Applied Skills

Taxation – Irish (TX – IRL)

Tuesday 4 June 2019

TX IRL ACCA

Time allowed: 3 hours 15 minutes

This question paper is divided into two sections:

Section A – ALL 15 questions are compulsory and MUST be attempted

Section B – ALL SIX questions are compulsory and MUST be attempted

Tax rates and allowances are on pages 2–6.

Do NOT open this question paper until instructed by the supervisor.

Do NOT record any of your answers on the question paper.
This question paper must not be removed from the examination hall.

TX – IRL

Think Ahead ACCA

The Association of Chartered Certified Accountants

SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need only be made to the nearest Euro.
2. All time apportionments should be made to the nearest month.
3. All workings should be shown in Section B.

TAX REFERENCE MATERIAL

The following rates, credits, formulae and allowances are based on the Finance Act 2017 and are to be used for all questions in this paper.

Income tax rates

	Tax €
Single/widow(er)/surviving civil partner without qualifying children	
€34,550 at 20%	6,910
Balance at 40%	
Married or in a civil partnership (one income)	
€43,550 at 20%	8,710
Balance at 40%	
Married or in a civil partnership (dual income)	
€43,550 at 20%	8,710
€25,550 at 20%	5,110
Balance at 40%	
Single/widow(er)/surviving civil partner qualifying for single person child carer credit	
€38,550 at 20%	7,710
Balance at 40%	

Tax credits

	€
Single person's credit	1,650
Married person's/civil partner's credit	3,300
Widowed person/surviving civil partner	
– in year of bereavement	3,300
– without dependent children	2,190
– with dependent children	1,650
Widowed person/surviving civil partner with dependent children	
– first year after bereavement	3,600
– second year after bereavement	3,150
– third year after bereavement	2,700
– fourth year after bereavement	2,250
– fifth year after bereavement	1,800
Home carer credit (maximum)	1,200
Single person child carer credit	1,650
Incapacitated child credit	3,300
Dependent relative credit	70
Age credit – single/widowed/surviving civil partner	245
– married or in a civil partnership	490
Employee/PAYE credit	1,650
Earned income tax credit	1,150

Third level tuition fees	Upper limit €7,000
Full-time qualifying courses	First €3,000 is ignored
Part-time qualifying courses	First €1,500 is ignored

Rates of PRSI
Self-employed – Class S

Rate	4%

Where income is above €5,000, the rate is 4% of reckonable earnings or €500 whichever is greater.

No PRSI where income is below €5,000 per annum

Rates of PRSI
Employee – Class A1

Rate	4%

Employee – Class K

Rate	4%

Rates of PRSI
Employer (for employees – Class A1)

Rate	10·85%

Universal social charge (USC) for all taxpayers

On the first €12,012	0·5%
On the next €7,360	2%
On the next €50,672	4·75%
On the balance	8%

For individuals, a surcharge of 3% applies in respect of relevant (non-PAYE) income that exceeds €100,000 per annum, regardless of age.

For individuals aged 70 and over, and individuals who hold a medical card regardless of age, if aggregate income for the year is €60,000 or less, the maximum rate is 2%.

Exemptions:
– Individuals whose income does not exceed €13,000 per annum
– All social welfare payments and income subject to DIRT

Retirement annuities

Age	**Percentage of net relevant earnings**
Up to 30 years	15%
30 years but less than 40 years	20%
40 years but less than 50 years	25%
50 years but less than 55 years	30%
55 years but less than 60 years	35%
60 years and over	40%

Cap on net relevant earnings of €115,000

Tax free amount of *ex gratia* payments

Basic exemption: €10,160 + (€765 x number of years of complete service).

Increased exemption: (€10,160 + (€765 x number of years of complete service)) + (€10,000 less the present value of a current/future entitlement to a pension lump sum).

Standard capital superannuation benefit (SCSB): (A x B/15) – C

Where: A = Annual average salary over the last three years of employment
B = Number of complete years of service in the employment
C = Any tax free lump sum received or receivable under an approved superannuation scheme.

