Alpha granted lease to beta on 1.1.2001 for 45 years and received premium of 35,000. Beta granted sub-lease of the same property to Theta on 1.1.2012 for 15 years and received premium of 15,000. In respect of the premium received by Beta, his deemed income will be

- A. 7500
- B. 1666
- C. 3555
- D. 8456

ANSWER: A

104. What is the taxable benefit percentage if SEE is provided with a company petrol car for his private use with CO2 emission of 215gm/km?

- A. 33
- B. 25
- C. 45
- D. 52

ANSWER: A

105. What is the taxable benefit percentage if SEE is provided with a company diesel car for his private use with CO2 emission of 155gm/km?

- A. 24
- B. 52
- C. 45
- D. 65

ANSWER: A

106. What is the taxable benefit percentage if SEE is provided with a company petrol car for his private use with CO2 emission of 192gm/km?

- A. 28
- B. 45
- C. 52
- D. 68

ANSWER: A

107. Helmet is provided with a company diesel car with CO2 emission of 139gm/km as well as fuel for private use. What will be the charge for private fuel if the list price for the car is 30,000?

- A. 3760
- B. 6000
- C. 3500
- D. 4500

ANSWER: A

108. Van (3400kg weight; list price 20,000) is provided to BRUSH for private use and also the fuel is provided. The CO2 emission is 250 gm/km. The benefit for van and fuel will be

- A. 3500
- B. 4550

- C. 4500
 - D. 3300
- ANSWER: A

109. DEE had a loan outstanding at the beginning and end of tax year of 3,000. What will be the taxable benefit if this is an interest free loan?

- A. 200
 - B. 3000
 - C. 500
 - D. Nil
- ANSWER: D

110. EEE had a loan outstanding at the beginning of the tax year of 4,000. On 5th July 2011, he re-paid all. On 5th October, he borrowed 4,000 and on 5th January 2011, he borrowed further 10,000. If the loan was free of interest, the taxable benefit will be _____ if average method is used.

- A. 720
 - B. 250
 - C. 450
 - D. 800
- ANSWER: A

111. Alpha started trading on 1.10.2011 (YE 30.6). Alpha prepared first set of accounts for 9 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The basis period for the 3rd year is

- A. 6.4.12 - 5.4.13
 - B. 1.7.12 - 30.6.13
 - C. 1.7.13 - 30.4.14
 - D. 1.10.11 - 30.9.12
- ANSWER: B

112. Alpha started trading on 1.12.2011 (YE 31/5). Alpha prepared first set of accounts for 18 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. The basis period for the tax year 2011/12 will be

- A. 1.12.11 - 30.11.11
 - B. 1.12.12 - 5.4.13
 - C. 1.12.12 - 31.5.13
 - D. 1.12.11 - 5.4.12
- ANSWER: D

113. Alpha started trading on 1.12.2011 (YE 31/5). Alpha prepared first set of accounts for 18 months. His profits for first four accounts prepared are 40,000, 50,000, 60,000 and 45,000. Basis period for the 2nd tax year is

- A. 1.12.11 - 30.11.12
 - B. 1.12.11 - 31.5.12
 - C. 6.4.12 - 5.4.13
 - D. 6.4.12 - 31.5.13
- ANSWER: C

114. VAT is imposed

- A. Directly on consumer
- B. On final stage of production

- C. On first stage of production
- D. On all stages between production and final sale

ANSWER: D

115. Public Sector means

- A. Government ownership on commerce and trade
- B. Capitalist ownership on commerce and trade
- C. Private ownership on trade
- D. None of the above

ANSWER: A

116. UNDP has introduced a new poverty index known as

- A. Human Poverty Index
- B. Poorest among Poor Index
- C. Social Poverty Index
- D. Multi-dimensional Poverty Index

ANSWER: D

117. World Economic Situation and Prospects Report is associated with

- A. IMF
- B. World Bank
- C. United Nations
- D. WTO

ANSWER: C

118. Who among the following has been elected as Director General of WTO for the second term in continuation to be started from September 1, 2009 ?

- A. Pascal Lamy
- B. Gregory Starr
- C. Robert Zoellick
- D. Ban Ki-Moon

ANSWER: A

119. Which country has recorded the largest increase in its Ultra-High Net Worth Individual (HNIW) club among BRICS nations?

