Specimen Exam

Exam Name: Taxation (E1 IRL)
Time Allowed: 3 hours
Pass Mark: 50%

This exam contains 2 sections:

Section A:
15 questions, each worth 2 marks
30 marks in total

Section B:
4 questions, each worth 10 marks
2 questions, each worth 15 marks
70 marks in total

Note: This specimen examination has been prepared based on legislation passed by 30 September 2025 (to be updated).

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Section A

Question 1

Martha is a self-employed dentist. During the 2024 tax year she disposed of a capital asset, resulting in a capital gains tax (CGT) liability of €700,000. She paid her CGT by the correct date and correctly disclosed it in her income tax return. However, due to an oversight, Martha submitted her income tax return on 31 January 2026.

What is the amount of surcharge payable by Martha for failing to file her return on time?

A €63,485
B €35,000
C €12,695
D €70,000

Question 2

Belinda sold an apartment to her sister, for €220,000, in July 2025 when its market value was €400,000. Belinda's solicitor's fees on the disposal amounted to €1,800.

Belinda purchased the apartment for €180,000 in 2016 and since then she has spent €17,000 on routine maintenance work.

Calculate Belinda's chargeable gain on the sale of the apartment for the 2025 tax year.

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Question 3

In 2025, Marie disposed of three capital assets on which the following chargeable gains arose:

Month of disposal	Chargeable gain
	€
31 August 2025	18,000
1 December 2025	4,000
15 December 2025	7,000

Which of the following options shows the amount and due date of each of the initial period and later period capital gains tax payments which Marie must make in respect of 2025?

Option	Initial period payment	Later period payment
1	€6,841 by 31 October 2025	€2,310 by 31 October 2026
2	€5,521 by 31 October 2025	€3,630 by 31 October 2026
3	€6,841 by 15 December 2025	€2,310 by 31 January 2026
4	€5,521 by 15 December 2025	€3,630 by 31 January 2026

A Option 1
B Option 2
C Option 3
D Option 4

Question 4

Matt, an Irish resident, has three residential properties in Ireland:

- Property 1 is his main dwelling house valued at €1,900,000.
- Property 2 is a holiday home valued at €850,000.
- Property 3 is rented to an approved charity which provides services to adults with an intellectual disability. The property is valued at €420,000.

All properties were valued on 1 November 2021.

What is the total amount of Matt's local property tax (LPT) payable for 2025?

A €3,666
B €4,540
C €4,135
D €4,071

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Question 5

Alice and Jack, both aged 69, are a married couple.

In 2025 they had the following sources of income:

Alice

- Social welfare payments of €18,000 received from the Department of Social Protection

Jack

- Interest of €6,667 received from an Irish bank account, net of DIRT of €3,333
- Case I Trading Income of €160,000

Which of the following options shows the amounts of universal social charge (USC) payable by Alice and Jack for 2024?

Option	Alice	Jack
1	€180	€10,643
2	€0	€10,643
3	€180	€8,843
4	€0	€9,643

A Option 1
B Option 2
C Option 3
D Option 4

Question 6

Which TWO of the following transactions are liable to capital gains tax?

A Disposal of an antique vase for €5,000
B Gift of a hotel to a sibling
C Shares inherited by an individual on the death of their parent
D Disposal of Irish Government securities

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Question 7

Nuala is a value added tax (VAT) registered hairdresser. She wishes to use the annual VAT return scheme. Her accounting year end is 31 December each year.

Which TWO of the following actions must Nuala take in order to use the annual VAT return scheme?

A Account for VAT on the cash receipts basis
B Set up a quarterly direct debit to the Collector General
C Set up a monthly direct debit to the Collector General
D File her VAT return within 23 days of her year-end (if using ROS)

Question 8

Lisa, a self-employed beauty therapist is registered for value added tax (VAT). In April 2025, she carried out various transactions.

Which TWO of the following transactions are taxable supplies for the March/April 2025 VAT period?

A Sales of gift vouchers for beauty services for €800
B Redemption of gift vouchers previously sold in January 2025 for €500
C Gift of beauty products valued at €15 to a loyal customer
D Withdrawal of beauty products for her own personal use which cost €300

Question 9

Liam, Irish resident and domiciled, had multiple sources of income in 2025.