Corporation tax

Standard rate	12·5%
Higher rate	25%

Value added tax (VAT)

Registration limits

Turnover from the supply of goods	€75,000
Turnover from the supply of services	€37,500

Rates

Standard rate	23%
Reduced rate	13·5%
Second reduced rate	9%

Capital gains tax (CGT)

Rate	33%
Annual exemption	€1,270
Entrepreneur relief:	
Rate for disposals on or after 1 January 2017	10%
Lifetime limit on gains	€1,000,000

Writing down and wear and tear allowances

Type of expenditure	Date incurred	Writing down and wear and tear allowance	Tax life (where relevant)
Plant and machinery	From 4 December 2002	12·5%	
Motor vehicles	From 4 December 2002	12·5%	
Industrial buildings	From 1 April 1992	4%	25 years
Farm buildings	From 27 January 1994	15% for six years and 10% in year seven	10 years
Hotels	From 27 January 1994 to 3 December 2002	15% for six years and 10% in year seven	7 years
	From 4 December 2002	4%	25 years
Nursing homes and private hospitals	From 3 December 1997 to 31 July 2006	15% for six years and 10% in year seven	10 years, if first in use by 1 February 2007
	From 1 August 2006	15% for six years and 10% in year seven	15 years, if first in use after 1 February 2007
Childcare facilities	From 2 December 1998 to 31 July 2006	15% for six years and 10% in year seven	10 years, if first in use by 1 February 2007
	From 1 August 2006	15% for six years and 10% in year seven	15 years, if first in use after 1 February 2007

Motor cars – limits on capital costs

Carbon emissions table:

Category A	Category B/C	Category D/E	Category F/G
0–120g/km	121–155g/km	156–190g/km	191g/km +

Category A/B/C vehicles – capital allowances/leasing charges are based on the specified amount of €24,000 regardless of the cost of the car.

Category D/E vehicles – capital allowances/leasing charges are based on 50% of either €24,000 or the cost of the car, whichever is lower.

Category F/G vehicles – do not qualify for capital allowances/leasing charges.

Benefits in kind
Motor cars

Business travel lower limit Kilometres	Business travel upper limit Kilometres	Percentage of original market value of car
0	24,000	30%
24,001	32,000	24%
32,001	40,000	18%
40,001	48,000	12%
48,001	Upwards	6%

Preferential loan rates

Loans used to fund the cost/repair of the employee's principal private residence	4%
All other loans	13·5%

Local property tax
Tax bands for valuation purposes

€	€
0–100,000	550,001–600,000
100,001–150,000	600,001–650,000
150,001–200,000	650,001–700,000
200,001–250,000	700,001–750,000
250,001–300,000	750,001–800,000
300,001–350,000	800,001–850,000
350,001–400,000	850,001–900,000
400,001–450,000	900,001–950,000
450,001–500,000	950,001–1,000,000
500,001–550,000	

Properties worth up to and including a value of €1 million will be assessed at a rate of 0·18%.

Properties worth more than €1 million will be assessed on their actual value at 0·18% on the first €1 million and at 0·25% of their actual value on the portion above €1 million.

Indexation factors for capital gains tax

Year expenditure incurred	Multipliers for disposals in the year ending 31 December 2004 *et seq*	Year expenditure incurred	Multipliers for disposals in the year ending 31 December 2004 *et seq*
1974-75	7.528	*1989-90*	1.503
1975-76	6.080	*1990-91*	1.442
1976-77	5.238	*1991-92*	1.406
1977-78	4.490	*1992-93*	1.356
1978-79	4.148	*1993-94*	1.331
1979-80	3.742	*1994-95*	1.309
1980-81	3.240	*1995-96*	1.277
1981-82	2.678	*1996-97*	1.251
1982-83	2.253	*1997-98*	1.232
1983-84	2.003	*1998-99*	1.212
1984-85	1.819	*1999-2000*	1.193
1985-86	1.713	*2000-2001*	1.144
1986-87	1.637	*2001*	1.087
1987-88	1.583	*2002*	1.049
1988-89	1.553	*2003 et seq*	1.000

Section A – ALL 15 questions are compulsory and MUST be attempted

Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question. Do not write out the answers to the MCQs on the lined pages of the answer booklet.
Each question is worth 2 marks.

1 Fabio, an Italian domiciled individual, was seconded to Ireland by his Italian employer for a three-year period in 2017. Fabio arrived in Ireland on 1 December 2017, and has remained in Ireland ever since, except for a two-week holiday in which he returned home to Italy to see his parents in 2018.

On which of the following sources of income will Fabio be taxed in Ireland in 2018?

A Irish source income only
B Irish source income plus all foreign income remitted to Ireland
C Irish source income plus foreign income remitted to Ireland, but foreign investment income can be ignored if less than €3,810
D Worldwide income

2 Justin and his wife, Fiona, are both directors in a construction company, CTS Ltd, and they each own 50% of the shares.