- A. India
- B. UK
- C. USA
- D. UAE

ANSWER: A

120. For an individual, tax payments must be made:

- A. 31/01
- B. 31/03
- C. 31/05
- D. 31/04

ANSWER: A

121. When are payments on account made?

- A. If less than 60% of last year's tax liability was deducted at source
- B. If less than 80% of last year's tax liability was deducted at source

- C. If less than 70% of last year's tax liability was deducted at source
- D. If less than 20% of last year's tax liability was deducted at source

ANSWER: B

122. For large companies that have to pay their corporation tax liability in 4 installments, when are these installments due?

- A. Months 7, 10, 13 and 16 following the start of the accounting period.
- B. Months 5, 6, 7 and 12 following the start of the accounting period.
- C. Both
- D. None of the above

ANSWER: A

123. In which situation will quarterly installments not be required to be paid for large companies?

- A. If the company was small in a previous CAP
- B. If the company was big in a previous CAP
- C. Both
- D. None of the above

ANSWER: A

124. Peter began trading as a sole trader on 1 January 2017 but did not register for VAT when he commenced to trade. He has made the following sales, all of which are standard rated: 2016 £ January 3,500 February 4,000 March 3,200 April 1,400 May 2,000 June 90,000 July 5,000 When would Peter become VAT registered?

- A. 1 June 2017
- B. 1 July 2017
- C. 1 August 2017
- D. 1 Jan 2017

ANSWER: A

125. Year ended 31st December. Sales were £120,000 (accrued evenly). When would we become VAT registered?

- A. 1st Jan
- B. 1st Oct
- C. 1st March
- D. 1st April

ANSWER: B

126. Sunil Ltd. registered for VAT on 31/01/2016. He has to file his VAT returns quarterly, and his first return will be filed on 01/04/2016. Sunil Ltd. also purchased an advertising service for the business on 31/5/2015 for 240 (vat inclusive). How will the input VAT for this purchase be treated?

- A. Cannot be claimed
- B. Can be claimed
- C. None
- D. A & B

ANSWER: A

127. Mina owns shares in a number of companies set out below 70% in A Ltd. 95% in B Ltd. B Ltd owns 60% in C Ltd and 100% in F Inc. (An overseas company) Which of the above companies can be in a VAT group?

- A. A Ltd.
- B. C Ltd.

- C. B. Ltd
- D. All the above

ANSWER: D

128. Mr. Bond has made standard rates sales of 240,000 (VAT inclusive) for the quarter ended 31/03/2016. He also had standard rated purchases of £180,000 (VAT inclusive) for the quarter ended 31/03/2016. What is Mr. Bonds VAT payable/recoverable for the quarter ended 31/03/2016?

- A. 10000
- B. 12000
- C. 11000
- D. 10500

ANSWER: A

129. Neil was not previously UK resident but bought a holiday home in the UK on 01/05/2015 and lived in it for 140 days in 2015/16. The remainder of the year he lived in his home in Barbados. Will Neil be considered UK resident and have to pay UK income tax on his worldwide earnings?

- A. Yes
- B. No
- C. Wrong Statement
- D. May not

ANSWER: B

130. Paul was not previously resident in the UK but spent 35 days in the UK during 2015/16. Will Paul be considered UK resident and have to pay UK income tax on his worldwide earnings?

- A. Paul is automatically resident in the UK
- B. Paul is automatically not resident in the UK
- C. Paul is automatically not resident in the USA
- D. None of this

ANSWER: B

131. Nirav has not previously been resident in the UK, being in the UK for less than 20 days each tax year. For the tax year 2015/16, he has three ties with the UK. What is the maximum number of days which Nirav could spend in the UK during the tax year 2015/16 without being treated as resident in the UK for that year?

- A. 90
- B. 85
- C. 120
- D. 180

ANSWER: A

132. Which of the statements below indicate that an individual is self-employed?

- A. He is not allowed to send in a substitute to do his work
- B. He is allowed to send in a substitute to do his work
- C. He is allowed to receive substitute to do his work
- D. none

ANSWER: B

133. Vasant works as a contractor in a construction firm. His employer provides the equipment that he needs to work. His employer also controls exactly what work he does and how it is done. He is not allowed to work for any other construction firm at the same time that he is working for his current employer. Do these 3 factors suggest employment or self-employment?

