

Question 1

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. (60 marks)

Question 2

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

Workings

- (b) State **two** tax credits a person may be entitled to.

(i) _____

(ii) _____

Question 3

- (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)