The company has just completed the construction of a new apartment complex in Dublin and Justin has purchased one of the apartments from CTS Ltd for the couple's personal use.

Justin paid €270,000 (the cost price), excluding VAT, for the apartment but its market value is €440,000, excluding VAT.

What is the VAT amount which must be charged by CTS Ltd on the supply of the apartment to Justin?

A €101,200
B €59,400
C €62,100
D €36,450

3 On 15 September 2018, TC Ltd, an Irish tax resident trading company, paid the following final dividends to its shareholders in respect of the year ended 30 June 2018:

Shareholder		€
IR Ltd	Irish tax resident	35,000
FR Ltd	French tax resident	15,000
Susan	Irish tax resident	2,000
Patrick	UK tax resident	1,500
Total dividend paid		53,500

The shareholders entitled to receive their dividends without the deduction of dividend withholding tax (DWT) have completed the necessary documentation.

What is TC Ltd's DWT liability in respect of the dividend payments?

A €3,300
B €400
C €7,400
D €10,700

4 Susan, a self-employed solicitor, has the following taxable income and allowable outgoings for 2018:

	€
Schedule D Case II income before capital allowances	180,000
Schedule D Case II capital allowances	25,600
Schedule D Case IV deposit interest gross	3,150
Schedule D Case V rental income (net of expenses)	12,000
Qualifying retirement annuity premiums paid	23,900

Susan is 31 years old and does not have a medical card.

What is Susan's universal social charge (USC) liability for 2018?

A €9,685
B €12,661
C €10,322
D €12,314

5 **Which of the following are considered to be progressive taxes?**

(1) Income tax
(2) Pay related social insurance (PRSI)
(3) Universal social charge (USC)
(4) Value added tax (VAT)

A 2 and 4
B 1, 3 and 4
C 1 and 3 only
D 1 and 2

6 **Which of the following companies are resident in Ireland for corporation tax purposes?**

(1) U Ltd, a company incorporated in Ireland, with its control and central management situated in the UK. U Ltd can avail of the treaty exemption
(2) V Ltd, a company incorporated in the UK, with its control and central management situated in Ireland
(3) W Ltd, a company incorporated in the UK, with its control and central management situated in the UK

A 1 and 3 only
B 1 and 2 only
C 2 only
D 1, 2 and 3

7 On 20 November 2018, George disposed of an investment property. The capital gains tax (CGT) arising on the disposal was €18,500.

What are the implications for George if he pays the CGT on the disposal on 15 January 2019 and files his CGT return on 31 October 2019?

A There are no implications for George
B George will have to pay a late filing surcharge, but no interest will be payable
C George will have to pay interest on the late payment of CGT, but no surcharge will be payable
D George will have to pay both a late filing surcharge and interest on the late payment of CGT

8 Michelle owns a restaurant and sells a meal which consists of:

	€
Food	180
Soft drinks	20
	200

All amounts are inclusive of value added tax (VAT).

What is Michelle's output VAT on the supply of the meal?

A €4
B €21
C €19
D €2

9 On 24 June 2018, Julie disposed of a cottage in Galway, Ireland for €180,000. Julie had inherited the property from her grandfather who died on 5 May 1971, when the property was worth €4,000. The market value of the property on 6 April 1974 was €6,000. Julie significantly enhanced the property in December 1998 when she added an extension at a cost of €25,000. Julie has always let the property since acquiring it and has never resided in the property herself.

What is Julie's capital gain in respect of the disposal of the cottage?

A €104,532
B €104,032
C €109,832
D €119,558

10 John and Miriam agreed to purchase a half acre site for €80,000 from James, a local farmer, subject to planning permission being obtained.

The transaction happened as follows:

20 January 2018	Conditional contracts were exchanged, and John and Miriam paid a deposit of €3,000
5 June 2018	Planning permission was granted
3 July 2018	John and Miriam paid the balance of €77,000
25 September 2018	Title deeds were transferred to John and Miriam by their solicitor

What is the date of disposal of James's site for capital gains tax purposes?

A 20 January 2018
B 5 June 2018
C 3 July 2018
D 25 September 2018

11 Barry, a self-employed carpenter, has the following plant and machinery which he uses in his business:

	€
Acquired – year ended 31 December 2008	4,000
Acquired – year ended 31 December 2015	16,000
Acquired – year ended 31 December 2018 (see Note)	12,000

Note: The plant and machinery acquired by Barry in 2018 was brought into use in his business on 5 January 2019.

