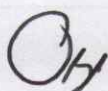


1st year Summer Test - Revision Booklet

Name: Oisín Argand

<p>What is taxation</p> <p>1 sentence: Taxation is a required payment set by the government and paid by employees, consumers and business</p>	107
<p>Income Tax</p> <p>1 sentence: Income tax is a charge by the government on income earned</p>	109
<p>PAYE - Stands for: Pay as you earn</p> <p>2 bullet points: Paid on all types of income / earnings Deducted at source: tax is calculated based on earnings and submitted to Revenue by the employer</p>	109
<p>PRSI - Stands for: Pay Related Social Insurance</p> <p>2 bullet points: Paid as a percentage of income • Social welfare payment: PRSI is the main funding for social welfare payments</p>	109
<p>USC - Stands for: Universal Social Charge</p> <p>2 bullet points: This tax was introduced in 2011 to provide the government with extra income after the economy declined and people lost their jobs • Paid on all types of income / earnings</p>	110



<p>Self Assessment Tax</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Tax paid by those who are self-employed • The tax payer must calculate out their own tax bill and pay it 	110
<p>CGT – Stands for: Capital Gains Tax</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Tax on profits made by households / individuals • This is a direct tax 	110
<p>DIRT – Stands for: Deposit Interest Retention Tax</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Tax on interest earned on savings • The financial institutions is responsible for paying tax to Revenue 	111
<p>VAT – Stands for: Value-Added Tax</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • This is an indirect tax • It is also a regressive tax 	111
<p>Customs Duties</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Tax on goods and services being brought into Ireland from countries outside of the EU • These imported goods become more expensive compared to Irish goods and so Irish consumers will more likely buy Irish products 	112

<p>Excise Duties 2 bullet points:</p> <p>Usually charged on products which pose:</p> <ul style="list-style-type: none"> • A health risk • An environmental risk 	112
<p>Motor Tax 2 bullet points:</p> <ul style="list-style-type: none"> • This is an indirect tax • If the car is driven in a public place then it must have a motor tax disc 	113
<p>VRT - Stands for: Vehicle Registration Tax 2 bullet points:</p> <ul style="list-style-type: none"> • Must be paid when registering a car in Ireland • After the VRT is paid, the registration plate is issued 	113
<p>CAT - Stands for: Capital Insurance Tax 2 bullet points:</p> <p>This is a direct tax</p> <ul style="list-style-type: none"> • This tax is divided into 2 areas: <p>Gift Tax</p> <p>Inheritance Tax</p>	113
<p>LPT - Stands for: Local Property Tax 2 bullet points:</p> <ul style="list-style-type: none"> • This tax is charged on residential properties • This is an indirect tax 	114

Be able to fill out a wage slip – look at example below

SAMPLE WAGE SLIP

1. Name of employee
- Employee's PPSN
 - The date the payment was made
 - The week of the year

2. Basic pay plus extra income earned such as commission/bonuses/overtime, etc.

3. Gross pay is payment before any deductions (such as taxes) are taken away. In this case, it's €1,200.

4. Total deductions

- a) **Statutory deductions:** payment which must be paid by law, e.g. taxes
PAYE PRSI USC
- b) **Non-statutory deductions (voluntary):** payments which the employee pays by choice.
• Health insurance • Trade union fees • Pension

5. Net pay (also known as 'take-home pay') is the money that the employee (worker) takes home after all deductions are taken away. In this case, it's €736.
Net pay = Gross pay - deductions

POINT OF INFORMATION

Personal Public Service Number (PPSN), e.g. PPS no. 85674952B. Every employee has a unique PPSN which is used by Revenue and other government departments. A PPS number is allocated to you when you are born.



Go to page 82 in the activity book to practise wage slips.

KNOW IT!

- Gross pay
- Time rate
- Piece rate
- Overtime
- Commission

Gross pay - deductions = net pay

total
total

Wage Slip			
Employee name: Allen Curran		Date: 4 March 2024	Week No. 10
PPS No: 1234567G			
Earnings		Deductions	
Basic wage	1,000	PAYE	240
Commission	200	PRSI	36
		USC	6
		Health insurance	150
		Union fees	12
		Pension	20
		Total Deductions	464
Gross Pay	1,200	Net Pay	€736

Calculating Tax – look at example below:

118/119

Example

Allen Curran			
Gross Pay			€40,000
PAYE			
First €35,300 @ 20%	7,060		
Remainder (40,000 – 35,300) = 4,700 @ 40%	1,880		
	8,940		
Less Tax Credit	2,080	6,860	PAYE
PRSI @ 4% of gross pay		1,600	PRSI
USC @ 0.5% of gross pay		200	USC
Tax		8,660	
Net Pay			€31,340

1. Gross pay = €40,000
2. PAYE = €8,940
3. Tax credit = €2,080 (minus from PAYE)
4. PRSI = €1,600
5. USC = €200
6. Total tax = €8,660
7. Net pay = €31,340

Now Allen's take-home pay is €31,340.

Reduces the amount of tax paid

Practice Questions:

Marian Walsh works for MUS4U. She earns €400 a week. Her income tax is 20%.

(i) Calculate Marian's net pay.

Tax Payable	
Gross pay	400
Income tax	80
Net pay	320

(ii) Marian's tax credit is €30 per week. Calculate Marian's net pay now.

Tax Payable	
Gross pay	400
Income tax	80
Less tax credit	30
Total taxation payable	50
Net pay	350

Margaret O'Shea works for Arty Crafts Ltd, a private limited company. Margaret earns €52,000 a year. Her PAYE tax is 20% on the first €35,800 and 40% on the remainder. Her tax credit is €1,000. Calculate Margaret's personal tax liability.