Which TWO of the following sources of income will Liam be liable to income tax on for 2025?

A Interest of €11,000 received from an Irish bank deposit account
B Gross rent of €13,000 received from a room rented in his principal private residence to a student
C Interest of €5,000 received from Irish government bonds
D Compensation of €40,000 received as a result of a car accident which made Liam permanently incapacitated

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Question 10

Anne and Brian, both single individuals, have a ten-year-old daughter Nancy.

They do not reside together or with another partner. Nancy lives mainly with her mother Anne.

Brian is self-employed as an auctioneer earning approximately €120,000 per annum.

Anne is employed part-time as an administrator, earning approximately €6,000 per annum.

Which of the following options shows the personal tax credits available to Anne and Brian for the 2025 tax year?

Option	Anne	Brian
1	€5,900	€4,000
2	€5,900	€5,900
3	€5,100	€4,000
4	€5,100	€5,900

A Option 1
B Option 2
C Option 3
D Option 4

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Question 11

Peter acquired shares in Sporty plc as follows:

- In June 2008, Peter purchased 4,000 shares at €3 each.
- In June 2014, Sporty plc announced a rights issue of 1 for 2 shares at €4 per share. Peter took up all of his rights granted under the rights issue.
- In June 2016, Sporty plc announced a bonus issue of 1 for 4 shares.

Peter sold 6,000 shares in Sporty plc in August 2025.

What is the cost of the Sporty plc shares sold by Peter in August 2025, for capital gains tax purposes?

A €16,000
B €17,143
C €4,400
D €17,600

Question 12

Mike is employed as a lab technician. During a conversation with a colleague in September 2025, he becomes aware that lab technicians are allowed to claim for flat rate expenses associated with employment. Mike has never submitted a claim for flat rate expenses.

Which of the following shows the tax year(s) for which Mike may claim an allowance for flat rate expenses?

A 2025 only
B 2021 to 2025 inclusive
C 2020 to 2025 inclusive
D 2022 to 2025 inclusive

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Question 13

Stormy Ltd is an Irish registered forestry company. On 15 September 2025, it made a payment of €500,000 to a subcontractor working on a current forestry project.

Stormy Ltd has received no authorisation from the Revenue in respect of payments made to the subcontractor.

Calculate the total amount of relevant contracts tax (RCT) which Stormy Ltd must deduct from the payment to the subcontractor.

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Question 14

Slaney Ltd is an Irish resident company.

In 2025, Slaney Ltd paid the following dividends to its shareholders:

Shareholder	**Details**	**Dividend**
		€
AB Ltd	Spain (EU) resident	4,000
Vee Ltd	Irish resident	2,000
Happy Times	Registered charity	10,000
Ryan	Irish resident	7,000
Total dividends		23,000

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

What is the amount of DWT Slaney Ltd must pay?

A €1,750
B €1,400
C €3,000
D €5,250

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Question 15

Tree Ltd has two 100% subsidiaries; Branch Ltd and Twig Ltd. All companies were incorporated in Ireland on 1 June 2016, are Irish tax resident, and have a 31 December accounting year end.

Both Branch Ltd and Twig Ltd are trading companies.

On 21 September 2025, Branch Ltd sold a property (non-development) to an unconnected company. The chargeable gain arising on the disposal was €570,000.

Twig Ltd has a capital loss (non-development), brought forward from 2024, of €80,000.

Calculate the tax liability of the Tree group in relation to the disposal of the property by Branch Ltd.

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Section B

Question 16

The following scenario relates to one requirement.

Harry, an Irish resident and domiciled individual, had the following capital disposals during 2025:

1. Harry sold 10,000 shares in A plc on 1 July 2025 for €2 per share. He purchased the shares on 1 December 2024 for €30,000 (€3 per share). Harry bought the shares back on 10 July 2025 for €2 per share.

2. On 1 August 2025, Harry gave a gift of 20,000 shares in B plc to his daughter, Chloe. The market value of B plc shares on this date was €25 per share. Harry purchased the shares in B plc in 1972 for €1 per share. He also paid €400 in legal costs in 1972 to acquire the shares. The market value of the shares at 5 April 1974 was €3 per share.

