

Dec 2020 Q6		
Case I Computation		
Profit before tax		1,240,200
Add back		
Depreciation	54,900	
Salaries & wages	-	
<i>Entertainment</i>		
Staff party	-	
gifts to suppliers	3,400	
Customer entertainment	7,000	
Pens with logos - advertising	-	
Staff award	-	
Political donations	900	
Engineers Ireland sub	-	
Football club sponsorship - assumed advertising	-	
<i>Finance charge</i>		
Interest on bank borrowings	-	
Interest of loan to acquire shares	12,600	
		78,800
Deduct		
Government grant - EXEMPT	120,000	
Profit on sale of machinery	13,000	
Dividends for Irish company - EXEMPT	7,200	
Patent royalties	17,500	
Profit on sale of investments	13,700	
	-	171,400
Capital allowances		
Opening cost	218,000	
Additions	-	
Disposals		
Machine	- 54,000	
Fully written off	-	
	164,000	

W&T @ 12.5%	20,500	
Balancing adjustment TWDV	20,250	(54,000 - (54000 x 12.5% x 5years))
Proceeds	-	15,000
Balancing allowance	5,250	
	-	25,750
Case I		1,121,850
CT Computation		
Case I		1,121,850
Case IV - Patent royalties		21,875
Total income		1,143,725
Non trade charges		-
Chargeable gains		14,732
Taxable profits		1,158,457
CT @ 12.5%		142,073
CT @ 25%		5,469
Less WHT	-	4,375
		147,542
Consideration		52,000
Base cost	38,300	
Indexation 98/99	1.212	
	-	46,420
Capital gain		5,580
CT Adjusted		14,732

Non trade charge relief n/a as does not own GREATER THAN 5%

	12 months 1/7/19 - 30/6/20	6 months 1/7/20-31/12/20
Dec 2020 D4 CT Computation		
Case I	240,000	120,000
Case V	118,000	21,000
Case III - Deposit interest	2,500	2,000
Case III - UK Dividends *S21B Election applies	5,700	6,100
	366,200	149,100
CT @ 12.5%	30,713	15,763
CT @ 25%	30,125	5,750
	60,838	21,513

Workings

	8 months	6 months
Case V		
Rental income	28,000	21,000
Premium	90,000	
	118,000	21,000

Premium Formula

Premium x (51 - N)/50 = Income Portion

21 year lease

Premium €150000

$150000 \times (51-21)/50$

case I = Accounting period

Case III & IV = receipts

Case V = accruals

Back 11:30

Sep 2020 Q1

Pre-trading expenditure - allowable period 1 Jan 2017 to 31 Dec 2019

Market research Sept 2016 - prior to 1/1/2017	-
Architects & professional Mar 2017 - capital in nature	-
Trade fair Jun 2018 - would have been allowable had the trade	800
Client entertainment Feb 2019 - specifically disallowed & not a	-
Digital marketing Dec 2019 - would have been allowable if the	3,200
	4,000

Royalties

WHT @ 20% deducted from payment & paid over to Revenue	4,000
Add to CT liability	

CT Computation

Case I	280,000
Less Pre-trading expenditure	- 4,000
Less trade charges S243A - paid basis only	- 20,000
	256,000
Case V	16,000
	272,000

CT @12.5%	32,000
CT @ 25%	4,000
Less than €40000 = Start up exemption applies	36,000
Lower of:	
CT on Case I = €32000	
ER PRSI = €25,500	- 25,500
	10,500

Add WHT	4,000
Total liability	14,500

Pay & File

Preliminary tax - small company 23rd of 11th month =23/11/2020

But 1st year = no preliminary tax obligation

Final liability = 23rd of 9th month after end of Ap = 23/9/2021

Due 100%

return filing 23rd of 9th month after end of AP = 23/9/2021

Sep 2020 Q6

Plastic Products Ltd

Case I Y/E 30 September 2020

Profit per accounts		1,657,100
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Add back

