



## Business Tax (BNTA)

Association of Accounting Technicians

For Finance Act 2021

Q2022 Syllabus

# Business Tax

## FA2021

Suitable for

the

AAT Accounting Qualification in

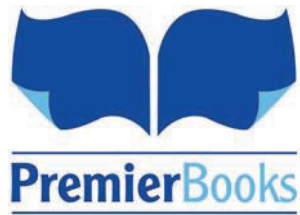
**Business Tax**

**Revision Kit**

**Alan Dawson, B.Ed (Hons), MAAT**

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Alan is a qualified teacher. He gained his honours degree in education from Nottingham University and he went on to teach Mathematics, Modern Languages and Music in schools for 18 years.

He then turned his attention to accountancy, qualifying from the AAT and taking up various accounting roles both in private practice and industry. He spent 6 years in a large company in management accounts while at the same time taking private clients for help with bookkeeping, payroll, VAT and taxation.

Since March 2006 he has been a tutor at Premier Training, with over 300 students worldwide under his guidance at one time or another.

## **About this Book**

**T**his Revision Kit is designed to be used alongside the Business Tax Study Manual and is ideal for students to use in the classroom, at home or on distance learning courses.

Each chapter contains exercises which are designed to supplement the activities in the Study Manual. Some of them are more extensive than those in the Study Manual and are ideal for students preparing for the examinations. Each chapter matches the topics in the Study Manual and can be attempted once the relevant chapter has been read. However, students should follow the chapters in order as some questions require the knowledge gained in previous chapters.

There are two practice examination papers at the end of the book. These should not be attempted until all the chapters have been read and understood. They are ideal preparation for the actual examination and should be attempted in the few weeks approaching the examination sitting date.

The answers to the Revision Kit questions and the practice examinations are given at the end of the book.

**Premier Training** students have online access to many extra resources which provides many further explanations and demonstrations of these and other topics. Visit [www.premiertraining.co.uk](http://www.premiertraining.co.uk) or telephone 01469 515444.

# Chapter 1

## The Tax System

### Practice Questions

#### 1.1

Say which of the following statements are true and which are false.

	True/False
Sole traders, partnerships and limited companies all pay Corporation Tax on their profits.	
The government has a statutory power to raise taxation in the UK.	
The tax year for sole traders and partnerships runs from 1st April to the following 31st March.	
Case law (resulting from cases heard in court or tribunals) plays an important part in shaping the way in which taxation is administered.	
Tax planning and tax avoidance are both legal and actively encouraged, no matter how contrived the methods may be.	
Abusive tax avoidance is using loopholes in the law in ways which were not originally intended by the government.	
Understating a taxpayer's income for the year would be an example of tax evasion	

#### 1.2

State whether the following taxes are progressive, regressive or proportional.

	Progressive/ Regressive/ Proportional
Income Tax	
National Insurance	
Capital Gains Tax	

CHAPTER 1  
The Tax System

**1.3**

Give the legal name for each of the following:

Provides details of what is set out in an Act of Parliament.	
The court which will resolve disagreements about the interpretation of legislation.	
Allows certain concessions which are not in the strict letter of the law.	
Explains how HMRC applies the law.	
The interpretation of the law according to the decision of a tax tribunal.	
The law created by Members of Parliament.	

**1.4**

State whether the following are true or false.

True/False	
Investing in a cash ISA is an example of abusive tax avoidance.	
All schemes aimed at reducing an individual's tax bill fall under the General Anti-Abuse Rule.	
Deliberately concealing income from HMRC is tax evasion.	
Tax planning involves using the rules to legitimately reduce an individual's tax bill.	



CHAPTER 1  
The Tax System

1.5

State whether the following are true or false.

	True/False
Tax agents have ultimate responsibility for ensuring the tax information submitted to HMRC is accurate and complete.	
The Code of Professional Ethics applies to both AAT Members and AAT students.	
An AAT member must not act for a client who refuses to correct material errors on a previous tax return.	
It is never allowed to reveal confidential information even where Money Laundering is suspected.	
A conflict of interest is where the taxpayer and HMRC disagree on the interpretation of the law.	

**This page is for your notes**