- A. Self Employment
- B. Profession
- C. Employment
- D. none

ANSWER: C

134. Betty has net income of 35,000 and no gross personal pension contributions. How much personal allowance will she be entitled to? What is her taxable income?

- A. 24000
- B. 20000
- C. 30000
- D. 32000

ANSWER: A

135. Martin is self-employed, and for the year ended 5 April 2016 his trading profit was 109,400. During the tax year 2016/17, Martin made a gift aid donation of 800 (gross) to a national charity. What amount of personal allowance will Martin be entitled to for the tax year 2016/17?

- A. 0
- B. 10600
- C. 5900
- D. 6700

ANSWER: D

136. Fiona is a sole trader. During the tax year 2016/17 she had taxable trading income of 105,000 and received dividend income of 1,500. Fiona made a gift aid donation of 2,000 (gross) during the tax year 2016/17. What amount of personal allowance is Fiona entitled to for the tax year 2016/17?

- A. 8425
- B. 7425
- C. 8750
- D. 9250

ANSWER: C

137. Genna and Wayne are a married couple. In the tax year 2016/17 Genna has a salary of 5,000 and Wayne has property income Of 40,000. They have made an election to transfer the fixed amount of personal allowance from Genna to Wayne. What is Waynes income tax amiability for the tax year 2016/17?

- A. 5580
- B. 1150
- C. 2800
- D. 11000

ANSWER: A

138. Kim is employed as a sales person by Sharp-Suit plc. She is a basic rate tax payer, and her husband is a stay at home dad with no taxable income. If they elect to use the marriage allowance, match the following impacts of it correctly.

- A. Kim will get a tax credit of 220
- B. Kim will get a tax credit of 1220
- C. Kim will get a tax credit of 2220
- D. Kim will get a tax credit of 3220

ANSWER: A

139. _____ taxes are only paid through an intermediary to the government.

- A. Direct
- B. Indirect
- C. Wealth
- D. VAT

ANSWER: B

140. Examples of direct revenue tax include

- A. Income tax
- B. Corporation tax
- C. National insurance contribution
- D. All the above

ANSWER: D

141. What are the main purpose of HMRC?

- A. To ensure that there is money to fund public spending
- B. To help families and individuals who need financial support
- C. A & B
- D. None

ANSWER: C

142. What is the name of the system under which individuals calculate tax payable for themselves?

- A. Self-assessment
- B. Assessment
- C. Statements of Practice
- D. None of the above

ANSWER: A

143. What are the main forms of HMRC guidance, which help to explain and interpret the law?

- A. Statements of Practice
- B. Extra statutory concessions and Internal HMRC Manuals
- C. HMRC website, leaflets and Briefs
- D. All the above

ANSWER: D

144. What is case law?

- A. Prepared in parliament
- B. Decisions made previously by the judges in court about taxation matters
- C. Approved by State government
- D. None of the above

ANSWER: B

145. Selling an item a month later than originally planned to reduce tax is an example of..

- A. Tax Evasion
- B. Tax Avoidance
- C. Both
- D. None of the above

ANSWER: B

146. Changing your expenses receipt from 100 to 700 is an example of...

- A. Tax Evasion
- B. Tax Avoidance

- C. Both
- D. None of the above

ANSWER: A

147. Moving your cash into an ISA to pay less tax is an example of...

- A. Tax Avoidance
- B. Tax Evasion
- C. Both
- D. None of the above

ANSWER: A

148. Under which system does an employer pay income tax and national insurance contributions for his employee?

- A. RTI
- B. PAYE
- C. VRS
- D. None

ANSWER: B

149. On what basis is a PAYE code assigned to an employee?

- A. The PAYE code is based on the tax free pay of the employee
- B. The PAYE code is based on the tax payable of the employee
- C. Both
- D. None of the above

ANSWER: A

150. Jo is provided with accommodation by her employer, which the employer purchased 35 years ago at a cost of 72,000. The property has an annual value of 2,600, and had a market value of 245,000 when first made available to Jo 8 years ago. Jo pays 250 per month to her employer to live in the property. The accommodation does not qualify as job-related. What is the assessable benefit for Jo in the tax year 2015/16?

- A. 0
- B. 100
- C. 500
- D. 550

ANSWER: A

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