What is the amount of wear and tear allowances which Barry is entitled to for 2018?

A €4,000
B €1,500
C €2,500
D €2,000

12 UT Ltd, an Irish tax resident trading company, has the following results for the year ended 31 December 2018:

	€
Schedule D Case I trading loss	(220,000)
Chargeable gain (adjusted for corporation tax purposes)	35,000
Schedule D Case V rental profits	120,000

What is UT Ltd's corporation tax liability for 2018, assuming the company claims the maximum available loss relief?

A €0
B €11,250
C €34,375
D €6,875

13 Horace purchased a second-hand residential property in June 2017. The property was originally built in 1995.

What is the valuation date for local property tax (LPT) in respect of Horace's property, for the tax year 2018?

A 1 May 2013
B 1 January 2018
C 21 March 2018
D 1 November 2017

14 Janice is a widowed mother with three children, all of whom are still in primary school. Her husband, Mark, died in 2016. Janice currently works in her local pharmacy earning a salary of €35,000 in 2018.

What is the amount of Janice's total non-refundable tax credits for 2018?

A €8,100
B €7,650
C €6,000
D €6,450

15 Grace disposed of an antique bookcase for €2,400 on 15 June 2018. She had purchased the bookcase on 5 March 2006 for €1,100. Grace has made no other capital disposals in 2018.

What is Grace's capital gains tax liability in respect of the above disposal?

A €792
B €10
C €429
D €0

(30 marks)

Section B – ALL SIX questions are compulsory and MUST be attempted

Please write your answers to all parts of these questions on the lined pages within the Candidate Answer booklet.

1 Sarah, a widowed Irish tax resident, is also domiciled in Ireland.

During 2018, she made the following disposals of capital assets:

(1) On 1 May 2018, Sarah sold a rental property in Dublin, Ireland, for €450,000. Solicitor's fees and auctioneer's fees, on the sale, amounted to €5,750 and €4,500 respectively. Sarah's deceased husband, Brian, had purchased the property on 15 June 1994 for €225,000. Solicitor's fees and stamp duty, on the purchase, amounted to €2,200 and €12,000 respectively. Sarah inherited the property from Brian on his death on 22 September 1999, when the property's market value was €285,000. Sarah incurred solicitor's fees amounting to €1,200 to transfer the property into her own name. In 2012 she converted the attic space into two additional bedrooms at a cost of €40,000.

(2) On 25 August 2018, Sarah sold 500 shares in HTY Plc (a company quoted on the Irish Stock Exchange) to her sister, Ursula, for €2,500. The total market value of the shares at that date was €3,600. Sarah had bought the 500 shares on 1 August 2018 for €3,250. Sarah also owns a separate 700 shares in HTY Plc which she bought on 5 April 2014 for €2,800.

(3) On 16 December 2018, Sarah sold government stock for €4,700. Sarah had acquired the stock on 5 February 2012 for €3,100.

Apart from these sales, Sarah made no other capital disposals in 2018.

Required:

(a) Compute Sarah's capital gains tax (CGT) liability for the tax year 2018. (8 marks)

(b) (i) State the date by which the CGT calculated in (a) is payable. (1 mark)

(ii) State the date by which Sarah must file her tax return for the tax year 2018. (1 mark)

(10 marks)

2 Phillipa, a sole trader, sells curtain and upholstery fabric from her shop in Dublin. Phillipa is value added tax (VAT) registered and accounts for VAT on a cash receipts basis.

Details of Phillipa's purchases and sales for the VAT period March/April 2018 are as follows (all amounts are inclusive of any applicable VAT unless otherwise stated):

	Notes	€
Sales	(1)	
Credit sales to VAT registered Irish customers	(2)	19,680
Cash sales to non-VAT registered Irish customers		86,100
Credit sales to VAT registered UK (EU) customers	(2)	3,000
Cash sales to non-VAT registered UK (EU) customers		5,535
Cash sales to USA non-business customers		600
Purchases		
Fabric purchases for resale from:		
(a) Irish suppliers		24,600
(b) French VAT registered (EU) suppliers (excluding VAT)		5,200
Light and heat		4,200
Insurance		3,400
New shelving units for the shop (excluding VAT)	(3)	3,500

Notes:

(1) All Phillipa's sales subject to Irish VAT are chargeable at the standard rate.

