

Assessment One

You should complete this assessment after reading chapters one and two of the C.I.I. textbook.

1. Explain the difference between a direct tax and an indirect one. Give an example of each. (7)
 2. What taxes have to be paid by individuals under self assessment? (4)
 3. An individual taxpayer receives her 2006/07 tax return. Explain the process which she needs to adopt in order to pay her income tax liability. (12)
 4. A self employed plumber has an accounting year end of April 5th. In the accounting year 2005/06, he generated a tax liability of £12,000. His previous year's income tax liability was £10,000. How much, and on what dates, must he pay his 2005/06 liability? (7)
 5. Explain the series of interest, surcharges and penalties which can be levied by HMRC. (12)
 6. What are an employer's responsibilities under PAYE? (10)
 7. When an employer pays HMRC the tax and national insurance liability he can make certain deductions. What are these deductions? (8)
 8. What PAYE documents must be completed by an employer at the end of the tax year? (12)
 9. List five payments included in the PAYE system. (5)
 10. Tom is a director of his employer. At a recent board meeting on 14th February, it was agreed that a bonus would be paid. It was ratified on 13th March and paid on April 12th 2006. Which tax year would Tom have been taxed on the bonus? (1)
 11. List the various types of income and the hierarchical way in which they are taxed. (5)
 12. Cilla starts a business on 1st of January 2006. Explain the special rules which apply to her in respect of the start up period. (6)
 13. How are annuities taxed? (8)
 14. What is the grossed up value of a dividend received of £90 and what additional tax is payable by a higher rate taxpayer? (4)
- Total (100)**