Tax Payable	
Gross pay	52,000
Income tax	13,640
Less tax credit	1,000
Total taxation payable	12,640
Net pay	39,360

Marian Walsh
Margaret O'Shea
Martina Waldron
Jamie Ryan
Lorraine Heskin
Allen Curran

5555

$$35800 \times 20\% = 7160$$

$$16200 \times 40\% = 6480$$

$$7160 + 6480 = 13640$$

$$13640 - 1000 = 12640$$

52000
13640
39360

Insurance

Motor Tax – 3 types

List the three different types:

1. Comprehensive
2. Third party
3. Third party, fire and theft

90/91

<p>Home Insurance</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Often needed for a mortgage • Depends on factors like where it is 	91
<p>Health Insurance</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Protection of the consumer if they fall ill and need medical treatment • All but others can be taken out eg. critical illness insurance or income protection insurance 	91
<p>Travel Insurance</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • Provides the consumer due to loss or theft of possessions while abroad • It will also cover against medical bills or cancelled flights 	92
<p>List the two types of life assurance</p> <ol style="list-style-type: none"> 1 Term Life Assurance 2 Whole Life Assurance 	92
<p>Proposal Form</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • An application filled out by the person seeking insurance • They must fill out the form truthfully 	94
<p>Premium</p> <p>2 bullet points:</p> <ul style="list-style-type: none"> • The price paid for insurance • The insured pays the premium annually or monthly 	94

Loading

2 bullet points:

- Amount added by the insurance company to the premium because of circumstances
- Example a bungee jumper seeking health insurance

95

Reduction

2 bullet points:

- A discount on the premium because of a lower risk of a loss occurring
- Example fire alarms.

95

No claims bonus

2 bullet points:

- A discount on insurance
- When you haven't claimed on your insurance

95

96

Myke Tick

Ray Pish Tess Tickers

Hugh Jass Ben Dover

~~Hugh Jones~~

Premium Calculation - Look at example below:

House insurance premium

Example

Alison is a bank official with AIB, who has just bought her first apartment for €300,000 on the flood plain of the Corrib River. The house came with a monitored alarm system. She is seeking home insurance for the value of the apartment and €50,000 for contents. She contacts Holly in Coleman Insurance Ltd and receives the following quote:

Quote from Coleman Insurance

Basic premium:

- Buildings: €2 for every €1,000 of value
- Contents: €3 for every €1,000 of value
- 5% loading for houses in an at-risk location
- 10% discount off the basic premium for homes with an alarm

Solution

Premium for Alison

Basic premium	Calculations	€
Buildings:	$300 \times €2$	600
Contents:	$50 \times €3$	150
		750
+ Loadings:		
Flood risk	$750 \times 5\%$	37.50
		787.50
Less reductions:		
House alarm	$750 \times 10\%$	75
Total annual premium:		712.50

Workings:

House value = €300,000

Buildings = €2 for every €1,000

1. How many 1,000 in 300,000? = $300,000 \div 1,000$ Answer = 300
 $\rightarrow 300 \times €2 = €600$ Buildings

Contents = €3 for every €1,000

2. How many 1,000 in 50,000? = $50,000 \div 1,000$ Answer = 50
 $\rightarrow 50 \times €3 = €150$ Contents

The same basic formula can be applied to calculate the other types of insurance.

Oh no
 i don't watch or yt shorts
 i watch tiktok

a b c d e f g h i j k l m n o p q
 r s t u v w x y z

Average Clause

Formula:

$$\text{Average clause: } \frac{\text{amount insured}}{\text{market value}} \times \text{loss} = \text{Compensation}$$

Let's say that Kate's car was valued at €30,000 but she only insured it for €20,000. The accident caused €10,000 worth of damage. Holly will use the average clause to calculate how much compensation Kate will receive.

Calculations/workings	$\frac{€20,000}{€30,000} \times €10,000 = €6,666.67 \text{ Compensation}$
-----------------------	---

Practice Questions:

Lisa and Kieran decide to insure their house for €326,000 but it is valued at €346,000. A fire in the bedroom due to a hair straightener being left on causes €6,000 worth of damage.
(i) Calculate how much compensation Lisa and Kieran are entitled to.

Formula:

$$\frac{\text{amount insured}}{\text{market value}} \times \text{loss} = \text{compensation}$$

Workings:

$$\frac{326000}{346000} \times 6000 = €5653.18$$

Compensation

$$= 5653.18$$

Compensation:

Money paid from the insurance company to the insured when a loss occurred
Compensation is calculated by an assessor

Kind Lammas mention no watermelons

Principles of Insurance – name, explain and example

99

Principle	Explanation	Example
Indemnity	The insured person cannot make a profit from insurance	Kate's car is valued at £30,000. She cannot claim more than that
Utmost Good Faith	The insured person must tell the truth and update the company on new circumstances	Kate must let the insurance company know a crash has happened
Insurable Interest	The person must gain from the existence of the item and suffer financially without it	Kate cannot insure her teacher's car
Subrogation	The right of ownership goes to the company once insurance has been claimed	Kate's car is stolen, she claims the insurance. When it is found it belongs to the company
Contribution	If the item is insured with multiple companies, they will each contribute equally to the compensation	Kate's insurance companies will both contribute to her compensation

Orisan

Kind Lammas

Orisan

Orisan

Orisan