3. On 15 November 2025, Harry sold 500 shares in C plc for €2,500. He purchased the shares in C plc as follows:
   - 1,000 shares on 10 May 2019 for €3,000
   - 800 shares on 1 September 2020 for €2,250
   - 500 shares on 1 November 2025 for €500

Harry had no other capital disposals in 2025.

Requirement:

Assess the capital gains tax payable by Harry for 2025, including supporting notes on the treatment of each of the three disposals.

(10 marks)

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Question 17

The following scenario relates to one requirement.

Linda, Nathan, Yan and Cira are four friends sharing an apartment in Cork, Ireland. Their circumstances are as follows:

- Linda was born in Thurles (Ireland). Her father is Irish domiciled. She lived in Thurles until 2023 when she moved to Cork to go to college. She has lived in Cork since, apart from two months she spent in the US during the summer of 2024.

- Nathan, aged 21, was born in Donegal (Ireland) and lived there until August 2023 when he decided to travel around South America. He returned to Cork in September 2025. Nathan's father, who was Spanish domiciled, died one month before Nathan was born. Nathan's mother is Irish domiciled.

- Yan was born in Germany to German parents. He lived in Germany until he was seconded to Ireland by his employer for a three-month period. He arrived in Cork on 1 November 2025. He intends to return to Germany in January 2026.

- Cira was born in France to French parents. She lived in France until she moved to Ireland in October 2024 to take up a job contract in Cork for three years. She plans to return to France at the end of the contract in 2027.

Requirement:

Assess the residence, ordinarily residence and domicile status of Linda, Nathan and Yan for 2025 and analyse the basis under which Cira will be liable for Irish income tax.

(10 marks)

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Question 18

The following scenario relates to one requirement.

Paula is self-employed. She has a value added tax (VAT) registered business and accounts for VAT on an invoice basis.

Details of Paula's transactions for the VAT period November/December 2025 are as follows:

	Note	€
Supplies	1	
Credit sales to VAT registered Irish customers		75,000
Credit sales to non-VAT registered Irish customers		6,000
Cash received from credit sales invoiced in September/October 2024		63,000
Credit sales to VAT registered French (EU) customers		4,000
Credit sales to Canadian (non-EU) customers		2,000
Purchases of goods for resale	2	
Purchases from VAT registered Irish suppliers		63,000
Purchases from German VAT registered (EU) supplier (VAT exclusive)		7,000
Purchases from US (non-EU) suppliers (VAT exclusive)		1,000
Other expenses		
Insurance		5,000
Repairs	3	3,500
Diesel for delivery vans		5,432
Petrol for sales manager's car		1,200
Travel and subsistence (VAT inclusive at 13.5%)	4	1,700
Telephone (VAT inclusive at 23%)		850
Electricity (VAT inclusive at 13.5%)		1,300

Notes:

1. Paula's sales, where they are subject to Irish VAT, are chargeable at the standard rate and are stated VAT exclusive.

2. The VAT rate on purchases of goods, where they are subject to Irish VAT, is the standard rate of 23% unless otherwise stated and are VAT inclusive.

3. This is for repairs to the roof of Paula's private dwelling house.

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4. Travel and subsistence comprises:

	€
Hotel accommodation for a qualifying conference	500
Hotel accommodation for a staff party	1,200
	1,700

Other information:

5. In December 2025, Paula was notified that a customer had been declared bankrupt. The amount owed by the customer was €4,500 (VAT inclusive). The sale of goods took place in January 2025.

6. In December 2025, Paula purchased a new car, Category D, for use in the business for €25,000 (VAT inclusive).

Requirement:

Calculate the value added tax (VAT) payable by/refundable to Paula for the VAT period November/December 2025.

Note: You should list all items referred to in the question, indicating by the use of zero (0) any item which does not impact the calculation.

(10 marks)

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Question 19

The following scenario relates to one requirement.

