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| **Leicester De Montfort University****Legal Practice Course****Taxation****Pre-session Quiz Questions: Income Tax** |

Prepare answers to the following questions and then check your answers against those which will be released online.

(a) To be classified as income and therefore chargeable to income tax, the source of the income must come from where? Give three examples.

(b) Do companies pay income tax?

(c) Which of the following would be chargeable to income tax:

 Income earned from an ISA

 Interest earned on Savings Certificates

 Interest on damages for personal injury

 Profit made on the sale of a property

 Interest earned on a bank account with Barclays.

(d) What is the income tax calculation?

(e) When doing an income tax calculation, what is the order of taxation?

(f) What is the Personal Allowance for Income Tax in this tax year?

(g) What is the Personal Savings Allowance for this year?

(h) What is the Dividend Allowance for this year?

(h) If A has taxable income

(i) If A’s net income was £40,000, none of which has come from savings or dividends, what would be his total tax liability?

(j) What conditions must be met in order for something to be a deductible expenditure when calculating trading profits? Give three examples.

(k) What items of capital can be deducted from trading profits by way of capital allowances?

(l) What % deduction can be made for plant and machinery in the first year the capital item is owned and what % deduction can be made in subsequent years?