(2) Phillipa received the following amounts in respect of her credit sales during the VAT period March/April 2018:

Credit sales to VAT registered Irish customers	€18,598
Credit sales to VAT registered UK (EU) customers	€2,200

During April 2018, Phillipa received €3,936 in respect of credit sales made to Irish VAT registered customers in the VAT period January/February 2018.

(3) In April, a local carpenter supplied and fitted shelves for €3,500 excluding VAT. He had purchased the shelves for €2,100 excluding VAT.

Additional information:

Philippa took some fabric from the shop to reupholster an antique chair for her own home. The fabric cost €600 (including VAT) but would have been sold in the shop for €900 (excluding VAT).

Required:

Compute the value added tax (VAT) payable by/refundable to Phillipa for the VAT period March/April 2018.

Note: You should list all of the items referred to in the question indicating by the use of zero (0) any items which are exempt from VAT.

(10 marks)

3 Mark, a single Irish tax resident, aged 33, owns the following two investment properties:

Property 1

Mark purchased a residential property in Ireland in March 2017. Prior to letting the property, Mark spent €7,500 on fixtures and fittings, which qualified for capital allowances. Mark let the property on a 12-month lease on 1 April 2017 for €900 per month. When the lease expired on 31 March 2018, Mark secured new tenants who moved into the property on 1 May 2018, paying Mark €1,100 per month.

Mark incurred the following expenditure on the property during 2018:

	€
Mortgage interest (12 months ended 31 December 2018)	3,700
Insurance (12 months ended 31 December 2018)	1,000
Residential tenancies board (RTB) registration fee	90
Local property tax	675

Property 2

Mark purchased a factory building in Ireland for €450,000 on 1 May 2018. On 1 June 2018, Mark let the building on a 31-year lease to HIU Ltd for an annual rent of €27,600 and an initial lease premium of €50,000.

Mark incurred the following expenditure on the property during 2018:

	€
Mortgage interest (1 May 2018 to 31 December 2018)	13,600
Legal fees to create the lease agreement (incurred May 2018)	2,900
Insurance (12 months ended 30 April 2019)	1,950

Mark purchased the factory building from David (an unconnected individual), who acquired the building in 2007. The building's qualifying expenditure for industrial buildings allowance purposes at that time was €350,000. To date, David has claimed ten years industrial buildings allowance and the tax written down value of the building at the date of sale was €210,000.

Required:

(a) Compute Mark's assessable Schedule D Case V rental income (excluding any potential industrial buildings allowance) for the tax year 2018. (8 marks)

(b) In relation to Property 2:

(i) Calculate the balancing allowance/charge arising on David on the disposal of the factory building to Mark. (1 mark)

(ii) Calculate the annual industrial buildings allowance available to Mark on the factory building. (1 mark)

(10 marks)

4 Tic Ltd and Tac Ltd are both 100% subsidiaries of TT Holdings Ltd. All companies were incorporated in Ireland on 1 June 2011, are Irish tax resident, and have a 31 December accounting year end. Both Tic Ltd and Tac Ltd are trading companies; Tic Ltd operates a chain of successful pharmacies and Tac Ltd operates a chain of convenience stores.

On 15 July 2018, Tic Ltd sold one of its properties to an unconnected company for €670,000. Legal and professional fees on the sale amounted to €5,200. TT Holdings Ltd originally acquired the property on 3 March 2012 for €450,000 and the associated legal and professional fees on the purchase were €3,700. The stamp duty paid on the purchase was €27,000. TT Holdings Ltd transferred the property to Tic Ltd on 4 January 2013 when the market value of the property was €490,000.

Tic Ltd has not disposed of any other capital assets since incorporation. Tac Ltd has a capital loss brought forward from 2015 of €125,000.

Required:

(a) Define a 'qualifying group' for capital gains tax (CGT) purposes. (4 marks)

(b) Explain the consequences of being in a qualifying group for CGT purposes. (2 marks)

(c) Calculate Tic Ltd's capital gain on the disposal of the property in July 2018.

Note: Your calculation should clearly show whether Tic Ltd may make use of Tac Ltd's capital loss brought forward. (4 marks)

(10 marks)

5 Robert, aged 45 and single, is an Irish tax resident and domiciled individual. Robert has been self-employed for many years, operating an IT consultancy business. Having received a significant offer for his business in 2018, Robert decided to accept the offer and he ceased trading on 28 February 2018.

