



GRIFFITH COLLEGE DUBLIN

Faculty of Business Assignment Title Sheet

Course and Stage: BAAFH Stage 3

Lecturer: John McLaughlin

Subject: **Taxation 1**

Study Mode: Full time Part-time
X X

Assignment No.: Assignment 1

Assignment Title:

Weighting: 20%

Due date: Week 11 (Friday 8 January 2021)

Submit assignment to:

Learning outcomes assessed in the Taxation 1 assignment:

1. Identify and quantify the income subject to personal tax legislation.
2. Apply the appropriate reliefs, allowances and credits to calculate personal tax liabilities and detail the timing of payments required.
3. Interpret and apply current Irish tax legislation in relation to income tax and VAT.

Part A Answer all questions

Question 1

Paul, who is Irish domiciled, moved to France in 2003 to manage a new factory for his employer. While Paul was in France he met his wife **Stephanie** who is French domiciled. Paul decided to remain in France and the couple jointly purchased an apartment in Lyon as their family home.

Paul resigned from his employment during 2009 and he commenced operating as an English language teacher in Lyon. Stephanie owns her own business, selling furniture.

On 1st January 2020, they decided to move to Ireland. They appointed managers to operate both their businesses in France. Both businesses are foreign trades which for Irish income tax purposes would be a foreign possession.

The 2020 tax adjusted trading profits were €80,000 from the English language business.

The 2020 tax adjusted trading profits from the furniture shop was €65,000 of which Stephanie remitted €20,000 profits to Ireland during 2020. The balance was put on a long-term deposit account in France.

The couple rented out their French apartment for €2,500 per month. The rent was lodged to a French bank account.

The couple also had rental income of €8,000 from a holiday home jointly purchased in Donegal, Ireland.

REQUIREMENT:

- (a) Outline the rules which determine if an individual is Irish tax resident.
6 marks
- (b) Assuming Paul and Stephanie remain Irish tax resident, state the tax year in which they become ordinarily resident for tax purposes.
2 marks
- (c) List the three different types of domicile and give a brief explanation of each.
6 marks
- (d) Calculate both Paul and Stephanie's 2020 income tax liability, assuming they are singly assessed.
11 marks

[Total: 25 marks]

Question 2

Jim Smyth is a self-employed engineer. He is very busy and he requires additional assistance to meet customer demand.

A friend suggests that he should consider taking on individuals on a self-employed contract basis, rather than engaging full-time permanent employees.

He seeks your advice in relation to this issue.

REQUIREMENT:

Write a letter to Jim explaining

- a) The difference in the tax treatment of self-employed contractors and employees, from the viewpoint of his business.
15 marks
- b) The tests which the Revenue Commissioners are likely to apply to determine whether an individual working for him, is self-employed or an employee.
10 marks

[Total: 25 marks]

PART B

Question 3

Michael has requested information in relation to his obligations from a Value Added Tax (VAT) perspective.

REQUIREMENT:

You are required to provide details in relation to each of the following:

- (a) An explanation of the difference between 'Voluntary' & 'Compulsory' registration.
7 marks
- (b) When an individual must pay his/her VAT liability, what VAT rates apply to the supply of vatable goods/services and when an individual must file his/her VAT return.
10 marks
- (c) An explanation of the rules that apply in determining the place of supply for the sale of goods and the supply of services
10 marks
- (d) An explanation of 'non-deductible expenditure' for VAT purposes. Michael has asked you to provide four examples of items of expenditure which are 'non-deductible' for VAT purposes.
6 marks

- (e) The difference between the cash receipts basis of accounting for VAT purposes and the invoice basis of accounting for VAT purposes, outlining who may register for VAT on a cash receipts basis. **7 marks**

[Total: 40 marks]

Presentation, referencing and clarity of understanding. 10 marks

Total 100 marks