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4. Write **TRUE** or **FALSE** after **each** of the following statements.

	Statements	True or False
1.	Customs Duty is a tax on goods imported from outside the European Union.	
2.	Corporation Tax is applied to profits made by every business in Ireland.	
3.	A P45 is given to employees when their employment is terminated.	
4.	The existence of Tax Credits reduces the amount of Universal Social Charge to be paid.	
5.	Capital Acquisitions Tax is a tax on the profits made on the sale of assets.	

2

9. Distinguish between VAT and Corporation Tax.

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3

2. (a) What do the letters PAYE stand for? Write the answer in the space provided.

PAYE	
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- (b) Outline **two** main features of the PAYE tax system:

(i) \_\_\_\_\_  
\_\_\_\_\_

(ii) \_\_\_\_\_  
\_\_\_\_\_

3. Explain the difference between the terms *tax rates* and *tax credits*.

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10. (a) From the following figures calculate the net pay of Hazel Dunne.

Gross Pay €50,000, Tax Credits €6,000

Standard Tax Rate 20%

Higher Tax Rate 41%

Cut-off Point €36,400

<b>Workings</b>
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(b) State **two** tax credits a person may be entitled to.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

1. Distinguish between the following taxation forms: Form P45 and Form P60.

(a) Form P45 is:

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(b) Form P60 is:

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**Managing**

**Question 6**

- (A) Read the information supplied and answer the question which follows.



*The Area Manager Programme is a critical part of our business. What sets us apart from our competitors is the calibre of people in our stores.*

*Source: [www.aldirecruitment.ie](http://www.aldirecruitment.ie)*

Discuss the role of the following in the effective recruitment and selection of an Area Manager for a large supermarket chain:

**Person Specification;**

**Job Description;**

**Panel Interview.**

(20 marks)

- (B) Outline **one** appropriate leadership style which a manager in a retail outlet could adopt, giving reasons for your choice. (20 marks)

- (C) Read the information supplied and answer the questions which follow.

*Ben Caffrey is a manager at Fun-Go Holidays Ltd and earns a gross **annual** salary of €55,000. His employer provides him with a holiday voucher worth €5,000. This is treated as income for tax purposes and is taxed accordingly.*

Ben's tax information is shown in the following table.

<b>PAYE</b>		
20% on the first €34,550	40% on the balance of his gross income.	
<b>Tax Credits</b>		
Single Person Tax Credit €1,650	PAYE Tax Credit €1,650	Dependent Relative Tax Credit €70
<b>USC</b>		
0.5% on the first €12,012	2% on the next €7,360	4.75% on the balance of his gross income
<b>PRSI</b>		
Ben pays employee PRSI at 4% of his gross income		

Calculate **each** of the following (**show your workings**):

- (i) The PAYE which Ben has to pay                      (iii) The total amount of PRSI  
(ii) The total amount of USC                                (iv) Ben's net **annual** take-home pay.

(20 marks)

**(60 marks)**

### Question 5

Audrey Stapleton is an employee at BAT Resources Ltd and earns a gross annual salary of €78,000. Her employer provides her with a holiday voucher worth €2,000. This is treated as a benefit-in-kind for tax purposes and is taxed accordingly.

The standard rate band for a single taxpayer is €32,800. (This means that the first €32,800 is taxed at the 20% standard tax rate, and the remainder is taxed at the higher tax rate of 41%.)

Audrey has the following tax credits: Single Person Tax Credit €1,650, PAYE Tax Credit €1,650 and Rent Tax Credit €320.

The Universal Social Charge (USC) rates on Audrey's gross income are 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of her gross income. Audrey pays employee PRSI at 4% of her gross income.

- (A) Calculate Audrey Stapleton's net **monthly** take-home pay. (20 marks)
- (B) Explain the different types of financial **and** non-financial rewards for employees in a business. (20 marks)
- (C) (i) Outline **two** reasons why a household should prepare a cash flow forecast. (20 marks)  
 (ii) Illustrate how a household can overcome cash flow problems. (20 marks)  
**(60 marks)**

- (B) Pay As You Earn (PAYE), Value Added Tax (VAT), and Corporation Tax are examples of taxes relevant to a business.  
 (i) Explain **each** tax underlined above.  
 (ii) Evaluate the implications of **each** tax for a business. (25 marks)

- (A) "Managing a business is similar to managing a household in the areas of finance and taxation."  
 Discuss this statement, using examples to support your answer. (20 marks)

- (A) Distinguish between the following taxation forms: *Form P21* and *Form P60*. (20 marks)
- (B) From the following information, calculate the net annual take-home pay of Ms. Joan McCormack.  
Joan McCormack is an employee of Lynch Printers Ltd and earns a gross annual salary of €84,000.  
She is allowed the following tax credits: Single Person credit of €1,760 and PAYE credit of €1,760. The income tax rates are: 20% on the first €34,000 (standard rate cut-off point) and 41% on the balance. The employee PRSI rate (including the health levy) is: 6% on the first €48,800 and 2% on the balance. (20 marks)
- (C) Explain the term TQM and describe how it can be of benefit to an organisation. (20 marks)

*'Capdata' is a small software writing business located in the south of Ireland and employing four employees. It has the opportunity to grow but has little experience of the day to day reality of running a business. It needs premises, equipment and employees not only with computer technology skills but also with business management and sales skills.*

- (C) Describe the taxes that 'Capdata' would be liable for. Give reasons for your choice. (20 marks)