Robert's recent tax-adjusted trading profits are as follows:

	€
Period ended 28 February 2018	32,000
Year ended 30 September 2017	69,600
Year ended 30 September 2016	62,400

Having ceased trading, Robert accepted a role as a manager in an Irish incorporated IT company, IT Solutions Ltd. He commenced employment on 1 March 2018 and was paid a gross salary for the period 1 March to 31 December 2018 of €66,500, with €12,200 of PAYE deducted at source from this amount.

In addition to his salary, as part of Robert's remuneration package, Robert was given the use of a company car by IT Solutions Ltd from 1 March 2018. The car was purchased by IT Solutions Ltd during 2017 for a list price of €32,000 but its current market value is €28,000. From March 2018 to 31 December 2018, Robert travelled 31,000 kilometres, of which 22,000 kilometres were business related.

Robert also had the following other sources of income in 2018:

	€
Irish dividend income, net of dividend withholding tax (DWT)	3,200
UK dividend income	700
Irish rental income (Note)	12,000
Irish deposit interest, net of DIRT	504

Note: Robert inherited a small farm from his uncle in 2015. Robert let the land on a six-year lease commencing in 2016, to a neighbouring farmer.

Robert had the following outgoings during the tax year 2018:

	€
Medical expenses (all qualifying)	960
Investment in the employment and investment incentive scheme (EIIS)	20,000

Required:

(a) Calculate Robert's Schedule D Case II taxable trading profits for the tax years 2017 and 2018. (3 marks)

(b) Calculate Robert's income tax liability (excluding PRSI and USC) for the tax year 2018. (12 marks)

(15 marks)

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Question 6 begins on page 18.

6 Cool Ltd, an Irish resident and incorporated company, has been trading in the retail sector since incorporation in 2002. The company does not own any of its premises but leases a warehouse and several retail outlets in Ireland. Cool Ltd prepares its accounts to 30 September each year.

Cool Ltd's summarised results for the year ended 30 September 2018 are as follows:

	Notes	€	€
Gross profit			750,000
Other income			
Irish bank deposit interest (received gross)		3,600	
Dividend income	(1)	12,600	16,200
			766,200
Less **expenses**			
Salaries and wages		225,000	
Legal and professional fees	(2)	60,000	
Redundancy payments	(3)	87,000	
Insurance	(4)	57,200	
Subscriptions and donations	(5)	1,700	
Depreciation		39,800	
Motor lease charges	(6)	2,450	
Other expenses (all allowable)		78,600	
			(551,750)
Net profit			214,450

Notes:

(1) Dividend income

	€
Irish source dividend income	3,400
UK source dividend income (Note)	9,200
	12,600

Note: The UK source dividend income is derived from a 5% investment in a UK resident trading company.

(2) Legal and professional fees include:

	€
Legal fees – incurred on a customer lawsuit	15,000
Legal fees – incurred on a lease of a new warehouse	5,000
Trade debt collection fees	7,000

(3) Redundancy payments

	€
Statutory redundancy	67,000
Ex-gratia payments	20,000
	87,000

Due to the poor performance of one of Cool Ltd's retail outlets, management in the company decided to make some of the employees redundant.

(4) Insurance

	€
Public liability insurance	42,000
Keyman insurance (Note)	15,200
	57,200

Note: The keyman insurance policy is for David, a director and 50% shareholder in Cool Ltd.

(5) Subscriptions and donations

	€
Subscription to Retail Ireland (representative body for the retail industry in Ireland)	900
Donation to Concern (a registered charity)	200
Donation to local political party	600
	1,700

(6) Motor lease charges (lease interest)

	€
Company car for David	2,450

The retail price of David's car when first leased in June 2017 was €22,000. The car is a category B car for CO_2 emissions purposes. The total lease payments (interest and capital) amounted to €5,250 for the year ended 30 September 2018.

(7) Cool Ltd's Schedule D Case I capital allowances for year ended 30 September 2018 are €5,200.

(8) Cool Ltd has Schedule D Case I losses brought forward from the year ended 30 September 2017 of €12,000.

Required:

(a) Calculate Cool Ltd's corporation tax liability for the year ended 30 September 2018.

Note: Your computation of Schedule D Case I income should commence with the net profit of €214,450 and should list all the items referred to in notes (1) to (7) indicating by the use of zero (0) any items which do not require adjustment. (13 marks)

(b) Explain the implications for Cool Ltd if it files its corporation tax return for the year ended 30 September 2018 on 15 July 2019. (2 marks)

(15 marks)

End of Question Paper