Depreciation	36,900	
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Salaries & wages	-	
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Legal & Professional	-	
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Finance charge

Finance lease interest	28,600	
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Mortgage interest - factory property	-	
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65,500

Deduct

Disposal of NCA	250,000	
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Deposit interest	17,500	
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Finance lease payments	210,000	
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- 477,500

Capital Allowances

Balancing adjustment

TWDV	91,000	
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Proceeds	-	575,000
Charge cannot exceed IBAA claimed	-	484,000
IBAA claimed - restrict balancing charge to IBAA claimed	-	260,000

Note

If sold for more than original cost = balancing charge will be the IBAA claimed

IBAA New factory

Site cost	-	
Architect fees		37,000
Construction of factory		352,000
Construction - admin area**		81,000
Total cost including admin area		470,000
Admin area > 10% of total cost?		
81/470 = 17%, therefore disallow	-	81,000
		389,000

IBAA @ 4% 15,560

244,440 lution
1,489,540

Case I

CT Computation

Case I		1,489,540
S420A surrendered from Plastic Stuff	-	62,500
		1,427,040
Case III - Deposit Interest		17,500
Total Income		1,444,540
Chargeable gain		494,406
Total Profits		1,938,946

CT @ 12.5%

240,181

CT @ 25%

4,375

244,556

Plastice Stuff Ltd Loss Memo

Loss carried forward @ 31 March 2019	356,000
cannot be surrender in group relief	-
Carried forward	356,000

Loss for current period Y/E 31 March 2020	125,000
S396A/S396B	-
	125,000
S420A Surrendered to Plastic Products 6 months	-
Carried forward	62,500
	62,500

Consideration		575,000
Base cost	325,000	
Indexation 99/00	1.193	
	-	387,725
		187,275

CT Adjusted		494,406
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Ct Computation

	RED		RUM	
	31/10/2019	31/10/2020	31/10/2019	31/10/2020
Case I	60,000	Nil	Nil	130,000
S396(1)			-	70,000
S396A	-	60,000		
S420A			-	16,000
Case III	-	-	25,000	-
Case V	22,000	50,000	-	-
Total income	22,000	50,000	25,000	44,000
CT @ 12.5%				5,500
CT @ 25%	5,500	12,500	6,250	
S396B	-	5,500	-	6,250

	-	-	-	-	5,500
Loss Memo					
Case I Loss				120,000	
S396A Current period against Case I				-	
S396A Prior period against Case I				-	
				120,000	
S396B Current period value basis (6250/12.5%)			-	50,000	
S396B Prior period value basis				-	
				70,000	
Group relief N/A Red has no income or tax liability after using own losses				-	
Carried forward				70,000	
S396(1)			-	70,000	
				-	
Case I Loss		220,000			
S396A Current period against Case I		-			
S396A Prior period against Case I	-	60,000			
		160,000			
S396B Current period on value basis	-	100,000			
S396B Prior period on value basis	-	44,000			
		16,000			
S420A	-	16,000			
		-			

Back 2:10

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Case I computation

Profit per accounts

Add back

Depreciation

582,850

72,000

Salaries & wages	-	
Legal & professional		
Commercial property	3,500	
Customer dispute	-	
Repairs & Maintenance		
Commercial property	11,000	
Alarm system	27,000	
Insurance		
Public liability	-	
Commercial property	5,200	
Sundry Expenses		
Sub to CIF	-	
Client entertainment	1,500	
Finance charge		
Lease interest	4,450	
Motor lease restriction	9,239	
Mortgage interest commercial property	12,000	
		145,889
Deduct		
Other income	89,200	
Lease payments	12,500	
	-	101,700
Capital allowances (final = all assets including add back capex)	-	36,000
Case I		591,039
Workings		
Motor lease restriction		
Included in accounts (after adj for Finance lease interest)	12,500	
Allowable amount (lease rental x Qcost/Actual Cost)	3,261	
	9,239	