Mars Ltd is an Irish resident limited company and had the following transactions during 2025:

1. Mars Ltd constructed manufacturing premises. Construction was completed and the premises were put into use in 2025. Costs of construction were as follows:

	€
Construction costs of factory	2,750,000
Office costs included in factory construction cost	90,000
Showroom costs included in factory construction cost	130,000
Site cost	300,000

2. Mars Ltd disposed of three items of equipment in 2025 as follows:

Equipment	**AB1**	**AB2**	**AB3**
Cost	€20,000	€17,000	€9,000
Acquisition date	1 January 2019	1 April 2024	1 December 2018
Disposal proceeds	€22,000	€4,000	€1,700

Requirement:

Calculate Mars Ltd's maximum capital allowances claim for 2025.

(10 marks)

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Question 20

The following scenario relates to one requirement.

Rita, aged 45, is single and employed as a project manager. She is Irish resident, ordinarily resident and domiciled.

Details of Rita's finances for 2025 are as follows:

	Note	€
Income		
Salary		143,000
Rental income received	1	51,000
Dividends received	2	4,600
Bank interest received (net of DIRT)		7,400
Payments		
PAYE paid		36,000
Pension contribution to a revenue approved scheme		14,000
Permanent health contribution		22,000
Medical expenses paid	3	13,500
Nursing home fees	4	83,000

Notes:

1. Rental income received

	€
Net rent from an investment property	43,000
Rent received from a student	8,000
	51,000

Rita rents a room in her personal home to a student who attends a local university.

2. Dividends received

	€
Dividend received from an Irish resident plc, net of dividend withholding tax	3,200
Net dividend received from a UK resident plc	1,400
	4,600

3. Medical expenses paid

	€
Amount paid to consultant and hospital	13,500

The medical insurance provider reimbursed £5,200.

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4. Nursing home expenses paid

Rita paid a nursing home for the care of her elderly mother who requires 24-hour care.

Requirement:

Calculate the net income tax due by, or refundable to, Rita for the tax year 2025.

Notes:

1. Your calculation should excludes PRSI and universal social charge.
2. You should list all items referred to in the question, indicating by the use of zero (0) any item which does not impact the calculation.

(15 marks)

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Question 21

The following scenario relates to one requirement.

Keep Ltd was incorporated in Ireland. It is an Irish tax resident manufacturing company which prepares its accounts to 31 December each year.

Keep Ltd's summarised results for the year ended 31 December 2025 are as follows:

	Note	€	€
Gross profit from trading			430,000
Other income			
Investment income	1		194,000
			624,000
Less expenses			
Depreciation		87,000	
Motor expenses	2	32,400	
Legal and professional fees	3	2,000	
Entertainment expenses	4	16,000	
Finance expenses	5	3,900	
Salaries	6	43,000	
			(184,300)
Profit before taxation			**439,700**

Notes:

1. Investment income comprises:

	€
Dividends received from Irish plc	32,000
Dividends received from French (EU) resident company (note (i))	12,000
Profit on disposal of land (note (ii))	100,000
Bank interest received gross	50,000
	194,000

(i) Keep Ltd owns 3% of the share capital of the French (EU) resident company.

(ii) In March 2025, Keep Ltd sold land for €300,000 which equated to the current use value of the land. The land was purchased in August 1996 for €200,000. Legal fees incurred on purchase were €10,000.

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2. Motor expenses comprise:

	€
Petrol and maintenance costs for all company cars	32,000
Speeding and parking fines	400
	32,400

3. Legal and professional fees comprise:

	€
Auctioneer fees relating to the disposal of land	2,000

4. Entertainment expenses comprise:

	€
Customer golf outing	11,000
Staff Christmas party	5,000
	16,000

5. Finance expenses comprise:

	€
Late payment of value added tax (VAT)	300
Interest on company bank overdraft	1,500
Increase in allowance for trade receivables	2,100
	3,900

6. The salaries figure of €43,000 includes a pension accrual of €6,500.

Other information

7. The capital allowances claimable for 2025 on all assets is €130,000.

Requirement:

Prepare a computation of Keep Ltd's corporation tax liability for the year ended 31 December 2025.

Note: Your computation of Schedule D Case I income should start with the profit before tax of €439,700 and should list all items referred to in the question, indicating by the use of zero (0) any item which does not require adjustment.

(15 marks)

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