Case V Computation		
Gross rental (accruals)		31,000
Premium (income portion)	Px51-N/50	31,800
		62,800
Less allowable expenses		
Legal	3,500	
Repairs	11,000	
Insurance	5,200	
Interest	12,000	
	-	31,700
		31,100
Corporation tax Computation		
Case I		591,039
Case III		5,200
Case V		31,100
Total Income / Taxable Profits		627,339
CT @ 12.5%		73,880
CT @ 25%		9,075
		82,955
Motor examples		
Motor & Travel Expenses		
Lease charge		6,000
Note: CAT B Car, cost €30,000 aha moment - this is an operating lease		
Included in the accounts	6,000	
Allowable amount (lease rental x Q Cost/ Actual Cost)	4,800	
Add back	1,200	

Motor & Travel Expenses		
Lease charge		5,800

Note: CAT A Car, cost €21,400
aha moment - this is an operating lease

Included in the accounts		5,800
Allowable amount (lease rental x Q Cost/ Actual Cost)		6,505
Additional deduction	-	705

Finance charges / Interest charges		
Lease interest		3,100

Note: CAT A Car, cost €21,400, total lease payments capital + interest €9,000
aha moment - this is a finance lease - because there is lease interest
Before dealing with the motor lease restriction = adjust the accounts for the difference in accounting & tax treatment of the lease

Add back finance lease interest		3,100
Deduct lease payments (capital + interest)	-	9,000
Now the lease rental in the accounts is €9000		

Motor lease restriction		
Included in the accounts		9,000
Allowable amount (lease rental x Q Cost/ Actual Cost)		10,093
Additional deduction	-	1,093

Finance charges / Interest charges		
Lease interest		2,780

Note: CAT E Car, cost €28,900, total lease payments capital + interest €8,200

Add back finance lease interest		2,780
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Deduct lease payments (capital + interest)	-	8,200
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Now the lease rental in the accounts is €8200

Motor lease restriction		
Included in the accounts/ given as a deduction so far		8,200
Allowable amount (lease rental x Q Cost/ Actual Cost)		3,405
Add back		4,795

Motor expenses		
Lease rental/payment		5,420

Note: CAT D Car, cost €22,900

Motor lease restriction		
Included in the accounts/ given as a deduction so far		5,420
Allowable amount (lease rental x Q Cost/ Actual Cost)		2,710
Add back		2,710

Finance charges / Interest charges		
Lease interest		3,590

Note: CAT E Van, cost €26,900, total lease payments capital + interest €9,200

aha moment - this is a finance lease - because there is lease interest
 adjust the accounts for the difference in accounting & tax treatment of the lease

Add back Interest		3,590
Deduct lease payment	-	9,200

Motor lease restriction?? NOPE - not a car!

Start 15:13 - Finished 15:32

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Case I Computation		214,450
Add back		
Salaries & wages	-	
Legal & professional		
customer lawsuit	-	
lease of new warehouse - capital	5,000	
debt collection	-	
statutory redundancy	-	
ex gratia	-	
Insurance		
Public liability	-	
Keyman insurance	15,200	
Subs & donations		
Retail Ireland	-	
Concern donation	200	
Political donation	600	
Depreciation	39,800	
Finance lease interest	2,450	
		63,250
Deduct		
Other income	16,200	
Finance lease payments	5,250	
Motor lease deduction	477	
	-	21,927
Capital allowances	-	5,200
Case I		250,573

Workings

Motor lease restriction

In the comp		5,250
Allowable (lease rental x QC/Actual)		5,727
Additional deduction	-	477
Irish dividends - EXEMPT		
CT Computation		
Case I		250,573
Less S396(1) Loss forward	-	12,000
		238,573
Case III - Deposit Interest		3,600
Case III - Foreign dividends * S21B Election		9,200
Total income		251,373
CT @ 12.5%		30,972
CT @ 25%		900
		31,872

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